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Business plan for Eco'Market, a food outlet in Poland

Cynthia Da Cruz Morais

Thesis presented in partial fulfillment of the requirements for the Degree of Master in Marketing

Supervisor:

Professor Sílvia Cavalinhos, Invited Assistant Professor, Department of Marketing, Operations and General Management, ISCTE Business School

October, 2022



BUSINESS
SCHOOL

Department of Marketing, Strategy and Operations

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Acknowledgments

My deep gratitude goes first to my Master thesis supervisor, Prof. Sílvia Cavalinhos, with whom I worked closely throughout the writing of this thesis and who gave me valuable advice, but above all support and availability.

I would like to thank Kedge Business School, Koźmiński University, and ISCTE Business School for allowing me to be a student here, for providing me with all the facilities I needed, which allowed me to familiarize myself with the business environment and, to some extent, bridged the gap between theoretical and practical understanding of learning.

I also would like to express my gratitude to my family, not only for this journey but for all the moments of my life where they were present, believing in me and contributing to my personal and professional development. This moment would not have been possible without their willingness to see me succeed at all stages of my life.

A final reference of appreciation to all the people who have directly contributed to the success of these 5 years of studies, and without them, I would not have had such a rewarding experience.

Resumo

Esta tese propõe avaliar a viabilidade da criação de Eco'Market, uma mercearia de desconto em Varsóvia, Polónia, oferecendo produtos até 60% abaixo dos preços de retalho, transformando o "constrangimento" da gestão de alimentos não vendidos numa oportunidade de impacto social, ambiental e económico. O desafio era desenvolver um plano de negócios para resolver o problema da gestão de resíduos na Polónia, actualmente o quinto país mais esbanjador da Europa, com quase 9 milhões de toneladas de alimentos deitados fora todos os anos, enquanto 17,6% da população está abaixo do limiar da pobreza. O valor acrescentado é oferecer aos compradores o acesso a produtos de alta qualidade a preços imbatíveis. Para o conseguir, a metodologia inclui o desenvolvimento de uma base teórica com uma revisão bibliográfica, uma análise da situação do mercado, uma avaliação dos concorrentes, uma identificação das estratégias organizacionais e uma avaliação financeira. Finalmente, os resultados são favoráveis ao estabelecimento deste negócio, e que a forma mais elevada de receita viria de uma oferta limitada de produtos, preços baixos obtidos através de compras a granel, e baixa publicidade. Foi determinado que o estabelecimento da empresa exigia 2 174 721 PLN (505 749,07 euros), o que inclui custos de arranque e um resumo das despesas durante um ano. Além disso, se o cesto médio for de 47 PLN (10,94 euros), a empresa poderia começar a ter lucros após 123 dias.

Palavras-chave: Alimentação, Desconto, Retalho, Outlet, Plano de negócios

Sistema de Classificação JEL: L81 - Comércio a retalho e grossista, L26 - Empreendedorismo, M13 - Novas empresas, Startups

Abstract

This thesis proposes to evaluate the viability of creating Eco'Market, a food outlet located in Warsaw, Poland, that offers products up to 60% below the retail prices of traditional grocery stores, by transforming the "constraint" of managing unsold food into an opportunity for social, environmental and economic impact. The challenge was to develop a business plan that would address the problem of waste management in Poland, currently the fifth most wasteful country in Europe, with nearly 9 million tons of food thrown away each year while 17.6% of the population is below the poverty line. The added value is therefore to offer buyers access to high quality products at unbeatable prices. To do so, the underlying methodology of the project included the development of a theoretical background with a literature review, analysis of the market situation, assessment of competitors, identification of organizational strategies and a financial evaluation. Finally, the results showed that Warsaw was a favourable location for a discount retail business, and that the highest form of revenue would come from the limited supply of dominated products, low prices obtained through bulk purchases, and low advertising. It was determined that setting up a food retail business required PLN 2,174,721 (€505,749.07), which includes start-up costs and a summary of expenses over one year. In addition, if the average basket is 47 PLN (10,94 €), the company could start making profits after 123 days.

Key Words: Food, Discount, Retail, Outlet, Business plan

JEL Classification System: L81 – Retail and Wholesale Trade, L26 – Entrepreneurship, M13 – New Firms, Startups

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Chapter 1. Introduction

Food waste is a major global problem. One third of the food produced each year is wasted worldwide. Moreover, developed countries have an even higher rate of food waste. 88 million tonnes of food are thrown away each year in the European Union (EU Fusions, 2016) and Poland alone accounts for 9 million tonnes each year (Ślusarczyk and Machowska, 2019).

Under this societal issue, this Master's thesis proposes to evaluate the viability through a business plan for the development of Eco'Market, a food retail outlet in Warsaw, Poland, that aims to meet the challenge of waste reduction by empowering people.

This physical store will be built under three pivotal features: a) avoid the destruction of unsold products and the production of food waste, b) allow access to branded food products to all, and c) offer a very reduced price on products to increase the purchasing power of consumers. This outlet intends to help supermarkets destock, sell or dispose of fresh products, meat or natural and organic items that are no longer marketable, whether due to packaging changes, overstock or expiring products. Products will be bought from distributors who have defective products, stocks of unsold goods, foodstuffs close to expiry date or even products that have passed their use-by date, but are not dangerous to health. This business model intends to be sustainable and to subsequently tackle food waste by giving food chains an access to a year-round solution to sell their stock, and gives shoppers the opportunity to access high quality products at low prices, up to 60% below traditional grocery shop retail prices. Unlike the traditional distribution channel, there will never be the same products. It will depend on the unsold stock that the retailers want to get rid of. In addition to the price, Eco'Market added value lies in the contribution to the reduction of food waste and the proximity to the customers thanks to the strategic location.

The identified competitors are convenience stores such as Żabka, a chain of convenience stores that have been established players for several years, supermarkets of a large group such as Jerónimo Martins (owner of the Biedronka chain), and GLOBI (Carrefour Group). These markets earn money by selling in volume and not by margins.

The local retail market is very successful in Poland and it can easily take market share by offering a differentiating service in a context where demand exceeds supply. The offer is aimed at all individuals looking for everyday products or who wish to consume locally.

The legal form of the company is a "Spółka z.o.o" (one-person limited liability company) with a share capital of € 5,000.00. This structure implementation and operation remain quite flexible compared to other legal forms in Poland. The minimum number of shareholders is only one person and a considerable advantage is that there are no restrictions on foreign shareholders, in case other people get integrated in the future (Inplgroup, 2022). The share capital is entirely released by the owner, with an individual contribution and the request of a bank loan to supplement the financing necessary for the launching of this future activity. Note that, all amounts will be expressed in euros (€) and the exchange rate taken is 1 EURO = 4,5 ZLOTY (Statista, 2022).

In order to meet the objectives defined and to support the premises originally presented by the project, this business plan was systematized according to the methodology described below:

Firstly, a theoretical contextualisation, through the elaboration of a literature review supported by academic articles, websites and reference books in the areas covered. A presentation of the content that justifies the concept of the project and where the following themes are addressed: the definition of the business plan and retailing, its characteristics, its importance and its role in the purchasing process.

Secondly, an assessment of the external and competitive environment, in the form of a PEST and Porter's analysis, which identifies factors that have a direct impact on the investment proposal in question. Equally important is the sector analysis, which explored the overall profile of the industry, its evolution in recent years, the most common organizational practices and the most common funding strategies. The development of this analysis allowed for a correct and more precise framing of the project.

Next, the evaluation of the company's potential competitors and the identification of their organizational strategies. The competitors were organized into strategic groups, and then it proved useful to draw up a competition matrix to assess the company's positioning in relation to its most direct competitors. Based on the elements presented by the above analyses, the opportunities and threats intrinsic to the project were identified.

A questionnaire was also carried out with a sample of 130 people, the findings of which were used to define the segmentation, positioning and target (STP) of the project, as well as part of its marketing mix strategy. Once the STP and marketing mix was defined, the assessment of the company's strengths and weaknesses and the development of a systemic Strength, Weakness, Opportunity and Threat (SWOT) study identified the strategies to be implemented based on the interaction of the different factors specified by the SWOT matrix.

Further, the development of a detailed financial assessment of the project, materialized in a set of statements and economic-financial ratios validate the sustainability of the proposal. Finally, the results are presented and discussed in more detail, presenting the sustainability and feasibility of the practical implementation of this activity, the theoretical and managerial implications. Then, the conclusions of the study, containing the identified limitations and future research directions.

Chapter 2. Literature review

Every day, all over the world, and especially in Poland, which is recognized as one of the most startup-friendly ecosystems across Europe and beyond (Trajkovska, 2019), we see the creation of a multitude of companies of all kinds and sizes, either to create something new and unique, to improve on the old, or even to capitalize directly on the resources available. Paradoxically, almost all of these newly created businesses do not survive beyond the first two years of their existence (Ward, 2003). This is particularly important in the retail sector where one in three new shops do not survive the first year and two in three closes within six years. (Baumbach and al., 1973). Hence, given the high mortality rate of businesses, careful preparing a business plan is vital (Pinson, 2013).

In this second chapter, the definition, importance, content and steps of preparing a business plan will be presented. A focus on the function of the business plan as a forecasting tool and then on its other purpose, which is to gather resources will be explained. Then an analysis of the theoretical context around retail. But first, some elements of definition and a reflection on its 'raison d'être' will be offered.

2.1. Definition and importance of the business plan

A business plan is a summary of the business strategy, actions, and means that an entrepreneur intends to implement in a project to develop, during a specific period, the activities necessary to achieve the targeted objectives (Kuratko and al., 2015). It is therefore a plan that allows a company to anticipate, allocate resources, focus on key issues and prepare for problems and opportunities that may arise (Brown, 2007). Many people only think of a business plan when launching a new project or applying for loans, but it is also essential for managing a business to optimize growth and development according to priorities (Fiore, 2005). Thus, the business plan makes it possible to integrate, in a single document, all the constituent elements of a project and to make them consistent with all the other external factors in order to verify the viability of the planning and to develop assumptions for the future (Pinson and Jerry, 2001).

The business plan is an essential tool and functions as a roadmap for a business. It answers a number of questions such as: What is the type of business? What are its objectives? Where is the business today and where will it be in the years to come? And how do we get there?

The business plan is a crucial tool because it allows for a systematic plan of action, anticipating or recognizing problems in their early stages in order to take appropriate and timely corrective action (Ryan and Hiduke, 2003). It enables a company to assess future opportunities and commit to a particular course of action (Botha and al., 2014). Furthermore, its content enables workers to understand, cooperate and lead effectively as this roadmap familiarizes them with goals and objectives (Zimmerer and al., 2005). Thus, a well-written business plan demonstrates an entrepreneur's creditworthiness and ability to build and manage a profitable business (Sands, 2001). It is therefore an important instrument as it is a strategic tool, a communication tool and an aid in the search for resources.

a) Internal functions, the business plan as a strategic tool

The benefits brought to the entrepreneur in the development of the business plan can be of different natures:

- **Help with reflection and decision:** it sets up an analysis process by specifying the identity and consistency of a project as a whole.
- **Help with foresight:** it allows a forecast of the evolution of the project to define the procedure to be followed for the implementation and its development.
- **Aid for future action:** the synthesis of these two strategic objectives, allows the creator to anticipate certain risks and better prepare the concrete implementation of his project.

As Osterwalder and Pigneur (2010) defined in their book, the business plan is an aid to reflection and decision. It helps the entrepreneur to refine the identity of his future business as it plays a role in reducing uncertainty. In addition, it makes it possible to approach the fundamental forecasting perspective. Indeed, during the realization of the business plan, the project leader identifies the sources of information on the sector, establishes various scenarios which can take the form of a withdrawal in the plan to come. In this, it reduces its uncertainties. The aim sought is the most faithful representation possible of future reality.

This second internal function of the business plan is based on a theoretical vision that considers that a project is above all the response to an opportunity detected beforehand. One of the limits of this function lies in the sometimes "utopian" dimension of forecasting, especially in terms of business creation, where everything is to be done and where the subjective dimensions take precedence over rationality. On the other hand, if the project follows precisely the development plan, it contributes to giving credibility to its potential for third parties.

However, enclosing the project in an overly rigid development plan would risk limiting its potential and forcing it into a single path. This is why it should be recalled that this provisional dimension of the business plan offers a "guide" function for future action (Schwetje and Vaseghi, 2007). Thus, the business plan helps its creator to build a vision, which can then guide its future strategic actions.

According to Delmar and Shane (2003), setting clear objectives for young companies makes it easier to define intermediate steps to reach these objectives. This allows it to anticipate the path to follow and identify the causes of the project's deviations, so in a way to keep control over the project once it has started. In short, this last internal dimension of the business plan considers that its development makes it possible to act more precisely during the development of the young company.

Ultimately, the internal function of the business plan is a fundamental contribution because all the reflections carried out by the entrepreneur will allow him to build a systemic algorithm of his project, and thus, once his project is launched, it will be able to be more reactive in the face of dangers that will arise. Another objective of the business plan now remains to be studied, that of the communication of the project through this written support.

b) External functions, the business plan as a communication tool and help in finding resources

From this perspective, the business plan's function is its ability to signal to the environment the imminent existence of the project, in a targeted manner, to mobilize energies and attract resources. The project communication objectives can be summarized as follows:

- **Communicate on the project:** the objective is to make it known to potential stakeholders.
- **Search for funds:** among stakeholders, some can contribute with their financial resources.
- **Arise interest of the strategic partners of the project:** the idea being that the business plan must gain the support of the greatest number of actors as possible, whatever roles and nature of the resources they can add to the project.

Communicating about the project is the first external function of the business plan, it aims to provide the means necessary for its realization. This external purpose of the business plan as a means of convincing resource providers means that it must take the form of a communication and persuasion tool.

Thus, the other external function is to enlist the potential strategic partners of the project, that is to say, to make them play a concrete role to enhance the chances of success of the project. In conclusion, the entrepreneur first identifies the strategic partners favourable to the success of his project, and then attracts them to his project (Osterwalder and Pigneur, 2010).

2.2. Content and form of the business plan

Since a business plan is a guideline that specifies the current and future position of a firm and that it constitutes a "roadmap" to achieve certain goals, it must conform to a structure. This structure may vary depending on elements such as length, depth, width, and technicality (Mascarenhas, 2009).

a) Development of the business plan

Six steps are outlined to describe the process to follow during the development of a business plan. The first three stages are related to the internal function of the business plan, the fourth relates to the writing of the document itself, the fifth to the external one, and the sixth covers both functions (Osterwalder and Pigneur, 2010). First, it is a question of diagnosing the business creation project. Define ambitions, main strengths, and weaknesses, identify opportunities and threats. The objective is to find the main development levers as well as the challenges weighing on the project in the short, medium, and long terms. Then, it is necessary to define the strategic line chosen for the project, that is to say, to make an inventory of the possible strategic scenarios, to evaluate the attractions specific to each one to define how to best use the assets of the project. This makes it possible to select the best scenario and to specify the economic model and the main directions in the medium term. In the third step, it is a question of setting down the operational conditions for implementing the chosen strategy and validating its feasibility. This step aims to define whether the project resources allow, and under what conditions, the achievement of the chosen strategy. This operational implementation of the strategy highlights priorities and risks.

Next comes the business plan development phase. Indeed, once all the strategic analyses have been carried out, it will be a question of formalizing all the headings: the presentation of the project and the entrepreneurial team, the analysis of the market and the competition, the supply strategy, economic model, development prospects, etc. and their key points by trying to be clear and specific about the objectives.

It will then be a question of communicating about the project. The business plan must be a means of communication to all possible stakeholders likely to be concerned by the project, and more particularly with potential capital providers for the implementation of the project (Osterwalder and Pigneur, 2010). Finally, the last step is to analyse the early days of the company's existence. This last step is in the post-launch phase. Once the start-up and resource research business plan has been finalized and disseminated, this step consists in measuring the differences between the results obtained and the forecasts established, to identify the causes, get an idea of their severity level, and possibly set new goals based on this new data.

b) Structure of the business plan

The business plan must both reassure its creator and all of the project's stakeholders about the project's chances of success. The various elements that can contribute to achieving this objective are broken down into four areas that the business plan must make coherent between them (Osterwalder and Pigneur, 2010):

- **Define the project:** identify the core business of the project and make an inventory of activities to define those on which it will be possible to build a specificity and those on which it would be preferable to subcontract. This approach will identify the skills and resources needed to be mobilized and what stands behind the value proposition of the project. This will allow starting a project by making the most of the competitive advantage.
- **Build:** the business plan must give a precise and justified representation of the calibration chosen for the project. The first characteristic on which this calibration depends is the entrepreneurial team. It is crucial to highlight the strength of this team (here reduced to the creator only), its ability to bring out the project, its competence to lead it, the logic of its journey, and its investment in the project. When the competitive advantage of the project rests on the team, the latter benefits from a considerable credit insofar as its difference cannot be imitated.
- **Exist:** the business plan must reassure the relevance of the launch strategy. If all the dimensions of this strategy are argued based on a credible business model in its implementation, and if the creator has a precise logic of the first steps to be taken to increase the chances of success of the project, this adds a lot of strength of conviction.
- **Ensure:** the business plan must reassure first of all that once the start-up phase has passed, the project will be long-term (sustainability capable of guaranteeing resources

to the various stakeholders), as well as showing that if successful the project may generate returns on investments.

Hence, the business plan must demonstrate the overall consistency that exists between these four headings which constitute the strategic foundations of the project (Zimmerer and al., 2005). It is the complementarity and the overall logic that should stand out when reading it.

c) The sections of the business plan

The first section is the executive summary. This is the abbreviated version of the entire business plan. Many lenders and investors do not read beyond the summary. The author must therefore grasp the essence of the plan in this summary to capture the attention of the public. Ideally, the summary is written after the author has completed his plan (Zimmerer and al., 2005). The company description further develops then the definition of the business of the proposed company, the exact nature of its activities (what it integrates and what it subcontracts), its specific value proposition, and its target market. A description of the products or/and services offered is also required: the positioning of the latter, the range planned by increasing the technology used, and the possibility or not of legally protecting all or part of the products or processes (De Koning, 2000).

The market analysis section comes next to explain information related to the industry in which the business will operate. Beyond the presentation of the market, the entrepreneur must give a clear and structured representation of the target on which the project and its offer are grafted. To this data are added competitive information. Competitors have a direct and indirect impact on the business. Therefore, understanding it can reduce risks. The publicly available information and data from associations and government institutions can be used for industry analysis (Zimmerer and al., 2005). Then, the marketing and sales section covers the steps and strategies that allow the business to market its products and services directly and indirectly to its customers (Harvard Business School, 2007). Likewise, the elements of the marketing mix describe how to achieve the objectives. In the product section, the product is defined and assured that it conforms to the principle and the concept of business, entrepreneur, and customer needs. In the price part, the product offer price is defined. This part must also present the chosen distribution channels (market access strategy) and the challenges generated by these downstream relationships.

In the promotion part, a program and an activity to raise customer awareness must include activities such as word of mouth, sales promotion, direct sales, and advertising (Harvard Business School, 2007). To illustrate the organizational chart of the firm and the

responsibilities of the management team (Zimmerer and al., 2005) an operation plan will be carried out. This concrete plan can be created by finding the key factors for the success of the business such as the right business partners, the use of technology, the appropriate location, or even pricing strategies (Harvard Business School, 2007). Furthermore, the implementation plan provides an overview of the start-up and growth of the business in the early days with a timetable, specific objectives, and targets, as well as tasks and actions.

In the financial part, it is mainly a question of explaining the impact of the main flows crossing the project and showing how they contribute to the sustainability of the project. A precise and reasoned explanation of the 3 to 5-year turnover forecasts must appear and be agreed with a consistent load level. This last part of the business plan must bring out the three major financial balances: the general balance of the medium-term project (balance sheet), the balance of operations (income statement), and the balance of the activity in the short term (cash flow plan). However, it is necessary to make forecasts as pragmatic as possible by including assumptions about the source and the basis of the projection (e.g. cost of goods sold, operating expenses, accounts receivable, and inventory) to give more reliability (Zimmerer and al., 2005). This risk analysis section identifies potential risks and strategies to minimize their impact. Each company faces more types of risks: operational, industrial, financial, and political. Operational risks are internal to the company and are linked to its ability to carry out the chosen strategy, while industry risks have external development reasons, and political risks concern government risks as well as actions of unions, lobbyists, and activists. The first part of the risk analysis is the identification of these followed by their quantification and supplemented by the implementation of risk management strategies such as insurance, diversification, leasing instead of buying or forming partnerships (Friend and Zehle, 2004).

2.3. Definition of retailing

The origin of the word retail comes from the French retailer, which means 'to cut a piece' or 'to break in bulk'. In other words, it refers to a first-hand transaction with the customer (Dhotre, 2010). Retail is a socio-economic system that brings people together to exchange goods and services for a small fee that matches the needs of the people, the end consumers, with those of the manufacturers, thereby not only satisfying the basic needs of daily life, but also promoting new ways of living, thus peace, happiness and prosperity in the community (Rudrabasavaraj, 2010).

Amit and Kameshvari define retailing as a group of activities where goods and services are marketed to final consumers for their personal or domestic consumption. To do this, retailing makes them massively available and offers them to consumers to a relatively small extent (2012). Kotler and al, (2012) define retail trade as all activities that sell goods or services directly to final purchasers for their personal and non-business use, while for Chamie and Ikeda (2015), retail trade represents all activities that add value to products and services sold to consumers for their personal and household use. Retail is therefore considered the final gateway in the delivery of products for consumption by final consumers (Perreault and al., 2019). Any business that markets goods to the final buyer is a retailer. It therefore includes all activities associated with selling products and services directly to buyers for their personal, family or household use. Retail is the final stage of any economic activity (Arora, 2012, as cited in Hameli, 2018).

If we look in depth at the development of the retail trade, in the beginning retailers dominated with any goods. Later on, retailers specializing in the market started to grow. In recent decades there are very large shops, but they are again selling all kinds of goods. In countries that have developed retailing, competition has reached high levels and has begun to focus again on specialized shops. Ten decades ago, retailing was not yet an integrated industry. Department stores were the "giants" of the time and offered several departments to their customers. In recent years, consumers have become more mobile and their behaviour has changed. Retail has responded to this challenge and transformed national and international markets (Ferne and al., 2013). Thus, the retail market has been reconstructed in a few decades. Instead of the classic proximity trade, where consumers bought from the nearest shop, the emphasis has been on targeted trade, where consumers are inclined to go further afield to get the best choice at a better price (Ferne and al., 2013).

2.4. Typology, classification and forms of retailing

Today, the main objective of retailers is to make profits by selling final consumer goods. By accomplishing this, retailers provide significant benefits to consumers (Ene and al., 2013). Indeed, by providing the right product, at the right place and time, the retailer makes the sale and transfers ownership, and provides the utility of place, time and ownership (Winsor and al., 2004). Retailers are classified into different categories according to several characteristics

(Grewal and Levy, 2009). According to the ownership classification, we can find independent shops, chain shops, franchises and leased department stores.

Independent shops are small or large retail entities that are not linked to anyone in terms of ownership, and the owner can be an individual or a partnership of different types. Chain shops consist of two additional outlets that are usually owned and controlled. Franchising is a legal association between a producer, wholesaler or service organization and independent businessmen who buy the right to own and operate one or more units in the franchise system. Leased department stores are departments of a department store made available to a third party on a lease basis.

In accordance with the commodity classification, there are department stores, supermarkets, specialty shops, convenience stores, mass merchandisers and service retailers. Department stores are retail shops that sell large products in large buildings with one or more floors, each floor usually having a separate category. Supermarkets are shops that specifically sell food, cleaning and personal care products with a self-service system. Specialty shops focus on a particular type of product and can offer expertise and more personal customer service. Convenience stores are a smaller, usually family-owned, distribution system located in residential areas, offering a limited range of goods at higher prices due to the added value of proximity (Newman and Cullen, 2002).

Depending on the price-based classification, a distinction is made between discount shops, factory outlets, category killers and hypermarkets. Discount shops are retailers who intend to sell branded consumer goods at low prices on a permanent basis and who work with the self-service system. Factory outlets stock goods produced by a manufacturer. Category Killers are giant specialized shops with a very wide range of a particular line and highly skilled staff. Hypermarkets are shops that have larger physical spaces and sell a wide range of products. They are not solely focused on food but rather on warehouse retailing, usually located in business parks where property rents are lower. This allows these types of retailers to have large amounts of stock and a wide variety of goods at very reasonable prices (Hameli, 2018).

In addition to retailing within the shop, retailing is organized as a non-store type where activity is carried out outside the shop. The most important types of this organization are e-commerce, direct selling, direct marketing and automated selling (Mucuk, 2009). E-commerce

shops are online channels where people can buy goods and have them delivered or if there is a physical shop that collects their purchases.

Direct selling involves personal contact between the consumer and the seller outside the shop. Direct selling is very important in non-store retailing because it is based on creating contact with the consumer through advertising, telephone, catalogue, website, etc. and not having to go to the shop. Automated selling represents the sale and delivery of products via vending machines (Perreault and al., 2019). Thus, the retail sector is probably the most important sector of the economy as it is in direct contact with the customer. It includes all shops, from kiosks and small grocery shops to supermarket chains and shopping centres that sell products and services to end consumers for personal and domestic use. We have seen that this retail industry has made remarkable adjustments to the whole process of manufacturing, delivery and consumption of goods. Today, most major economies use the retail sector as a crucial instrument of growth (Sharma, 2008).

To be successful, retailers need to carefully select target segments and position themselves strongly (Kotler and al., 2012). Today's potential customer is most likely to be an experienced buyer, attentive to price, service and convenience. They are more sophisticated and demanding. As markets become more competitive, customers' demands for quality products and services increase. Therefore, providing a unique in-store experience is now a key objective for retailers (Tang and Lim, 2008). To achieve this, retailers need to look for new marketing tactics to attract and retain customers.

In this chapter we have tried to give a theoretical overview of two concepts, business plan and retailing. Our approach has been to present first its definition, and then discuss its forms and usefulness.

Chapter 3. Methodology

This chapter will therefore outline methodological paradigms by explaining the research approach, identifying appropriate research methods and clarifying the sampling techniques used.

Two types of data were collected to strengthen the validity of the study. According to Churchill and Iacobucci (2002), good marketing research should always start with secondary data. This is assumed because secondary research takes less time and is much cheaper. External secondary data was therefore addressed through a literature review, contributing to a description of the situation claimed by the researchers. An overview is instrumental to the exploration of the topic, as the definition of key variables and assumed relationships is vital to an explanatory research approach. A deductive reasoning method was therefore applied, as a sequential structure was approached by moving from a logical exploration of the theory to an investigation (Bryman & Bell, 2007; Remler & Van Ryzin, 2011). As no previous research has been conducted on the exact research problem, the collection of primary data was undertaken.

3.1. Research Approach

Before defining the research approach, it is necessary to identify the purpose of the study. According to Richey and Klein (2007), research can be classified into three categories: exploratory, descriptive and explanatory. Here, the aim of this study is to shed light on the influence and importance of price in food purchasing decisions. The second objective is to measure the likelihood for a food outlet store giving a second life to unsold goods in a spirit of solidarity. To answer this question an explanatory research method will be applied. This methodology is undertaken as the scope of the study is to examine the relationship between two or more variables in order to predict or explain a certain affiliation (Zikmund, 2000). As mentioned earlier, primary data will be collected by two methods. On the one hand, quantitative data about the inhabitants of Warsaw will be collected through questionnaires. The questionnaire will be distributed via the Internet, and each respondent will have to answer the same questions in the same order, all questions are initially prepared by the researcher and presented in Appendix A. The main advantages of the quantitative research technique are the structuration of the data collection (standardization), the sample size, the ease of administration and reproducibility and the direct comparison possible as statistical analysis can be done with computer software (Malhotra, 2010).

The chosen quantitative research technique was the survey to obtain structured information that was distributed via an online questionnaire to a sample of the target population, the residents of Warsaw (Malhotra, 2010). This allowed respondents to complete the questionnaire wherever they were and through several types of electronic devices (Malhotra, 2010). Hence, the most appropriate research approach for this business plan seemed to be the abductive approach. This approach goes back and forth between theory and data as opposed to the deductive and inductive approaches which go from theory to data and from data to theory respectively. It has been found that this type of research approach, where discoveries can occur at any stage of the research project, is generally used for management research (Saunders and al., 2016) which applies for the development of a business plan.

3.2. Purpose of the research

The purpose of this research is to develop a business plan that provides all the key information for developing a viable discount food store in Warsaw, Poland. It is therefore crucial to understand in depth the potential demand of the inhabitants and to draw inspiration from the already established supermarket and food chain professionals in the region. Collection of secondary data and reflection on the business plan has triggered the author's curiosity and caused the following research questions:

- In general, what are the variables influencing consumers' choice of food store?
- Apart from convenience, what are the other factors influencing food shopping habits of Varsovians?
- Are consumers willing to change their shopping habits in favour of a no-waste type of shop?

These questions will be answered by collecting primary data (Saunders and al, 2016), and the finding will be put into perspective with the secondary data.

3.3. Design and data collection

For this questionnaire a non-probability sample was used, more precisely a purposive sample where participants were selected for a particular characteristic. Here, each participant must be an inhabitant of the city of Warsaw. Moreover, the sample consisted of people from various backgrounds who live and shop for food in Warsaw. To ensure this, question 1, asked in which part of the city does the respondent live, and does the participant shop for food for his household has an elimination answer that ends the questionnaire if the respondent answers "no".

Cottrell (2017) states that statistical significance can be achieved with a sample size of at least 30 participants. However, this number seems too limited to allow for meaningful results. Therefore, the researcher aims to obtain at least 108 responses in order to obtain reliable results. Indeed, out of 130 participants, between 108 and 122 were interested in shopping at an anti-waste store, which represents between 82 and 96%. The confidence level is 95%, which means that we accept a risk of error of 5.5%.

Rendering the questionnaire design, a funnel method was applied. Consequently, a movement from general to specific was adhered to. Thus, starting with an illumination of the study, followed by the demographic measurements applied for screening (Mooi & Sarstedt, 2011). Among the questions, the respondent will be asked to answer "category" questions, where the respondent can only choose one category, and evaluation questions, where the researcher asks the respondent's opinion, all evaluation questions will be structured in a matrix. Finally, an open-ended question will be asked to the respondent in order to obtain possible additional information.

Also, to gain an insight into the overall attitude towards the ad, a 7-point Likert scale, ranking from (1) 'never' to (7) 'always', was applied. Subsequently, opposing pairs of words were provided, allowing the respondents to indicate the degree to which they agreed with the word. To ensure validity a balanced scale with forced choice was implemented (Mooi & Sarstedt, 2011). The data collected was then analysed statistically (Saunders and al., 2016).

However, due to financial limitations and inability to collect an accurate sampling frame of the Varsovian population a non-probability quota sampling was applied. Despite the possible bias, a quota sampling technique ensured a representation of various subgroups within the population. Consequently, making it more reliable than the remaining non-probability techniques. Quota sampling is particularly useful when a sampling frame of the population is unavailable (Yang and Banamah, 2014). For this study, the population was stratified based on common demographic characteristics as age, education, and gender. Variables approached to ensure variance and a somewhat reliable representation of the Varsovian population.

As the realization of this business plan is limited in time, it was decided to opt for a cross-sectional time horizon. The data was collected at a given period of time and did not focus on the evolution of the participants' perceptions. The aim was to collect as much information as possible about the current thinking of the samples (Saunders and al., 2016). The data was

collected online using Facebook social network. The respondents were contacted either individually for close relatives or sharing the questionnaire created on specific groups such as neighbourhood self-help groups, the alumni group of the University of Warsaw and Kozminski University students' group. The access to the survey was given to them through a link created on Qualtrics platform.

3.4. Data analysis

As a part of the research method, data analysis is one of the phases of measuring, analysing and testing the research questions and hypotheses, which enables us to conclude some results through the research problem. The quantitative data collected through the questionnaire will be mainly categorical data. These include nominal and ordinal (ranked) data, mainly used to find out the demographic characteristics of the respondents; and ordinal (ranked) data, mainly on the Likert scale, to establish the likelihood that respondents value a feature. Quantitative techniques were used for data gathering and analysis, so IBM SPSS and Microsoft Excel were selected to analyse data. The answers of the 30 questions were transferred to Excel sheets for each type of respondents, and then the data was imported to SPSS to extract statistics.

Data analysis would be run with these steps: descriptive analysis factor analysis and deductive analysis. In descriptive analysis, summarizing data and having an overview vision to results are considered while in deductive analysis, data would be possessed for testing preliminary data, reliability, testing hypotheses and findings relation and strength of relations between variables. In descriptive analysis first, we present frequency tables and charts for general information of the sample (Gender, age, education, and type of respondent). As a matter of fact, 90 out of 130 of the respondents were women which will be our representative sample for this study. And 40 out of 130 were men who will also be our representative sample. In this part the characteristics of the samples presented will allow us to represent the population of Warsaw their willingness to this project. Then for the questions of each hypothesis, frequency descriptive statistics are demonstrated which contain mean, mod, and variance. This will be further discussed in the customer perception of the business chapter.

Chapter 4. Company description

4.1. Origins of the project

It was decided to focus this master's thesis on writing a business plan on something the author had always wanted to do for several reasons. For one thing, since her early high school years, she has wanted to own her own small business. The type of business has varied, but recently she has focused on the retail sector because she had the opportunity to work for a pioneer in this field. Retailers employ different age groups, which creates a variety of personalities and motivations among the staff. The same can be said of customers, as each person has specific needs. While the majority of these needs remain constant, some fluctuate with the seasons. In addition, different problems and needs arise every day, which the staff must address. Finding a balance between the needs of the customers and the motivations of the staff is a challenge that she really misses and is always intrigued by. Although the idea of owning a business has been a dream for many years, she has never explored the process in detail.

In addition, entrepreneurship and innovation, creating value from a simple idea, and building a new business from scratch is a fascinating process. Most of the time, entrepreneurs rely on the knowledge, skills, and networks that they have built around them while facing many risks but working constantly to achieve what was once their only dream. Entrepreneurship is not just about starting a business, but also involves managing and growing it. Entrepreneurs cannot lack creativity, innovation, and determination, and she believes that even though the entrepreneurial process involves hard work, it also brings pleasure and many opportunities for the future.

Finally, the most complete method for starting a business is to create a business plan. The latter works like a roadmap and will allow me to set goals in several aspects, to remember them, and to achieve them using several strategies. Likewise, we don't have enough capital to start. Therefore, the money needed to launch this project must be borrowed from financial institutions. Thus, to attract potential investors, it seems necessary to draw up a business plan. Finally, we think it is important to have a business plan to manage your business effectively. Then, we realized that there was a real demand for the creation of a store offering quality products. In addition, Polish consumers increasingly want to have a store near their homes. Our goal is to provide quality service and products acclaimed by customers. Hence, through this project, we wish to participate in the revitalization of the local economy.

4.2. Mission, vision, and value proposition

The mission statement communicates about the future firm's values, purpose, identity and at the same time helps to set up the business goal (McGinnis, 1981). A clear, realistic, and achievable mission helps to distinguish the company from the competitors and helps to flourish creative growth. Eco'Market's mission is to **make sure that food is never wasted**.

By offering an alternative route to the market for food surpluses, the company aims to revolutionize and question the perception and consumption of food. It intends to reduce food waste by helping food retailers to manage their unsold goods. What is more, Eco'Market role is to raise awareness and educate consumers to fight this waste more effectively and sustainably, every day. Eco'Market seeks to be recognized, in the short term, by its customers as the best food rescue store in Warsaw and, in the long run, to be a reference in the rescue food market segment. An appropriate visual identity can work on behalf of the company's image and represent its values.



Figure 4.2.1. Eco'Market company logo

Source: Own elaboration

Eco'Market's value proposition is as follows:

- Offer a reduced price on popular food products;
- Transform supply chains to include elements of circularity;
- Avoid the destruction of unsold products and the generation of food waste.;
- Improve the quality of food distribution.

Hence, it is a win-win value proposition. Consumers can fight food waste at their level and save money on products between -20 and -40%. Large stores can reduce their unsold stock.

4.3. Products and services

Eco'Market sells quality products, overruns, surplus inventories, repackaged products, and perishable food, at prices between 20 to 40% cheaper than the rest of the other distribution channels. The start-up will offer consumers to buy unsold products from a relatively varied portfolio of suppliers (producers, manufacturers, wholesalers, etc.). It will therefore offer its customers a wide variety of products ranging from simple food such as fruit and vegetable to everyday non-food items, such as hygiene and maintenance with even a home delivery service.

4.3.1. Fruit and vegetables

Polish consumers are in demand for natural and healthy products. Production is therefore starting to move towards this buoyant sector, which is currently experiencing growth of around 20% per year over the last 10 years, and which should continue until 2030. In addition, 70% of the organic products present in Poland come from abroad (Business France, 2020). According to IGD statistics, Poland is considered the 8th largest food trade market in Europe. In 2018, the value of the Polish food market amounted to EUR 63 billion. According to experts, its annual growth is 3.1% and this trend will last until 2022. Moreover, Poland is one of the leading producers of fruit and vegetables in the European community. Polish consume on average 54 kg of fruit and 106 kg of vegetables per year per inhabitant. The main Polish products are cauliflower, broccoli, leek, tomato, and carrots (Business France, 2020). Thus, our fruit and vegetable offer will consist of local products.

4.3.2. Health care and maintenance products

The Polish cosmetics industry is growing at a rapid pace and is starting to catch up with countries like France, Germany, Italy, and the United Kingdom (Polishcosmetics, 2019). Indeed, the value of cosmetics in Poland is one of the most powerful in Europe and it is estimated at 4.3 million euros, of which around half is produced by local businesses. "Made in Polska" cosmetics are exported to more than 160 countries around the world, the value of exports is 30% greater than that of local sales (Business France, 2020). Likewise, the so-called "organic" sector is becoming more and more important, the Polish are improving their way of life, thus taking better care of their health and well-being. To follow this trend, Eco'Market will offer a range of organic hygiene and maintenance products.

4.3.3. Home delivery service

Eco'Market offers its customers two types of service: a store purchase service and a home delivery service in partnership with a food delivery company (i.e. Glovo, Uber eats). To use it, clients must be connected and registered on a platform. This platform is divided into two areas: order and delivery. Customers will be able to register in the two zones and the application will simply put them in contact with customers who wish to make their purchases and benefit from the delivery service, with customers who come physically to Eco'Market and who live nearby. The customer can follow the progress of his delivery. Payment is made directly on the site, by the withdrawal of a bank card. Eco'Market remunerates customers who made the delivery 1.50 €, after collection. To summarize, the steps are as follows:

- For the buyer: the customer opens the application, makes his purchases, and indicates his address. He pays 3.00 € for the delivery
- For the delivery man: he opens the application and simply indicates that he is going to the store to do his shopping. Then, a notification will tell him that one or more nearby customers wish to be delivered. He can accept or refuse deliveries.

If he accepts, we will give him the order, and once the online buyer is notified via a tab on the app that he has received his purchase, the delivery man will be credited to his bank account the amount of 1.50 €.

Chapter 5. Market Analysis

The market analysis aims to provide an overview of the industry's performance, including historical data and future forecasts, identifying key trends, opportunities, threats, and weaknesses (Benzaghta, and al., 2021).

5.1. Food retail industry

The global retail industry has come a long way from a small beginning to an industry where global retail sales alone were valued at \$23.96 trillion in 2018 (Statista, 2020). The retail market consists of the sale of goods to end-users by entities (organizations, independent traders and partnerships) that provide the service of making goods available in convenient quantities and locations. Retail involves purchasing from wholesalers or directly from producers, breaking down the volume, displaying the goods for sale physically or online, and sometimes delivery. Wholesalers are organizations independent of the distribution channel that buy products in bulk and sell them to resellers. Retailers and wholesalers take ownership of the goods and thus bear the risk of holding stock. They also reduce the number of transactions needed in the process of transferring goods from producers to consumers. Therefore, retail trade is the set of activities that market products or services to final consumers for their personal or domestic use.

In 2018, the turnover of the retail trade in Europe amounted to approximately 3.25 trillion euros and the average growth of the sector seems to be following an upward trend (Statista, 2020). In the same vein, the agri-food sector has been one of the main branches of the Polish economy for many years. In 2013, the number of food products sold accounted for 13.2% of GDP and 18% of industrial products sold in Poland. In 2015, the value of the Polish food market was EUR 55.66 billion, 2.1% more than the previous year (Polish Information and Foreign Investment Agency, 2013). More recently, the construction of the country's largest shopping centers to accommodate domestic and foreign retail companies has grown to the point that currently in Poland there are 408 shopping centers, which account for almost 9.8 million square meters (JLL Poland, 2018). Other formats are shopping parks and warehouses. The cities of Wroclaw and Poznan are the most saturated retail cities with shopping center densities of 729 sqm and 727 sqm per 1,000 inhabitants, respectively (JLL Poland, 2019).

This market can therefore be considered mature and stable as it does not experience sudden changes from an economic point of view. However, it is characterized by strong competition, especially from hard discounters, which are the fastest growing format in the

Polish retail sector. Estimates of the number of new discount shops to be opened in Poland over the next decade are twice as high as for the traditional retail format (IGD Research, 2006). Praised by low-income earners, low-cost players already account for 26% of the Polish food retail market (Gruda, K., 2016). In the same vein, the Institute of Food Distribution (IGD) forecasts that the overall food distribution market in Poland will grow by 2.5% per year to reach PLN 312 billion in 2022, with increased consumer spending fueling much of this growth. Ultimately, retail performance has a growth rate of about 3-5% per year (Deloitte, 2020). Therefore, a company like EcoMarket that offers additional service activities to customers can be sure to enjoy strong demand and a significant competitive advantage.

5.2. Target Market: Poland

With almost two million inhabitants, the metropolitan area of Warsaw is today the 9th largest city in the European Union (Riebe, 2016), counting no less than 240,000 students (Euronews, 2017). The city has one of the lowest unemployment rates of any voivodeship in Poland, 4.4% in the Mazovia region compared to the national average of 5.2% in 2019 (Statista, 2020). Likewise, Warsaw residents have the country's highest incomes with a purchasing power per capita estimated at € 13.15, or 73% more than the national average (Growth from Knowledge, 2019).

Little unemployment, a considerable number of students, a higher purchasing power than the rest of the country, and especially despite the presence of large food chains, a population that favours local shops, reasons for which we decide to set up the project in this metropolis.

5.3. Macro environment Analysis (PEST)

When establishing a business plan, it is important to carefully examine all factors that may affect the company not only on the stage of the establishment but as well in the nearest future. PEST analysis is a convenient method to analyse this macro environment of the firm.

a) Political factors

In the political landscape, Poland has become one of the most politically stable European countries since it joined the European Union in 2004 (Bujnicki, 2013). Following this transformation, the country adopted a new constitution and established a presidential-

parliamentary government that has brought stability and a notable increase in the gross domestic product (GDP) over the past decade.

Poland is now a representative democracy and the current political party governing, Law and Justice (Prawo i Sprawiedliwość) was established in 2001 focuses mainly on domestic issues that the country has, such as the reduction of retirement age, support national industries, increasing social freedom (Brzozowski and al., 2019). Recently, the party has been criticized for trying to undermine democracy by trying to weaken the judiciary and silence the media. Such ideals and policies have contributed to a decline in political stability and uncertainty for foreign companies to do business in Poland. On social issues, this party is conservative but its economic policies are turned to the left, creating obstacles to market entry. Similarly, Poland currently does not wish to join the eurozone and prefers to keep its currency as it has proven itself after the recession.

All taxes in Poland are levied by the Parliament, which dictates the tax rules and the responsibilities of both tax receivers and taxpayers. Tax revenue was 16.8% of the country's GDP in 2017 (World Bank, 2018), and the corporate income tax rate was diminished from 40% to 19%. Also, as of 1 January 2019, a lower rate of 9% for small taxpayers has been introduced (PwC, 2019).

Since March 1st, 2018, a law that prohibits Sunday openings has been gradually implemented. As of January 1st, 2019, only the last Sunday of the month was exempt from the ban, and in 2020, Sunday trading was eliminated (Statista, 2020). However, the law provides certain adjustments: commerce is authorized for deliveries of online purchases.

According to the Polish Federation of Food Banks, 9 million tons of food are thrown away each year, or 236 kilos per capita and Poland ranks 5th in the list of "wasters" in the European Union (Przezbórska-Skobiej, and Wiza, 2021). As a consequence, the Polish government promulgated a law that aims to limit food losses, mainly at the distribution stage. This law has strengthened cooperation between distributors and food banks since the VAT applied to food donations has been eliminated.

b) Economic factors

Economic aspects are related to goods, services, and money. Although these aspects do not directly affect businesses, they do refer to the financial state of the economy on a state level.

From 1990, the Polish economy experienced geometric growth and its nominal GDP is now twice as high, ranking it 21st in the world (World Bank, 2018). In addition, Poland was one of the few countries in the European Union to have successfully avoided the recession during the 2008 financial crisis, with economic growth of 1.60% thanks to strong economic policies, demanding robust domestic and flexible currency (OECD, 2013). This makes it a remarkable achievement for a country that does not have its natural resources. Recently, Poland's gross domestic product has grown steadily since 2016, reaching an all-time high of around US \$ 586 billion in 2018 and is expected to continue increasing to around \$ 645 billion. by 2021 (Statista, 2019).

Moreover, services are the largest sector of the Polish economy, generating 57.6% of GDP, followed by manufacturing and agriculture with respectively 30.4% and 11.5% of the contribution. Among the most important Polish industries are machine building, iron and steel, coal mining, food processing, and textile manufacturing (Central Intelligence Agency, 2015). As a member of the European Union, NATO, and the OECD, Poland is a reliable partner for international trade. Likewise, the great influence of foreign direct capital demonstrates the country's economic attractiveness and its geographic location, at the intersection of the main communication axes, makes it all the more practical for investments. This was confirmed by the World Bank in the "Doing Business 2018" report, in which Poland was ranked 27th in terms of "Ease of Doing Business". As a matter of fact, the Polish inflation rate averaged 8.13% from 1992 to 2020, reaching a historic high of 46.50% in 1992 and a record low of -1.60% in 2015 (Trading economics, 2020). In 2018, the Polish inflation rate was 1.6% and is expected to rise slightly to exceed 2% over the next five years (Statista, 2019). Furthermore, Poland is not part of the eurozone, its national currency is the Polish zloty (PLN) and its average exchange rate in 2019 was: 1 EUR = 4.298 PLN (Narodowy Bank Polski, 2020). Henceforth, the Polish interest rate averaged 6.59% from 1998 to 2020, reaching an all-time high of 24% in 1998 and a record low of 0.50% in 2020 (Trading economics, 2020). In 2018, the Monetary Policy Council decided to set the rate benchmark at 1.5% and has not expected any increases since then. The Polish unemployment rate averaged 12.04% from 1990 to 2022 (Trading economics, 2022). The monthly minimum wage in Poland averaged € 310.64 from 1999 to 2019, reaching a record level of € 523.09 in the second quarter of 2019 (Eurostat, 2018). According to the Polish Central Bureau of Statistics, 1.4 million people earned the minimum wage in 2018, or 3.7% of the total population. In 2021, the minimum wage should reach € 615 (Trading economics, 2020).

Like the rest of Europe, Poland is beginning to suffer the consequences of the war in Ukraine. GDP contracted by 2.3% in the second quarter of this year compared to the first (OECD, 2020). As a result, consumer prices in Poland soared again in April, rising by 12.3% year-on-year, after 10.9% in March. In addition, the Polish central bank raised rates in an attempt to contain the rise. They rose to 6.5% in July after a 0.5-point increase, the tenth increase since October 2021. Similarly, the Polish currency has lost 12% against the dollar since the beginning of the war (Chastand, J.-B., 2022). Hence, this galloping inflation has also had other consequences. Firstly, the purchasing power of households has been reduced. Secondly, the costs borne by industry, the engine of the Central European economies, are increasingly heavy.

c) Social factors

External and internal social factors play a crucial role in a business lifecycle since the social medium is the environment in which it operates, so it has to adjust to its trends and norms. Because of its location, in the centre of Europe, Poland has always been found in conflictive situations that have marked in some way its culture. The official language is Polish and only 2% of the population speak other languages such as German and Ukrainian. Note that English is the most widely spoken foreign language (BBC, 2014). The Polish population is one of the largest in Europe (Worldometer, 2020). However, in recent years, population growth has stagnated, and the country has been affected by the decline in the birth rate. In terms of social structure, most households are nuclear, and traditional family values such as the family being at the centre of everything are important (Evason, 2017). When it comes to corporate culture, trust and honesty are highly valued, and for Polish people, the rules and regulations must be followed. They have a good hard-working ethic. Furthermore, religion plays an important role in Polish culture. Almost the entire population is Roman Catholic.

Although great progress has been made in recent years in terms of workforce diversity, much remains to be done on these aspects. Indeed, most leadership positions in the Polish industry are held by men. (Evason, 2017). Poland has around 40 million inhabitants, 48.2% of whom are men and 51.8% are women. Figure 5.3.1 illustrates the percentage of the Polish population in 2016, according to the age category to which they belong.

The general trend shows that the main age group is that which encompasses the age gap of 25 to 54 years. From this, we can conclude that the Polish market has attractive conditions for the creation of a start-up like Eco'Market.

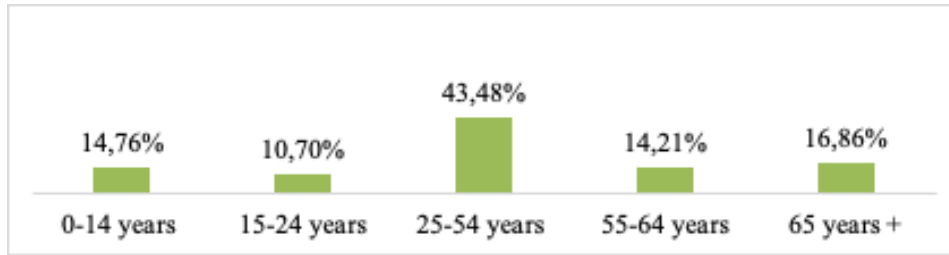


Figure 5.3.1. The age structure of the Polish population in 2016 (in percentage)

Source: Indexmundi.com. (2018).

Poland has the fastest aging population in Europe. People over 60 currently represent almost a quarter of the population, retirees over 13%, and the aging of the Polish population is expected to increase significantly by 2050 (OECD, 2020). According to the National Statistics Office, demographic data predicts that in 2050, 40% of the Polish population will be over 60, or around 13.7 million people. In the same vein, the report "Working better with age: Poland" shows that by 2050 the number of people over 65 compared to 20-64-year-old will almost triple. However, this demographic change affects the whole European Union, and according to figures from the European Commission report on aging (2015), there are currently four working people in the Union for every pensioner, and from 2060, there will be only two working people for each retiree. In Poland, it could even be one worker for a pensioner. Thus, this trend calls for a change in the consumption landscape and Eco'Market with its low-price policy seems to be an economic and social solution for seniors.

In Poland, the average disposable household income is USD 19,814 per year per capita, well below the OECD average of USD 33,604. Moreover, there is a considerable difference between the wealthiest and the most modest: the best-off 20% earn nearly five times the amount perceived by the least well-off 20% (OECD, 2020). That is why in 2019, the government will increase the gross minimum wage to 2,250 zlotys (€ 522.6). This increase in disposable income has led to a sharp rise in consumer spending, and this trend should continue in the coming years.

Price is the main criterion determining the purchase of food products in Poland. Consumers are especially "loyal" to the promotion and not to a specific retail brand. Polish visit an average of 6-7 different retail brands per month. In addition, Polish consumers like to shop in stores that remain open late (11 p.m.) or even 24 hours/day (Briggs, 2018). Polish price sensitivity is especially favourable for Eco'Market to bloom. The start-up seems to provide

consumers with everything they need today: good products at low prices while making a good ecological gesture. There is therefore an opportunity to seize in the food destocking market and our activity consists of all the criteria sought by Polish during their daily purchases.

The development of the organic market in Poland has been one of the strongest in all of Europe in recent years with an average growth of 20% per year (CCI International, 2017). It is also the fastest-growing food industry subsector in Poland. The Polish organic food market represents 0.3% of the total food market (Pawlewicz, 2020). Current double-digit growth appears to remain strong at least for the next 15 years, which may lead to a 1% share of the total food market over the next few years (CCI International, 2017).

One of the reasons that organic-only represents a small percentage of the food market is that the supply is still relatively limited. Indeed, the number of outlets is still quite low compared to the size of the population, which constitutes a brake on market development. The Polish market for organic products currently has more than 1,100 specialist shops, including 75 stores in Warsaw, and organic departments in more than 7,000 retail stores. Another explanation is that organic products are much more expensive than their conventional equivalents. According to the Polska Ekologia association, organic is on average 70% more expensive (Bio Linéaires, 2016). Despite this, of the 38 million Polish, already 50% declared buying organic food (CCI International, 2017), which is why in 2017, the turnover of the organic food market already exceeded PLN 1 billion (Fresh Plaza, 2017). Thus, the organic market is a major opportunity for new players wishing to set up in a territory like Eco'Market.

d) Technology factors

Over the last decade, technology has shortened distances, fastened cultural, demographic, social, and economic trends all over the world, and boosted market globalization at an unbelievably fast pace.

Poland is ranked 13th among the fastest-growing e-commerce markets in the world (Export.gov, 2019), and food e-commerce has seen record results in recent months. The number of transactions carried out in March 2020 increased by around 240%, partly due to the coronavirus health crisis (Business France, 2020). This change in purchasing behaviour has prompted several brands present on the Polish market to seize the opportunity and quickly

launch into online sales: Żabka convenience store chain (more than 6,000 stores in Poland) has launched online sales in the form of "click & collect" only in Warsaw and Poznań.

Another local chain of convenience stores, Stokrotka, which today has around 600 stores, is, in turn, testing its e-store in Lublin (location of its central purchases). Kaufland brand, which does not have its online store, has just started cooperation with the Mango teleshopping platform and now offers its customers food and hygiene products packages (Europa property, 2020). Analysts believe that the pandemic will have an undeniable impact on the development of food e-commerce. In 2019, its value was estimated at around € 320 million with a growth dynamic of 15% to 20%. Food e-commerce accounts for 0.9% of FMCG sector sales in Poland (Business France, 2020).

In summary, the PEST analysis revealed that the political factor is the most important to consider. If the company does not comply with Polish laws, it could be the subject of a bad reputation which could lead to loss or bankruptcy. On the other hand, it could be argued that the most important factor is economic, since ignoring currency fluctuations could reduce the value of the business. However, social factors also affect the value of the business, which in turn will affect the economic factor. Therefore, we believe that all of the PEST factors are equally important in helping the business succeed. Indeed, they all contribute to key characteristics which help Eco'Market to become profitable.

5.4. Segmentation, Target and Positioning

Segmentation is a marketing technique of dividing the market into groups of consumers with comparable needs (Blythe, 2003). The market can be subdivided into four segmentation bases (Kotler and al., 2002).

a) Geographic segmentation (markets segmented by region, population density, climate):

As mentioned above, for the launch of this business, the focus is first on the Polish market and more specifically in Warsaw, because the country's capital is inhabited by around 1.74 million people, which makes it the largest city in the country and the 8th largest city in the European Union (Statista, 2020).

b) Demographic segmentation (markets segmented by age, gender, education, income):

The 38.4 million Polish consumers represent one of the largest and most promising markets in the European Union. Many Polish leave the countryside and the small towns in search of a job in Warsaw where economic conditions are much superior (average salary of € 1,050 in 2019). Due to this rural exodus, Warsaw alone generates almost a quarter of the added value of Polish GDP (\$ 524.5 billion in 2017). The average number of Warsaw residents currently employed is 1,066,386 or almost 60% of the city's total population (Warszawa.stat.gov.pl, 2018). Statistics show that most workers refer to the age group between 35 and 44 and a little less is between 45 and 54 (European commission, 2017). In addition, they earn PLN 6,365.85 on average (Warszawa.stat.gov.pl, 2018).

c) Psychographic segmentation (markets segmented by lifestyle variables):

Increasingly busy lifestyles, trends toward health and wellness, smaller households, demand for quality products, more sophisticated store environment, and experience are the main reasons for the growing demand for convenience stores nearby. Another growing demand is emerging for delivery services due to the high proportion of white-collar workers in the city of Warsaw. Most people these days are often too tired and can barely find the time to shop. Thus, convenience stores are becoming popular among Varsovian consumers thanks to their long opening hours, their convenient locations near buyers' houses, and a relatively wide range of products in a fairly small sales area.

Polish consumers appreciate the practical solutions, hence the move to smaller stores, where purchases can be made comfortably and quickly. All these important aspects are available at Eco'Market, which will influence the value of purchases.

d) Behavioral segmentation (markets segmented by media habits, frequency of purchase, brand loyalty, and use of channels):

Overall, Warsaw inhabitants are improving their lifestyle and taking better care of their health and well-being. For example, they are abandoning packaged and processed products in favour of fresh fruits and vegetables. Eco'Market food outlet presents factors that can conquer the Polish market. However, to better capture the attention of customers, we will focus on these

segments and focus our efforts on promotional techniques and awareness of product information.

Since the main objective of Eco'Market is to provide rescue food products for home consumption, its target groups can be described as follows:

- Primary target group: households and urban population whether retired, working, or students who are willing to make a great bargain.
- Secondary target group: All Warsaw inhabitants regardless of their income, who are price-sensitive, like convenience, or want to reduce their food waste.

Regarding the positioning, Eco'Market, offer solutions to fight against food waste and give a second life to unsold goods.

5.5. Competition analysis

We decided to set up Eco'Market, in the Praga-Północ district, in Targowa street. This street is one of the most attractive in the area because it is a very busy place with many restaurants and bars. It is a student, tourist and hipster place. It has become a crossroads for artists, where many musicians and painters are always looking for inspiration. In addition, Różyckiego Bazaar, one of the most famous permanent marketplaces in Warsaw, is located in the heart of the street. Everyday hundreds of people exchange services and spend time together in a friendly and lazy atmosphere in this district. As there is currently no other rescue food shop in Warsaw, our company has no direct competitors. However, several indirect competitors such as Żabka, a chain of convenience stores that have been established for several years concentrated around our catchment area have been analysed and described in Appendix B.

After analysis, it is possible to conclude that, even if in terms of legal structure, these stores can be considered as competitors, if we consider the pricing strategy and the services provided by Eco'Market, it is clear that these stores are not completely competitive. Therefore, we realize that the concept that I bring is absolutely innovative throughout the metropolitan area of Warsaw.

5.6. Critical success factors

The identification of the critical success factors of the sector is fundamental to help determine the differentiators on which the company should focus in order to create major competitive advantages in relation to its competitors (Shah, 2000). In the agri-food, the quality of the offer, the attentive and efficient products and services, the ability to establish a good relation with the clients, the location, convenience, accessibilities and facilities provided and, finally, the brand awareness and recognition, appear as the key factors for any shop to be successful and achieve the best profit objectives in this sector.

The competitive profile matrix below analyses the strengths and weaknesses of Eco'Market's main competitors based on critical success factors (CSF). The purpose of this tool is to visualize and communicate the competitive landscape (Ozyasar, 2017). The weight assigned to each CSF and the scoring is based on the researcher's assumptions and knowledge of the industry acquired during the research process.

Table 1. Eco'Market Competitive Profile Matrix

		Eco Market		Zabka		Sklep zpozywcy	
Critical Success Factors	Weight	Rating	Score	Rating	Score	Rating	Score
Product Quality	0,12	3	0,36	3	0,36	3	0,36
Brand recognition	0,12	2,5	0,3	4	0,48	2,5	0,3
Price competitiveness	0,12	5	0,6	2,5	0,3	2	0,24
Customer service quality	0,11	3,5	0,39	3	0,33	2,5	0,275
Customer loyalty	0,11	2,5	0,28	3	0,33	3	0,33
Innovation	0,11	4	0,44	2	0,22	2	0,22
Financial position	0,11	2	0,22	3	0,33	2	0,22
Marketing	0,1	3	0,3	4	0,4	2	0,2
CSR	0,1	4	0,4	3	0,3	2	0,2
Total	1		3,28		3,05		2,35

Overall, Eco'Market outperforms the other two competitors. This is largely due to its competitive pricing as well as its offering of branded, high quality products. By offering greater transparency regarding the origin of products, as well as the supply chain process itself, the company will generate significant customer trust and loyalty, although it is unclear whether the young company will be able to maintain customer confidence under the leadership of its competitors. Indeed, Eco'Market lags behind its competitors in terms of established brand status as it is not part of a franchise, but its innovative concept and CSR commitment are two areas where the company will try to overcome its weaknesses.

5.7. Suppliers

Eco'Market suppliers can be divided into several groups according to the type of product and the importance in the store's product portfolio. At the start of the commercial operations period, suppliers will mainly be chosen in Europe and Warsaw due to personalized regulations as well as small order quantities. In terms of expenses, it is more profitable to import from countries at a longer distance, if ordered in large quantities, but in the case of Eco'Market, it is better to import from countries at a shorter distance like Germany, France or the Netherlands, because these are food products with short expiration dates. The most important suppliers with the largest quantities to order are the food suppliers. 3 suppliers will be chosen from world famous supermarket chains such as Aldi, Carrefour, Lidl and Tesco. Another essential supplier is the "Eurocommerce" online platform. Then, other small suppliers will be chosen for more specific products such as cosmetics. Ultimately, Eco'Market will also cooperate with local suppliers of fruit and vegetables because Polish consumers are patriotic about their own production (Wojciechowska-Solis J and al., 2022).

5.8. Microenvironment analysis (PORTER 5 forces)

Porter analyses the competitive forces that shape each sector, helping to determine the weaknesses and strengths of an industry by considering five dimensions: buyer power, supplier power, threat of new entries, threat of substitutes and competitive rivalry (Johnson and al., 2008). A three-value scale (low, medium, and high) will be used to define Eco'Market 5 forces.

a) Intensity of Rivalry

This force describes the intensity of competition between existing players in an industry (Recklies, 2001). Main indicators of level of rivalry in the industry are as follows:

- Differentiation between players are not very explicit, however strategies differ
- Moderate market growth, there is trend of increasing demand
- Quite low switching cost for customers, however they require quality and reliability.

Eco'Market is the first food outlet in Warsaw that takes advantage of the natural inefficiencies of producers, large retailers or suppliers specialized in food destocking that are no longer able to market their end-of-life products. Thus, it was not possible to study with its direct competitors. Besides, the era is conducive to the uninhibited search for good deals and this has the effect of breaking loyalty to a brand and encouraging customers to float and compare between retailers. Thus, according to the indicators mentioned, rivalry for rescue products can be described as low.

b) Buyer's Power

This force is the impact that customers have on a company, how they can impose pressure on margins and volumes. Main determinants of customers bargaining power are as follows:

- Brand identity plays moderate role in the buying behaviour
- Part of buyers are price sensitive, and switching cost is low for the buyer
- Buyers are fragmented (many, different) and have no influence on product or price.

It is all about offering the right product, at the right price, to the right audience, and learning from customers' feedback, shaping the products and services to their needs. To summarize, buyer bargaining power could be described as quite low or moderate.

c) Supplier's Power

This force comprises all sources for inputs that are needed in order to provide goods and services. Supplier bargaining power is described below:

- Fragmented source of supply, but some of them have stronger brand name and recognition

- Switching costs from one supplier to another is not high, but uncomfortable and take time
- Many substitutes for every product, and many potential suppliers available in the market.

Thus, according to the indicators mentioned, bargaining power of suppliers is quite low. However, market leaders with strong brand names could have a moderate influence.

d) Threat of Substitutes

This force defines competitive businesses that use alternative processes to offer similar products or services (Johnson and al., 2008). The main threat of substitutes is as follows:

- Low brand loyalty as the company will be new in the market.

Due to the lack of product differentiation and low substitution costs, goods sold can be found in other shops at a higher price. There is a strong propensity for buyers to substitute. It is therefore necessary to constantly ensure that the offer corresponds exactly to the customer's needs. Based on that, it can be concluded that the propensity of buyers to substitute is high.

e) Threat of New Entrants

The threat of new entrants represents the ease for a business to enter a specific industry (Johnson and al., 2008). Hence, the more time and money it costs for a competitor to enter the market, the more Eco'Market's position would be strengthened. The indicators of entry barriers in this case could be described as follows:

- Common technology, not patented know-how
- Easy access to distribution channels
- Not high initial investments, low fixed costs
- Low switching costs for customers

The mentioned indicators show that the entry barriers for new market players are quite low, therefore there is low threat of new entrants. The absence of direct competitors gives Eco'Market the opportunity to open a blue ocean, and stand as a pioneer of its market, the reason why it is dramatically important to accelerate its expansion from the first months of operations.

5.9. Consumer perception of the business

The questionnaire was divided into three blocks. The first block was to analyse the shopping habits and purchasing decisions of the respondents and consisted of seven questions, then we had the experimental and customer behaviour block before finishing with the demographics (gender, age, education, professional status, and income).

The questions of the first block were:

Questions	Answers
<i>Are you responsible for purchasing groceries in your household? If yes, what is your level of responsibility for household food shopping?</i>	90% of the respondents answered yes to this question and out of them 57% percent were mostly responsible for it
<i>How often do you shop for groceries?</i>	80% of the participants shop between once a week and 2-4 times per week
<i>Where do you generally buy your groceries?</i>	72% of the respondents buy their groceries at discounters and large hypermarkets and 14% in small grocery stores or corner shops
<i>Do you make your grocery shop at a regular location?</i>	87% of the respondents tend to shop at the same place most of the time or at least often
<i>Do you buy only the products that you planned to?</i>	53% rarely buy only products that they have planned whereas 6% always do so
<i>Do you ever buy a product that is on sale even though you did not plan to?</i>	86% of the respondents answered often or most of the time
<i>When the supermarket speaker announces, "all ice cream is now half price", will you buy ice cream even though you did not plan to?</i>	65% of the participants answered yes to this question

Next was the experimental block. The various responses will help us answer the paper questions that we have developed in the previous section:

- ***In general, what are the variables influencing consumers' choice of food store?***

The answer to this question was given through the different responses of our participants. In fact, to the question: Which of the following is the most important factor when you decide to buy a product? The majority of the participants chose the price (47%), then it was the habits (33%) and finally the quality of the products (20%). Therefore, we can say that the consumers are mostly influenced by the price when they have to choose a product during their grocery shopping.

- ***Aside from convenience, what are the other factors influencing food shopping***

habits of Varsovians? It seems that most of our respondents are influenced by the brand name (23%), followed by special offers (18%) and the healthiness of food (7%). From these statements we can retrieve the importance of price in these answers as most of the special offers are big size items. Moreover, the shop developed through this business plan will mostly possess items from well-known brands which is reassuring in the consumer willingness to buy in this future project.

- ***Are consumers willing to change their shopping habits in favor of a no-waste***

type of shop? a very encouraging number of the respondents (65%) answered yes to this question. It seems that a majority will be willing to shop in this outlet. Therefore, it confirms the potential number of buyers for this business plan and the feasibility of this project. Further questions also determined the viability of this project. For example, to the question "what percentage of the groceries you buy, on average, would you say are not used? None of the participants do not waste. On the contrary, 60% waste 1-2% of their groceries and 33% waste 3-5% of it. With this kind of outlet, by having short expiry date products, people will tend to buy only necessity products and waste less of their groceries. This will significantly decrease waste in general in this sector of activity.

Then, regarding the question, "***Do you buy items with a short expiry date in the 'last chance' section?***", 73% of the respondents answered often and 13% most of the time which is very encouraging for this business plan as it represents almost the whole sample. Finally, when asked if they "Would be interested in a shop offering products with a short expiry date at a very low price? (e.g. 70% discount)," almost 65% of the sample answered "yes" and, if we now turn our attention to the percentage of grocery budget that they plan on putting in such a shop, 40% of the respondents answered that they would be willing to put 50% of their budget into the no-

waste food outlet. Hence, we can conclude that the consumer perception of the business is very positive and there is a tendency nowadays of customers increasing awareness on food waste. They are being careful about the price of their grocery shopping and since most of the respondents are active women (30-49 years old) they make sure that what they buy at the store would be good for their family. They are overly cautious about what will be on their plate.

5.10. Internal Analysis (SWOT and confrontation matrix)

The SWOT is fundamental for the evaluation of the goal formulation (Johnson and al., 2008). Consequently, it is essential to assess the evolution of the immediate and mediatized environment, to detect threats and opportunities that affect strategic decisions, as well as the strengths and weaknesses observed within the company (Thompson, 2007).

S	Eco'Market - INTERNAL STRENGTHS
1	<ul style="list-style-type: none"> ● Innovative project in an untapped market. Being the first entrant in the food destocking business in Warsaw, gives Eco'Market a first-mover advantage.
2	<ul style="list-style-type: none"> ● Accessibility. Low-priced offer, friendly, and convenient grocery options compared to traditional retail channels.
3	<ul style="list-style-type: none"> ● Time convenience. Home delivery service available in all Warsaw districts.
4	<ul style="list-style-type: none"> ● Client interaction management. High-touch service to clients on social media to increase brand awareness, build good relationships and create loyalty.

W Eco'Market - INTERNAL WEAKNESSES	
1	<ul style="list-style-type: none"> ● Lack of visibility and brand awareness. As a new entrant, Eco'Market will face a lack of brand identity and recognition among consumers.
2	<ul style="list-style-type: none"> ● Business paradox. The success of our mission statement (reduce waste) is limited because it involves reducing our own market.
3	<ul style="list-style-type: none"> ● Lack of financial resources for backup or unexpected expenses. In the beginning phase of our business we will be short in money for additional investments.
4	<ul style="list-style-type: none"> ● Lack of experience in internet business delivery logistics. The owner is not familiar with online delivery services, and general delays in the industry. This can create some unexpected problems in business operations, and result in unexpected expenses.

O Eco'Market - EXTERNAL OPPORTUNITIES	
1	<ul style="list-style-type: none"> ● Increase in demand and growth of discount food retailing in Poland.
2	<ul style="list-style-type: none"> ● Change in consumption habits. Consumers expect more differentiated and fragmented products offering quality and valuable experiences at a competitive price.
3	<ul style="list-style-type: none"> ● Growing demand for organic products. Consumers are showing great interest in environmentally efficient companies. Eco'Market would develop its range of organic products by establishing partnerships with local suppliers.
4	<ul style="list-style-type: none"> ● Strong potential of the business location. As a new European entrepreneurship hub, Warsaw is the perfect stop to find investors and organizations that can foster our expansion.
5	<ul style="list-style-type: none"> ● Strong development power. Eco'Market wishes to promote this process with possible future diversification (horizontal: new type of waste, geographic: new markets).

T	Eco'Market - EXTERNAL THREATS
1	<p>New competitors entering the market. Taking advantage of a blue ocean process is temporary and soon after launch, competitors will attempt to emulate the unique features of our business due to fairly low barriers to entry. Likewise, the notion of consumer loyalty is slowly fading, so that more competitors can gain customers quite easily.</p>
2	<p>Challenges in import procedures and duties. As most of the goods sold will be imported, we will face import procedures and fees that could cause delays as well as some extra costs.</p>
3	<p>Potentially unreliable suppliers. Despite a detailed review and reputation check before cooperation, all contracts will have no prior experience or records, which can lead to problems in terms of poor performance or product quality.</p>
4	<p>Lack of predictability. Consumers are more flexible, decide between alternatives at a very fast pace, and in directions difficult to predict.</p>
5	<p>Threats from currency fluctuations. As potential cooperation will be with European Union countries, where currency is euro (EUR) fluctuations with the Polish currency – Zloty (PLN) could lead to unexpected financial losses.</p>

From the elements presented above, it can be concluded that the internal situation of the company is essentially prepared for the most important challenges presented by the industry.

Chapter 6. Marketing and sales

The purpose of marketing mix is to satisfy the needs and wants of a target audience in the most effective and economical manner.

6.1. Marketing mix

a) Product

Eco'Market's products and services could be described as specialty goods that consist of branded products from the shops as well as seasonal fruits and vegetables, purchased from local farmers and producers, at low prices. The start-up will thus cut costs by offering "opportunistic" products that wouldn't be sold in regular stores, such as surpluses or seasonal products. It also cuts costs by not offering traditional services like a delivery, bakery or butcher. The product selection will consist of refrigerated products, general merchandise ranging from fruit to packaged cookies or beverages (alcoholic and non-alcoholic). They will also be able to find all the basic items for their hygiene and household maintenance. So, soaps, toothpaste, deodorants, intimate hygiene, household products. In addition to it, Eco'Market will offer its customers two types of service: a store purchase service and a home delivery service that I would like to "Uberize" in order to create purchasing power and above all, to build customer loyalty. A considerable advantage over all competitors, since none of them offers this kind of service. Note that products will be selected according to following criteria: good quality and brands with good reputation.

b) Price

Of all the aspects of the marketing mix, price is the one that creates sales revenue - all the others are just costs. Pricing must be set according to how much consumers are willing to pay, considering also competitors pricing as well as other circumstances of current situation in the market. Eco'Market's business model premise is simple: offer quality branded products with savings of 20% to 60% below traditional retailers and sell them with a 100% satisfaction guarantee. Customers know they will find value in every visit as inventory turns continually creating a "treasure hunt" shopping experience. Moreover, the current economic situation and income level of inhabitants do not show high demand for upper-class priced products. This is why Eco'Market's strategy is to price products in low price segments in comparison with existing market players, in order to stand out from the large generalist distribution chains, make

cost savings on store and personnel, and generate larger sales amounts. In setting prices there is also a requirement to keep profit margin at an adequate level in order to gain revenues.

c) Place

Place is concerned with methods of transporting and storing goods, and then making them available for the customer. One of the biggest changes in the marketing mix compared to competitors is home delivery. Delivery will be made to the client's home around all the territory of Warsaw. The challenge here will be to ensure that the product is delivered to the consumer within a reasonable time. Therefore, the location of Eco'Market is very important within the place strategy. The store will be sized on 100 square meters, and will be located in the Praga-Północ district of Warsaw, and more precisely in Targowa street as the main customer base is located in the capital city.

d) Promotion

Promotion is the coordination of marketing communication efforts to influence attitudes or behaviour. It provides information that will assist them in deciding to purchase a product or service. Nowadays creativity of promotional activities is essential to every business operation. As Eco'Market will be entering a new market, it will be in the introduction phase of the life cycle of the brand. In this phase promotional activities should put emphasis on the following actions:

- Emphasis on public relation activities and community creation in order to generate awareness, image building and assist in positive attitude formation.
- Emphasis on sale promotions to induce trial and encouragement of inclusion in customers' repertoire sets.

The main message in promotional activities will be according to Eco'Market value proposition: emphasizing wide range of food rescue product offer near customers' home, as well as the benefits of the fight against food waste. The first aim of Eco'Market is to create prompted awareness – when a brand name is suggested to a customer, the consumer recalls being aware of it already. Future aim is unprompted awareness – the brand name is “top-of the mind” when rescue food is suggested. For that Eco'Market will promote its brand without using traditional formal channels of advertising, such as TV, newspapers or radio. In fact, since this is a small enterprise, we will use a minimalist marketing approach that is not so expensive and more efficient. Also, note that it is impossible for us to conduct national advertising campaigns

as suppliers do not accept that we put next to their national brands products at the price at which we sell it. Therefore, the store and the products themselves will partially ensure the buzz.

6.2. Marketing communication strategy

First, we want to focus on achieving marketing objectives through digital media as it is the best platform for engaging with consumers, building brand awareness, and promoting our brand image (Hilde and al., 2018). To do so, we will use a pull strategy that directs our marketing activities toward end consumers to encourage them to buy. This strategy is mainly reflected in social media and web public relations.

a) Social media marketing: By creating content that is entertaining, up-to-date, informative, and triggers communication, we can connect with customers, encourage them to buy our products

as well as invite them to give us feedback. One of the techniques could be to create a social media contest where the prize for the winner would be one year of free grocery. This will strengthen our customer base, stimulate engagement, and raise brand awareness.

b) Web Public Relations (WPR): From the beginning Eco'Market will work intensively in the WPR field in order to inform society about rescue food, the start-up and its services. In WPR activities the emphasis will not be on the sale of products but rather on the fight against food waste, community creation, sharing of experiences and advice to create an image of caring and socially responsible promoter of rescue food. For that, socially-known celebrities from Warsaw will be interviewed and assisted at home to find out what they think about food waste. According to consumer behaviour theory, examples of celebrities (social proof or authority) are good triggers for certain actions or decisions of others. If somebody is unsure of something he seeks for confirmation or example from others – in this case, celebrities. Besides, Eco'Market will include informative and educational articles on food waste reduction in Poland which will allow many questions concerning this way of life. This will be done primarily to reduce entrenched stereotypes as well as to educate and reduce negative attitudes towards this issue.

Push marketing actions are complementary to pull marketing actions, thereby, we will also use it. This strategy consists in impelling the product through marketing channels to reach

final customers. The actions we will use for this method, concerns at the same time digital push marketing.

c) Direct marketing campaigns: Using direct marketing techniques, messages are communicated straight to a consumer. Eco'Market is planning to use e-mail marketing. To do so, it will first need to create a database of customers. The e-mails will inform customers of new offers on a regular basis. As products will vary from day to day according to offers and better prices, customers should be aware of what is new and available. When databases reach a fair amount, database marketing will be used to generate more personalized communication to promote products and services. The overall aim of our marketing strategy is to increase awareness, create demand and influence buying behaviour. We hope to have an effective and cognitive response to our advertising.

Chapter 7. Implementation plan

In order to estimate the duration of the development and the implementation of the project, a PERT analysis was developed. The latter makes it possible to evaluate the critical tasks and the respective durations. In Appendix C is a list of all activities defined since the start of the project, the start of each task, length, type and dependency. According to this analysis it was possible to define that the implementation process will take 45 weeks to conclude, with the beginning of the project being October 1st, 2022 and the end in August 2023. As soon as the planning and the implementation process finishes Eco'Market will open its doors to the customers. Notwithstanding, attention should be given to the identified critical activities in order to comply with the plan as well as to implement the business as predicted. The critical activities are all the ones that may impact other activities that only start when those are finished (i.e., sequential activities).

Chapter 8. Financial analysis

The following section helps to assess Eco'Market from a financial point of view as well as to determine if the business has potential and will become profitable. For this, each financial statement is briefly summarized, and to see the full calculations and more details, see Appendix number D to M. All calculations and forecasts are made for a period of 5 years.

8.1. Capital resources

The initial investment for this project will be provided by the sole owner of the company in the amount of € 5,000. This amount refers to the personal funds available for this project. The company has also requested a bullet bank loan of € 20,000 with an interest rate of 1.50% over 60 months. This particular type of loan consists in repaying the principal at once at the end of the loan period. I chose this type of loan as strategically it allows me to benefit from a larger cash flow each month and each year. The rates are reimbursed monthly. Eco'Market is banking on the fact that its activity will be fully profitable and will have the capacity to repay the capital borrowed in the long term.

8.2. Projected sales forecasts

The main profit source for the company are the direct sales to the customer. Appendix D shows the number of sales that we expect to make monthly from retail food sales to customers over five, and Appendix E illustrates the revenues we are likely to generate on a monthly basis. As Warsaw is inhabited by around 1.74 million people and our target audience includes the entire urban population whether retired, active or studying, we expect sales to reach more than 30% of the city-capital residents which is more than 54,750 units sold and € 598 962.00 generated in the first year of operations. The peak sales during the year will be in December with around 8,213 units sold in the first year, as the brand will be well known, and its website will be fully operational. As a result, we plan to sell 54,750 products in 2024, the majority being sold during the Christmas period. Sales are relatively unpredictable in the first year, but in the second year, it will increase by 5% to a total of 57,488 units. For the 3rd year, we estimate sales at more than 60,362 units, and overall sales forecasts for the five-year period illustrate exponential growth (+ 22% in sales in values between 2024 and 2028), typical of start-ups who execute their business model accurately. As described in the SWOT analysis, our business can benefit from a temporary competitive advantage, which implies the development of a rapid and intelligent

expansion strategy in order to defeat future competitors. Eco'Market must therefore develop at the first opportunity, gain market share and visibility to encourage retailers and consumers to trust and buy in its store. Thus, its career from the year 2026 should be characterized by persistent growth, resulting from the increase in resources and investments implemented by the company.

8.3. Expenses

a) Variable expenses

Main positions of direct expenses are cost of purchasing goods (purchase of pallets of destocking products) and labour costs (manager, one self-service employee, and one delivery driver employee). Purchase of goods is the largest expense: 70 % of sales in the projected five years forecasts. However, the cost of the products may decrease with time as a consequence of better deals from suppliers and economies of scale.

b) Fixed Expenses

Main fixed expenses are salaries. In fact, personnel costs are a very essential position of expenditure constituting 48.8% of total fixed expenses for the first two years of operations, 50.4% for the 3rd year of activity and it will continue to increase to reach 54.7 % of total fixed expenses in the 4th and 5th year. As the financial performance of Eco'Market is increasing each year, this will make it possible to hire more staff but also to acquire more equipment, namely a delivery truck and an additional electric pallet truck using the leasing method. From the start I opted for the lease purchase because it allows many advantages such as the change of equipment at the end of the leasing contract and therefore practically no obsolescence, as well as the integration of maintenance costs in the contract. In fact, we prefer to smooth the cash disbursement by leasing rather than having recourse to investment which is even less expensive but will require an immediate disbursement. Other fixed expenses encompass the rent of the premise, accounting expert services, advertising (web page marketing and PR expenses), administration expenses (insurance), office maintenance costs and other smaller expenses. Expenses in number could be seen in Appendix F, profit and loss account. Overall, expenses will remain almost constant, except increase in salaries (+ 46%) and leasing rent (+ 91%) due to increasing sales amounts and business expansion.

8.4. Projected Profit and Loss account

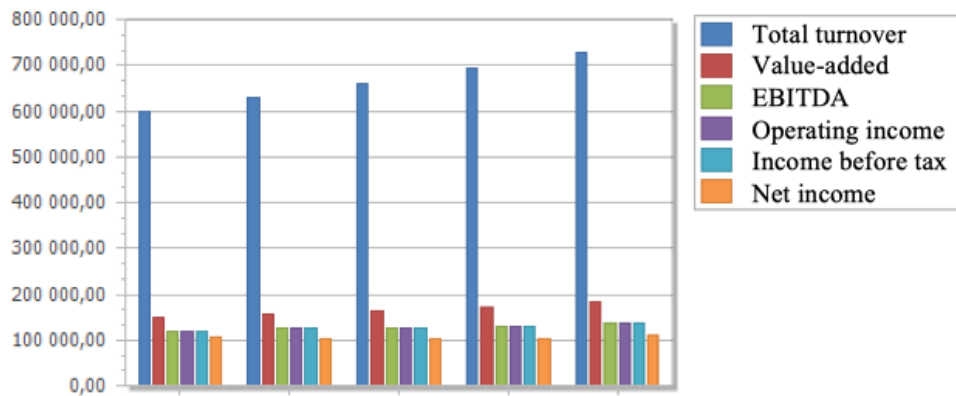


Figure 8.4.1. Detailed analysis of the result (in thousands of euros)

Source: own elaboration

After analysing the forecast profit and loss account, we have represented in Figure 8.4.1, all the financial results incurred over the periods 2024 to 2028. From this chart bar, it can be concluded that at the end of the 1st year of activity, the firm achieves a positive net income and that during the entire period, it achieves increasing growth rates. Looking at positive growth in EBITDA, it can be concluded that sales cover all operational expenses. Thus, during the first years, Eco'Market achieves a stable economic performance, generating profits at a fast paced.

8.5. Projected cash-flow statement

Cash flows table available in Appendix G helps to understand whether Eco'Market will be able to generate positive cash flows during the project analysis time span. After analysis the net cash flow is positive after the 1st year of activity and in 2025 is € 588,710.

8.6. Simplified projected balance sheet

From the balance sheet presented in Appendix H, we understand that the total assets correspond to the total equity plus the liabilities for each year of activity. It is also possible to see positive and constant growth over the years, due to the results of equity held in cash assets and cash equivalents.

8.7. Break-even analysis

From the break-even analysis available in Appendix I, it was possible to represent in Figure 8.7.1, the break-even point in value. In fact, this graph shows that costs will be covered after reaching € 204,908. At this point, and after 123 days of operation Eco'Market will therefore start to make profits.

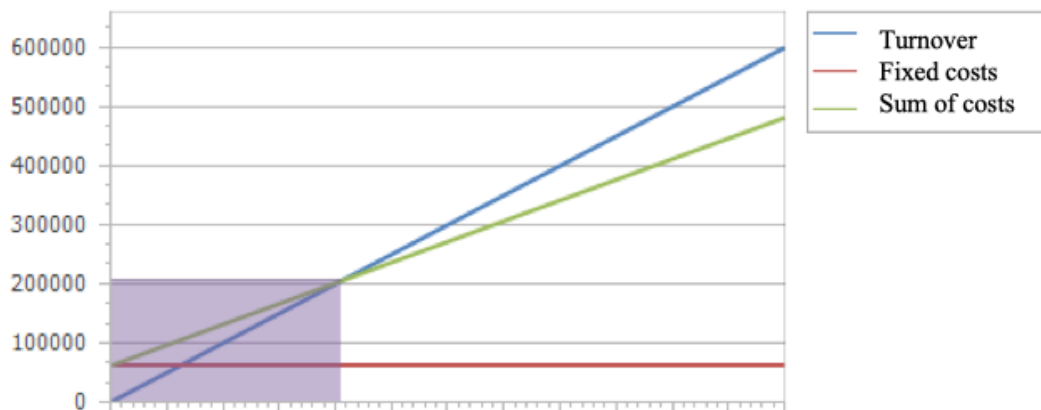


Figure 8.7.1. Break-even point analysis in value

Source: own elaboration

8.8. Net working capital (NWC), working capital requirement (WCR) and net treasury

From Appendix J to L it can be concluded that the financial balance is largely reached because the NWC amply covers the WCR each year. One can explain this in particular thanks to non-existent payment periods because customers pay cash and suppliers are also paid in cash.

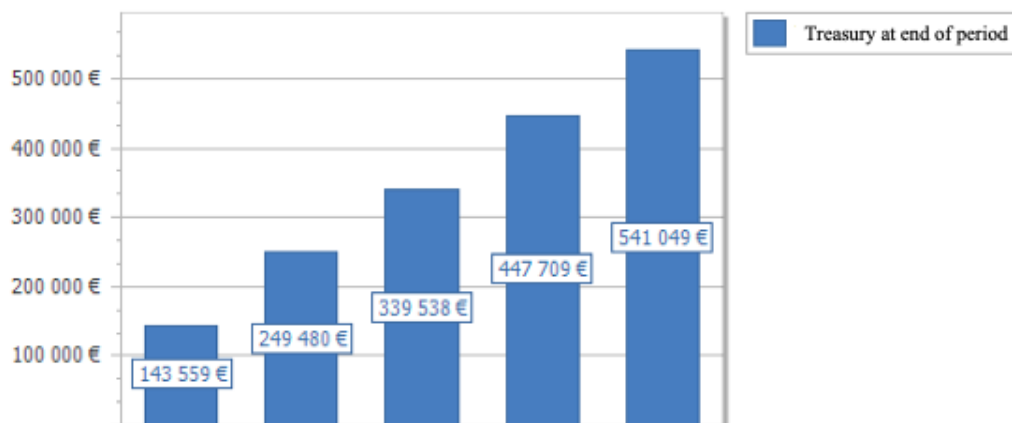


Figure 8.8.1 Net treasury evolution (in thousands of euros)

Source: own research

Figure 8.8.1 depicts the net treasury evolution in thousands of euros over the periods 2024 to 2028. From this bar chart, we see that Eco'Market treasury increases positively from year to year, and that its resources cover all its needs. This bar chart shows that the start-up has good financial health since it is able to finance new expenses without having to resort to an external financing method such as borrowing. Therefore, the firm has liquidity that can be mobilized in the short term.

8.9. Financial plan

The financial plan available in Appendix M provides the perspective of the required funds in order to meet all the financial applications identified.

8.10. Business ratios

Table 8.10.1 - Operating profit margin

	2024	2025	2026	2027	2028
Operating income	118 527 €	127 501 €	125 229 €	128 228 €	138 626 €
Total turnover	598 976 €	628 924 €	660 358 €	693 376 €	728 043 €
Operating Profit Margin	19,79 %	20,27 %	18,96 %	18,49 %	19,04 %

The operating profit margin ratio indicates the profit a business makes after paying variable production costs. It also assesses the effectiveness of a business in controlling the costs and expenses associated with business operations. The operating profit margin is always positive and constant from 2024 to 2028, reaching 19.04% in 2028. Thus, we can say that the pricing strategy and the operational efficiency of Eco'Market are satisfactory.

Table 8.10.2 - Financial autonomy

	2024	2025	2026	2027	2028
Total equity	112 587 €	215 620 €	316 812 €	420 434 €	532 478 €
Total liabilities	143 559 €	249 480 €	339 538 €	447 709 €	541 049 €

Financial autonomy	78,43 %	86,43 %	93,31 %	93,91 %	98,42 %
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The financial autonomy ratio allows investors to assess the percentage of investment in assets covered by equity. This is an important indicator because it reflects the financial stability of a company and shows its independence from creditors (external borrowed funds). In 2028, the financial autonomy of Eco'Market will be 98.42% and throughout the period 2024-2028, it will always be positive with growth of 25%.

Table 8.10.3 - Financial profitability

	2024	2025	2026	2027	2028
Result of the accounting year	107 587 €	103 033 €	101 192 €	103 622 €	112 044 €
Total equity	112 587 €	215 620 €	316 812 €	420 434 €	532 478 €
Financial profitability	95,56 %	47,78 %	31,94 %	24,65 %	21,04 %

Financial profitability measures the return of a company's equity. It allows us to know if the business manages to generate profitability with its own funds.

Eco'Market financial profitability will drop from 95.56% in 2024 to 21.04%, in 2028, while the net result will increase. The use of debt largely explains the significant decrease in the financial profitability of Eco'Market, which benefits from the leverage effect provided by debt.

Table 8.10.4 - Return on Investment (ROI)

2024	2025	2026	2027	2028
42,86%	42,86%	42,86%	42,86%	42,86%

The Return on Investment is a ratio indicator that evaluates the financial consequences of investments and actions. The calculated ROI is a ratio or percentage, comparing net gains to net costs. Investment helps to give a sense of how much money a company is spending on capital items (such as property, plants and equipment), which are used for operations. Eco'Market rate of return is the same for the entire period 2024-2028. That means that the

investments are generating a great return considering the investment carried out from this period as returns exceed costs. Hence it is possible to conclude that the amount of money earned compared to the amount initially invested is satisfactory and stable.

Table 8.10.5 - Return on Assets (ROA)

2024	2025	2026	2027	2028
82,56%	51,10%	36,88%	28,64%	25,62%

The return on total assets (ROA) is a ratio indicator that measures the net income produced by total assets during a period by comparing net income to the average total assets. ROA measures how efficiently a company can manage its assets to produce profits during a period. Since company assets' sole purpose is to generate revenues and produce profits, this ratio helps both management and investors see how well the company can convert its investments in assets into profits. From the above observation it can be seen that the rate of assets decreases each quarter but are still profitable. In fact, Eco'Market has no fixed, tangible, intangible or financial assets. Its only active asset is its treasury. Thus, each year the cash inflates, and increases faster than the ROA because it is weighted. This is why the ratio gradually decreases. However, this is not a bad sign because even if the yield decreases, the cash flow increases so the company can subsequently finance new projects such as the opening of new outlets.

Table 8.10.6 - Return on Equity (ROE)

2024	2025	2026	2027	2028
95,56%	47,78%	31,94%	24,65%	21,04%

Rate of Return on Equity (ROE) is a ratio indicator that reveals what percentage of profit is earned with the money shareholders have invested. It helps investors to measure a company's profitability, determining how the company will generate value through its own resources.

The starting equity is 5,000 euros. Each year the result is positive, and the latter goes into reserve, in liabilities. In addition, no dividend is paid, so the reserve amplifies and increases equity. This is why the ratio significantly decreases from 2024 to 2028.

However, it is not a bad sign because the equity is quite high. Therefore, we can conclude that Eco'Market is less successful in generating cash internally. However, companies with a ROE of 20 per cent and above are considered good investments.

In conclusion, the activity of Eco'Market presents sound management because its cash and its equity are high. The higher the latter, the lower the risk of bankruptcy and the higher the life expectancy of the company.

8.11. Limits and risk evaluation

Even if the whole business plan was developed responsibly with the aim of elimination of all risks, several issues can arise. First, there is a business risk that rests on competitors and new entrants who can easily copy my concept. Indeed, there are many supermarkets and convenience stores in my catchment area that could be interested in my business idea. In addition to it, the technical risk might occur if the business experiences failure in system functionalities. This can affect business performance. Moreover, operational risk can occur if the information to customers is not delivered on time. Financial risk can also occur if the business project does not follow the planned budget. Lastly, the team risk might occur if staff fail to meet customer requirements. Appendix N presents detailed potential risks analysis and solution to counter it.

Chapter 9. Conclusions

Differentiation requires uniqueness and availability of features that are valuable to the clients (Porter, 1985) and Eco'Market is going to bring uniqueness in Warsaw's inhabitants' houses. The target audience we have identified are urban people regardless of their age and income, who are price sensitive or looking for convenient products. Since almost everybody likes to make good bargains, our innovation seems to carve out and dominate lucrative niches in this market. In addition, Poland's food retailing market is on a path of steady growth. Warsaw urban population has been growing at roughly 0,53% in 2018 and more Polish will become city people by 2025. The demand for food products at discount prices is therefore expected to explode in the coming years.

With the several tools and frameworks used throughout this business plan, it has been examined how Eco'Market creates a unique value curve that can let it stand out of the competition, how weaknesses can be minimized, threats avoided with simple but efficient solutions, and how our activity can lead the new wave of disrupting innovation for the food industry in favour of the small realities. Similarly, the various financial projections performed, have shown company strong growth potential, the generation of the forecasts has followed a realistic approach with an attitude to round down all the results in order to avoid any type of speculations on the final outcomes, providing notable results nevertheless. The project is expected to grow over time and be able to finance itself with its operating activities alone, guaranteeing excellent returns in the long run.

On the basis of this analytical structure, it has been possible to verify the existence of a context that is globally favourable to the creation of a food outlet for end-of-life or mislabelled products at a very low price along the lines proposed in this business plan.

The city of Warsaw today has a wide range of foodstuffs on offer, although this is limited in terms of promotions on branded products. The food sector is strongly linked to finance: price inflation from raw materials and the evolution of household consumption linked to their purchasing power. Thus, the circular economy can be considered unusual. The project has three main competitors, whose location and concept are relatively close to the developed proposal. Considering the growth forecasts of the main economic and demographic indicators

in Poland, it is expected that there will be a positive development in future demand and, consequently, in the number of consumers of discount products and services. The financial evaluation of the project revealed the ability to generate a profit after 123 days of operation.

Even though the financial analysis comfortably sustains the economic viability of the project, it is important to note that several limitations hindered access to certain information. They are divided into two categories, the first one being research limitations for the master thesis and the second being limitations regarding the application of the business plan.

First, all the information and data considered in the preparation of this dissertation was collected from public databases or gathered from existing market players and third-party suppliers. However, it is important to emphasize that there was little or almost no data available regarding the food destocking segment in Poland and more precisely in Warsaw. In addition, all the conclusions presented based on the information and data collected were somehow influenced by the promoter's values and beliefs as well as his point of view of the business segment. It is also important to mention that it was not as easy to collect information and data from competitors. As for the limitations regarding business plan applicability, the limited experience of the owner in running a company can also emerge in crisis situations. Investing in a project of this scale requires necessary knowledge, examination of all variables and external factors in order to be prepared to adjust and adapt the business when necessary so that it remains viable. This was addressed through meticulous planning, however, not all situations can be predicted.

As Eco'Market is undoubtedly an innovative idea, being the first food surplus store ever created in Warsaw, and as it seems to meet the expectations of Polish consumers, we may wonder whether our range of products could succeed in cross-border countries and all over the world too.

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Appendices

Appendix A. Quantitative study - Questionnaire

- 1. Are you a resident in Warsaw? If not, this questionnaire is not for you. If yes, from which Warsaw district of residence are you?**
- 2. Are you responsible for purchasing groceries in your household?**
 - Yes
 - No
- 3. What is your level of responsibility for household food shopping? Please select**
 - Less than half
 - About half
 - Most or all
- 4. Who else is responsible for food shopping in your household?**

- 5. How often do you shop for groceries?**
 - Every day
 - 2-4 times per week
 - Once a week
 - Once every two weeks
 - Once a month
- 6. Where do you generally buy your groceries? (Check all that apply)**
 - Large hypermarkets (Carrefour)
 - Supermarket chain local shops (e.g. Carrefour Express)
 - Discounters (e.g. Aldi)
 - Small grocery stores or corner shops (e.g. Zabka)
 - Local specialist shops (e.g. butcher, green grocer)
 - Street markets
 - Farmers' markets
 - Internet
- 7. Do you shop your grocery at a regular location?**
 - Always
 - Almost always
 - Often
 - Seldom
 - Never
- 8. Do you buy only the products that you planned to?**

- Always
- Almost always
- Often
- Seldom
- Never

9. Do you ever buy a product that is on sale even though you did not plan to?

- Always
- Almost always
- Often
- Seldom
- Never

10. When the supermarket speaker announces “all ice cream is now half price”, will you buy ice cream even though you did not plan to?

- Yes
- No

11. Which of the following is the most important factor when you decide to buy a product? (Please tick one)

- Quality of the products
- Price
- Habits
- For the look-and-feel of the product
- The dietary information
- Other (please specify):

12. What is your household’s average monthly grocery bill?

- Less than PLN 299
- PLN 300-599
- PLN 600-999
- PLN 1,000- PLN 1,499
- PLN 1,500+

13. What transport do you use for your main food shop?

- Bus
- Train
- Car
- Taxi
- Walk
- Other:

14. What is the MAXIMUM distance you are prepared to travel to your preferred store? (Please tick one)

- No more than 10 min
- Up to 20 min
- Up to 40 min
- Up to 60 min

15. Thinking about your grocery food purchases over the past 3 months, which of the below best describes the majority (50% or more) of items in your shopping cart/basket?

- Processed and packaged foods, including frozen foods
- Fresh produce, fresh meats, fresh seafood

16. Do you choose any of the following when you are doing food/grocery shopping?

- Buy fair trade (e.g. ensures a fair deal for producers in developing countries)
- Buy organic food
- Buy local products
- Avoid buying food that is not in season
- Buy free range food (e.g. meat, eggs, etc.)
- Use-re-useable carrier bags when food shopping
- None of the above

17. When you go grocery shopping, which of the following issues do you consider when choosing one product over another? Please tick all that apply.

- Price
- Nutrient content
- Special offers
- Brand name
- Salt levels
- Fat content
- Seasonality of food
- Calorie content
- Quality of food
- Organically produced
- Healthiness of food
- Use by date
- Fair trade
- Other:
- Impact on the community where food comes from (e.g. creation of jobs / benefit to local community)

18. I often plan my grocery shopping in advance, using a list

- Yes
- No

19. What percentage of the groceries you buy, on average, would you say are not used?

- None
- 1-2%
- 3-5%
- 5-10%
- 11% or more

20. Do you ever feel as though you buy more food than you need or ever get around to eating?

- Strongly disagree; I never buy in excess or waste food
- Somewhat disagree; on occasion I'll buy too much food or unnecessary items
- Neutral; I don't really know how much food I waste
- Somewhat agree; I tend to over or underbuy groceries from time to time
- Strongly agree; I buy too much food, resulting in waste regularly

21. Would you reduce your monthly/annual grocery bill if you could?

- Yes
- No

22. How do you keep track of your personal finances? (Choose all that apply.)

- I don't keep track
- I keep track in my head
- I keep track on paper (ledger, notebook, checkbook register, etc.)
- I use a spreadsheet (Excel, OpenOffice, etc.)
- I use computer software
- I use online tools
- I hire someone to manage my personal finances
- Other

23. How closely do you monitor your expenses?

- Very closely
- Somewhat closely
- On occasion
- Not very closely
- Never

24. Has your food shopping bill changed for any of these reasons during the last 12 months? Please tick only one.

- Economising (trying to save money)
- Somebody has moved into/out of the house
- Food prices have increased
- New baby
- Don't know

Other:

25. What is your gender?

- Male
- Female
- Not identified with a particular gender

26. How old are you?

- Under 18
- 18-29
- 30-49
- 50-64
- 65+

27. What is the highest level of education you have completed?

- Less than high school
- High school/GED
- Some college
- Associate's degree
- Bachelor's degree
- Master's degree
- Doctoral degree
- Professional degree (MD, JD)

28. What is your approximate average household income?

- Less than PLN 24,999
- PLN 25,000- PLN 49,999
- PLN 50,000- PLN 74,999
- PLN 75,000- PLN 99,999
- PLN 100,000- PLN 124,999
- PLN 125,000- PLN 149,999
- PLN 150,000- PLN 174,999
- PLN 175,000- PLN 199,999
- PLN 200,000 and up

29. What is your current marital status?

- Single
- Married
- Separated
- Divorced
- Widowed

30. How many people currently live in your household?

Appendix B. Competition in the catchment area of ECO MARKET

The below table presents the four main categories of retail market players located in Targowa street.

Distribution classification	Sales area	Offering	Pricing strategy	Differentiation
Mini self-service grocery stores: Sklep zpozywcy 24h - Targowa 71 Sklep zpozywcy 24h - Targowa 63 Sklep zpozywcy 24h - Targowa 62 Sklep zpozywcy 24h - Targowa 36	<100m ²	Small range of everyday items (groceries, tobacco, and alcohol)	Price skimming: higher prices than in convenience stores and supermarkets	Remain open 24 hours Smaller packaging Shorter cashier lines
Convenience stores: Zabka - Targowa 21 Zabka - Targowa 80/82 Zabka - St.Dw. Wileński C15, aleja Solidarności 3 Zabka - Wileńska 19/lok. 19/20 Carrefour express - Targowa 13	<250m ²	Limited range of carefully selected household goods and groceries of leading brands (maximum of 1,600 stock items).	Price skimming: attractive prices but still higher than in supermarkets	High recognition: top position of the convenience-sales format Extensive network
Supermarkets: Biedronka - Targowa 24 Carrefour Wileńska - Targowa 72	400 m ² to 2,500 m ²	Wide variety of household goods, groceries non-food items organized into sections.	Economy pricing: relatively low prices (economies of scale)	Large amount of floor space Ease of parking

<p>Markets: Bazaar Różyckiego - Targowa 54</p>	<p>700 m2 to 1,500 m2</p>	<p>Small range of both food (e.g. ready-to- serve dishes) and non-food items.</p>	<p>Diverse pricing: fixed prices and bargaining system</p>	<p>Bustling and noisy Permanently enclosed space Miscellaneous articles</p>
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Appendix C. Project Planning analysis

Milestones	Earliest Start	Length	Type	Depend on
A. Evaluation and idea development	Week 0	40 days	Sequential	N.A.
1. Business idea formulation		5 days	Sequential	N.A.
2. Business plan development		35 days	Sequential	A.
B. Funding	Week 9	10 days	Sequential	A.
3. Project presentation to financial institutions				
C. Company constitution (2 days)	Week 11	2 days	Sequential	B.
4. Brand registration				
5. Other legal aspects				
D. Premise acquisition (1 day)	Week 11	1 day	Sequential	B.
E. Refurbishment project development (20 days)	Week 11	20 days	Sequential	D.
6. Architecture project development	Week 11	15 days		
7. Refurbishment specifications	Week 11	5 days		
F. Activity registration	Week 11	1 day	Parallel	D.
G. Refurbishment works (122 days)	Week 15	122 days	Sequential	E.
8. Materialization of the architecture project				
9. Development of all activities to the activity space adaptation				
H. Negotiation with suppliers (5 days)	Week 12	5 days	Parallel	C.
10. Agreement establishment with service providers				
11. Acquisition of equipment, furniture and decorations				
12. Website development				
13. Insurance agreement negotiation				
I. Building preparation	Week 40	10 days	Sequential	H.
14. Furniture assembly, decoration and other related activities				
15. Software installation				
J. Recruitment, selection and hiring (20 days)	Week 13	10 days	Parallel	C.
16. Interviews and hiring process				
K. Licensing (3 days)	Week 50	3 days	Sequential	I.
17. Obtaining local accommodation license				
L. Marketing and communication actions (30 days)	Week 40	30 days	Parallel	H.
18. Website launch				
19. Preparation of the opening event				
20. Announcement of opening				
21. Operational and processes tests				
M. Activity initiation	Week 45	N.A.	Sequential	L.
22. Welcoming of the first customers				

Appendix D. Sales forecast by volume

Sales in volume					
	2024	2025	2026	2027	2028
January	2738	2874	3018	3169	3327
February	3285	3449	3622	3803	3993
March	3833	4024	4225	4437	4658
April	4106	4312	4527	4753	4991
May	4380	4599	4829	5070	5324
June	4380	4599	4829	5070	5324
July	4928	5174	5433	5704	5989
August	4106	4312	4527	4753	4991
September	5475	5749	6036	6338	6655
October	4928	5174	5433	5704	5989
November	4380	4599	4829	5070	5324
December	8213	8623	9054	9507	9982
Total	54750	57488	60362	63380	66549
%	-	5%	5%	5%	5%

Appendix E. Sales forecast in value

Sales in value (euros)					
	2024	2025	2026	2027	2028
January	29 948,80 €	31 446,20 €	33 017,90 €	34 668,80 €	36 402,15 €
February	35 938,56 €	37 735,44 €	39 621,48 €	41 602,56 €	43 682,58 €
March	41 928,32 €	44 024,68 €	46 225,06 €	48 536,32 €	50 963,01 €
April	44 923,20 €	47 169,30 €	49 526,85 €	52 003,20 €	54 603,23 €
May	47 918,08 €	50 313,92 €	52 828,64 €	55 470,08 €	58 243,44 €
June	47 918,08 €	50 313,92 €	52 828,64 €	55 470,08 €	58 243,44 €
July	53 907,84 €	56 603,16 €	59 432,22 €	62 403,84 €	65 523,87 €
August	44 923,20 €	47 169,30 €	49 526,85 €	52 003,20 €	54 603,23 €
September	59 897,60 €	62 892,40 €	66 035,80 €	69 337,60 €	72 804,30 €
October	53 907,84 €	56 603,16 €	59 432,22 €	62 403,84 €	65 523,87 €
November	47 918,08 €	50 313,92 €	52 828,64 €	55 470,08 €	58 243,44 €
December	89 846,40 €	94 338,60 €	99 053,70 €	104 006,40 €	109 206,45 €
Total	598 976,00 €	628 924,00 €	660 358,00 €	693 376,00 €	728 043,00 €
%	-	5%	5%	5%	5%

Appendix F. Projected Profit and Loss account

	2024	2025	2026	2027	2028
+ Sales of goods	598 976 €	628 924 €	660 358 €	693 376 €	728 043 €
- Cost of goods sold	419 273 €	440 247 €	462 259 €	485 372 €	509 641 €
Commercial margin	179 703 €	188 677 €	198 099 €	208 004 €	218 402 €
+ Production for the accounting year	- €	- €	- €	- €	- €
- Cost of purchasing raw materials	- €	- €	- €	- €	- €
Production margin	- €	- €	- €	- €	- €
Overall margin	179 703 €	188 677 €	198 099 €	208 004 €	218 402 €
- Consumption for the accounting year from third parties	31 164 €	31 164 €	35 964 €	35 964 €	35 964 €
Value added	148 539 €	157 513 €	162 135 €	172 040 €	182 438 €
+ Operating grants	- €	- €	- €	- €	- €
- Personnel expenses	30 012 €	30 012 €	36 906 €	43 812 €	43 812 €
- Taxes, duties and other levies	- €	- €	- €	- €	- €
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	118 527 €	127 501 €	125 229 €	128 228 €	138 626 €
+ Reversal of operating expenses and expense reclassifications	- €	- €	- €	- €	- €
+ Other products	- €	- €	- €	- €	- €
- Allocation to depreciation and provisions	- €	- €	- €	- €	- €
- Others expenses	- €	- €	- €	- €	- €
Operating income	118 527 €	127 501 €	125 229 €	128 228 €	138 626 €
+ Share in income from joint operations	- €	- €	- €	- €	- €
+ Financial products	- €	- €	- €	- €	- €
- Financial expenses	300 €	300 €	300 €	300 €	300 €
Income before tax	118 227 €	127 201 €	124 929 €	127 928 €	138 326 €
+ Exceptional products	- €	- €	- €	- €	- €
- Exceptional expenses	- €	- €	- €	- €	- €
Exceptional result	- €	- €	- €	- €	- €
Current income	118 227 €	127 201 €	124 929 €	127 928 €	138 326 €
- Employee participation in company results	- €	- €	- €	- €	- €
- Income taxes	10 640 €	24 168 €	23 737 €	24 306 €	26 282 €
Net income	107 587 €	103 033 €	101 192 €	103 622 €	112 044 €

Appendix G. Projected Cash-flow statement

	2024	2025	2026	2027	2028
Sales	628 927 €	660 372 €	693 372 €	728 044 €	764 448 €
<i>Sale of goods</i>	628 927 €	660 372 €	693 372 €	728 044 €	764 448 €
Capital contribution	5 000 €	- €	- €	- €	- €
<i>Cash contribution</i>	5 000 €	- €	- €	- €	- €
Loan	20 000 €	- €	- €	- €	- €
<i>Bank loan</i>	20 000 €	- €	- €	- €	- €
IS credit repayment	- €	- €	- €	3 813 €	- €
<i>Corporate taxes</i>	- €	- €	- €	3 813 €	- €
VAT Credit Refund	13 065 €	15 835 €	16 784 €	17 528 €	18 306 €
Total receipts	666 992 €	676 207 €	710 156 €	749 385 €	782 754 €
Purchases	440 237 €	462 259 €	485 372 €	509 641 €	535 123 €
<i>Purchase of goods</i>	440 237 €	462 259 €	485 372 €	509 641 €	535 123 €
Leasing rents	6 336 €	6 336 €	12 096 €	12 096 €	12 096 €
<i>Delivery truck 1</i>	5 040 €	5 040 €	5 040 €	5 040 €	5 040 €
<i>Delivery truck 2</i>	- €	- €	4 464 €	4 464 €	4 464 €
<i>Pallet truck</i>	1 296 €	1 296 €	- €	- €	- €
<i>Pallet truck (2)</i>	- €	- €	- €	- €	2 592 €
<i>Pallet truck 2</i>	- €	- €	1 296 €	1 296 €	- €
<i>Pallet truck 3</i>	- €	- €	1 296 €	1 296 €	- €
External expenses	31 572 €	31 572 €	31 572 €	31 572 €	31 572 €
<i>Insurance</i>	794 €	794 €	794 €	794 €	794 €
<i>Water</i>	484 €	484 €	484 €	484 €	484 €
<i>Electricity</i>	3 660 €	3 660 €	3 660 €	3 660 €	3 660 €
<i>Accounting expert fees</i>	3 660 €	3 660 €	3 660 €	3 660 €	3 660 €
<i>Rental</i>	17 700 €	17 700 €	17 700 €	17 700 €	17 700 €
<i>Advertising</i>	5 274 €	5 274 €	5 274 €	5 274 €	5 274 €
Personnel	29 680 €	30 012 €	36 741 €	43 646 €	43 812 €
<i>Executive salary</i>	16 200 €	16 200 €	16 200 €	16 200 €	16 200 €
<i>Employees' wages</i>	13 480 €	13 812 €	20 541 €	27 446 €	27 612 €
VAT payable	15 308 €	18 527 €	18 981 €	20 223 €	21 525 €
Loan repayment	300 €	300 €	300 €	300 €	20 300 €
<i>Bank loan</i>	300 €	300 €	300 €	300 €	20 300 €
Society taxes	- €	21 280 €	35 036 €	23 736 €	24 986 €
Down payment of IS	- €	10 640 €	24 168 €	23 736 €	24 308 €
<i>Corporate taxes</i>	- €	10 640 €	24 168 €	23 736 €	24 308 €
Liquidation of the balance	- €	10 640 €	10 868 €	- €	678 €
<i>Corporate taxes</i>	- €	10 640 €	10 868 €	- €	678 €
Total disbursements	523 433 €	570 286 €	620 098 €	641 214 €	689 414 €
Cash beginning of period	- €	143 559 €	249 480 €	339 538 €	447 709 €
Gap	143 559 €	105 921 €	90 058 €	108 171 €	93 340 €
Cash end of period	143 559 €	249 480 €	339 538 €	447 709 €	541 049 €

Appendix H. Simplified Projected Balance sheet

	2024	2025	2026	2027	2028
Total non-current assets					
Liquid assets	143 559 €	249 480 €	339 538 €	447 709 €	541 049 €
Liquid assets	143 559 €	249 480 €	339 538 €	447 709 €	541 049 €
Total current assets	143 559 €	249 480 €	339 538 €	447 709 €	541 049 €
Total assets	143 559 €	249 480 €	339 538 €	447 709 €	541 049 €
Capital	5 000 €	5 000 €	5 000 €	5 000 €	5 000 €
Reserves and retained earnings		107 587 €	210 620 €	311 812 €	415 434 €
Result of the accounting year	107 587 €	103 033 €	101 192 €	103 622 €	112 044 €
Total equity	112 587 €	215 620 €	316 812 €	420 434 €	532 478 €
Total of other own funds	€ -	€ -	€ -	€ -	€ -
Total provisions	€ -	€ -	€ -	€ -	€ -
Financial liabilities	20 000 €	20 000 €	20 000 €	20 000 €	€ -
Borrowings and debt from credit institutions	20 000 €	20 000 €	20 000 €	20 000 €	€ -
Operating liabilities	10 972 €	13 860 €	2 726 €	7 275 €	8 571 €
Corporate tax	10 640 €	13 528 €	2 229 €	6 612 €	7 908 €
Employee-related liabilities	332 €	332 €	497 €	663 €	663 €
Total debts	30 972 €	33 860 €	22 726 €	27 275 €	8 571 €
Total liabilities	143 559 €	249 480 €	339 538 €	447 709 €	541 049 €

Appendix I. Break-even Analysis

	2024	2025	2026	2027	2028
Sales	598 976 €	628 924 €	660 358 €	693 376 €	728 043 €
<i>Sale of goods</i>	598 976 €	628 924 €	660 358 €	693 376 €	728 043 €
Total turnover	598 976 €	628 924 €	660 358 €	693 376 €	728 043 €
Purchases consumed	419 273 €	440 247 €	462 259 €	485 372 €	509 641 €
Purchases of goods	419 273 €	440 247 €	462 259 €	485 372 €	509 641 €
<i>Purchases of goods</i>	419 273 €	440 247 €	462 259 €	485 372 €	509 641 €
Total variable costs	419 273 €	440 247 €	462 259 €	485 372 €	509 641 €
Fixed external expenses	25 884 €	25 884 €	25 884 €	25 884 €	25 884 €
<i>Insurance</i>	650 €	650 €	650 €	650 €	650 €
<i>Water</i>	400 €	400 €	400 €	400 €	400 €
<i>Electricity</i>	3 000 €	3 000 €	3 000 €	3 000 €	3 000 €
<i>Accounting expert fees</i>	3 000 €	3 000 €	3 000 €	3 000 €	3 000 €
<i>Rental</i>	14 508 €	14 508 €	14 508 €	14 508 €	14 508 €
<i>Advertising</i>	4 326 €	4 326 €	4 326 €	4 326 €	4 326 €
Leasing rents	5 280 €	5 280 €	10 080 €	10 080 €	10 080 €
<i>Delivery truck 1</i>	4 200 €	4 200 €	4 200 €	4 200 €	4 200 €
<i>Delivery truck 2</i>	- €	- €	3 720 €	3 720 €	3 720 €
<i>Pallet truck</i>	1 080 €	1 080 €	- €	- €	- €
<i>Pallet truck (2)</i>	- €	- €	- €	- €	2 160 €
<i>Pallet truck 2</i>	- €	- €	1 080 €	1 080 €	- €
<i>Pallet truck 3</i>	- €	- €	1 080 €	1 080 €	- €
Personnel	30 012 €	30 012 €	36 906 €	43 812 €	43 812 €
<i>Executive salary</i>	16 200 €	16 200 €	16 200 €	16 200 €	16 200 €
<i>Employees' wages</i>	13 812 €	13 812 €	20 706 €	27 612 €	27 612 €
Financial expenses	300 €	300 €	300 €	300 €	300 €
Loan interest	300 €	300 €	300 €	300 €	300 €
<i>Bank loan</i>	300 €	300 €	300 €	300 €	300 €
Total fixed expenses	61 476 €	61 476 €	73 170 €	80 076 €	80 076 €
Margin on variable costs	179 703 €	188 677 €	198 099 €	208 004 €	218 402 €
Margin on variable costs rate	30 %	30 %	30 %	30 %	30 %
Break-even point in value	204 908 €	204 920 €	243 910 €	266 931 €	266 933 €
Break-even point in days	123 days	117 days	133 days	139 days	132 days
Month the break-even is reached	May	April	May	May	May

Appendix J. Net working capital (NWC)

	2024	2025	2026	2027	2028
Capital	5 000 €	5 000 €	5 000 €	5 000 €	5 000 €
Reserves and retained earnings	- €	107 587 €	210 620 €	311 812 €	415 434 €
Result of the accounting year	107 587 €	103 033 €	101 192 €	103 622 €	112 044 €
Equity	112 587 €	215 620 €	316 812 €	420 434 €	532 478 €
Loans and debts from credit institutions	20 000 €	20 000 €	20 000 €	20 000 €	- €
<i>Bank loan</i>	<i>20 000 €</i>	<i>20 000 €</i>	<i>20 000 €</i>	<i>20 000 €</i>	<i>- €</i>
Stable financial debts	20 000 €	20 000 €	20 000 €	20 000 €	- €
Stable resources	132 587 €	235 620 €	336 812 €	440 434 €	532 478 €
Stable jobs	- €	- €	- €	- €	- €
NWC	132 587 €	235 620 €	336 812 €	440 434 €	532 478 €

Source: Own research

Appendix K. Working capital requirement (WCR)

	2024	2025	2026	2027	2028
Stocks	- €	- €	- €	- €	- €
Receivables	- €	- €	- €	- €	- €
Operating assets	- €	- €	- €	- €	- €
Corporate tax	10 640 €	13 528 €	2 229 €	6 612 €	7 908 €
<i>Corporate tax</i>	<i>10 640 €</i>	<i>13 528 €</i>	<i>2 229 €</i>	<i>6 612 €</i>	<i>7 908 €</i>
Social debts	332 €	332 €	497 €	663 €	663 €
<i>Wages</i>	<i>332 €</i>	<i>332 €</i>	<i>497 €</i>	<i>663 €</i>	<i>663 €</i>
Operating liabilities	10 972 €	13 860 €	2 726 €	7 275 €	8 571 €
WCR	- 10 972 €	- 13 860 €	- 2 726 €	- 7 275 €	- 8 571 €

Source: Own research

Appendix L. Net working capital (NWC), working capital requirement (WCR) net treasury

	2024	2025	2026	2027	2028
NWC	132 587 €	235 620 €	336 812 €	440 434 €	532 478 €
WCR	- 10 972 €	- 13 860 €	- 2 726 €	- 7 275 €	- 8 571 €
Net treasury	143 559 €	249 480 €	339 538 €	447 709 €	541 049 €
+ Positive cash	143 559 €	249 480 €	339 538 €	447 709 €	541 049 €
- Overdrafts	- €	- €	- €	- €	- €
- Interest on Overdrafts	- €	- €	- €	- €	- €

Source: Own research

Appendix M. Financial plan

	2024	2025	2026	2027	2028
JOBS					
Insufficient self-financing	- €	- €	- €	- €	- €
Change in WCR	- 10 972 €	- 2 888 €	11 134 €	- 4 549 €	- 1 296 €
Total Acquisition of fixed assets	- €	- €	- €	- €	- €
Intangible assets	- €	- €	- €	- €	- €
Tangible fixed assets	- €	- €	- €	- €	- €
Financial fixed assets	- €	- €	- €	- €	- €
Total repayment of financial debts	- €	- €	- €	- €	20 000 €
Bond loans	- €	- €	- €	- €	- €
Loans and debts from credit institutions	- €	- €	- €	- €	20 000 €
Miscellaneous borrowings and financial debts	- €	- €	- €	- €	- €
Total reduction in equity	- €	- €	- €	- €	- €
Capital	- €	- €	- €	- €	- €
TOTAL JOBS	- 10 972 €	- 2 888 €	11 134 €	- 4 549 €	18 704 €
RESOURCES					
Self-financing capacity	107 587 €	103 033 €	101 192 €	103 622 €	112 044 €
Total Equity Increase	5 000 €	- €	- €	- €	- €
Capital	5 000 €	- €	- €	- €	- €
Subsidies	- €	- €	- €	- €	- €
Total Increase in financial debts	20 000 €	- €	- €	- €	- €
Bond loans	- €	- €	- €	- €	- €
Loans and debts from credit institutions	20 000 €	- €	- €	- €	- €
Miscellaneous borrowings and financial debts	- €	- €	- €	- €	- €
Total resources	132 587 €	103 033 €	101 192 €	103 622 €	112 044 €
Change in cash (total resources - total jobs)	143 559 €	105 921 €	90 058 €	108 171 €	93 340 €

Appendix N. Detailed potential risk analysis

Type of risk	Possible event	Priority	Impact on business	Solution to deal with the risk	Expected time duration
Business risk	Opening of the similar store by a competitor	1	Very high	Continuously increasing the choice and quality of offered products and monitoring the market	Permanently
Technical risk	Website security issues, virus in system	2	High	Updated systems and resolve for issues	2-4 days
Financial risk	Any project undergoing behind the schedule	3	High	Add more project members or recruit new one	5-7 days
Operational risk	Supplier fail to deliver products	4	Medium	Search for new suppliers	3 days
Member risk	Customers not getting the right information they want	5	Low	Train customer service staff	3 days