A Business Plan for Establishing a Cat Café in Uherské Hradiště

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ABSTRAKT

Tato bakalářská práce je zaměřena na sestavení podnikatelského záměru pro založení

kočičí kavárny v Uherském Hradišti. Teoretická část vysvětluje pojem podnikání a

rozdělení právních forem podnikání fyzických a právnických osob v České republice. Další

téma, které teoretická část obsahuje je definice podnikatelského záměru a popsání jeho

částí. Praktická část byla vypracováná na základě informací v teoretické části a zaměřuje se

na vypracování konkrétního podnikatelského záměru pro kočičí kavárnu v Uherském

Hradišti. Cílem bylo zjistit, zda-li je takový podnikatelský plán realizovatelný.

Klíčová slova: podnikání, podnikatelský záměr, kavárna, kočičí kavárna

ABSTRACT

The Bachelor's thesis focuses on compiling of a business plan for establishing a cat café in

Uherské Hradiště. The theoretical part defines the entrepreneurship and division of the

enterprises of both natural person and legal entity in the Czech Republic. Another topic

that the theoretical part covers is the definition of a business plan and its parts. The

practical part was drawn up on the basis of the information included in the theoretical part.

It focuses on compiling of the business plan for a cat café in Uherské Hradiště. The aim of

the thesis was to find out whether or not the business plan is realizable.

Keywords: entrepreneurship, business plan, café, cat café

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I hereby declare that the print version of my Bachelor's thesis and the electronic version of my thesis deposited in the IS/STAG system are identical.

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INTRODUCTION

The topic of the Bachelor's Thesis is a Business Plan for Establishing of a Cat Café in Uherské Hradiště. The author chose such topic because she visited cat cafés multiple times and was disappointed that no cat café is located in the Uherské Hradiště district. The other reason would be that the owner has always had a cat and loves visiting various cafés in every city she visits. She also sometimes dreams about opening her own business so the cat café seems like a right choice.

Cat cafés originated in Asia and in the last decade they spread all over the world. The first cat café in the Czech Republic was opened in 2014 in Prague. Since then a couple more cat cafés were established in the country but mainly in the most populated cities, such as Prague, Brno and Olomouc. Even though the popularity of cat cafés is increasing, many people are still not familiar with their concept.

The first thing that is needed to be done before opening any business is to compile a business plan. This is also the aim of this Bachelor's Thesis. The owner needs to find out whether the business would be realizable in the target market – in this case, Uherské Hradiště and its district. The most suitable way to do so is to do a marketing research to get to know potential customers and their behavior.

The thesis is divided into two parts – theoretical and analytical. The theoretical part includes the definition of entrepreneurship, forms of business in the Czech Republic and the description of a business plan and its parts. The theoretical part serves as a base or outline for the analytical part.

The analytical part contains the business plan for a cat café in Uherské Hradiště. The main objective of the café is to bring the concept of a cat café closer to inhabitants of the district. To help compile the business plan, the owner decided to make a questionnaire and get as many respondents from the Uherské Hradiště and its district as possible. The questionnaire will include questions about the concept of the cat café as well as questions about the respondents themselves and their consumer behavior.

The aim of the Bachelor's Thesis is to compile a business plan of a cat café that could be realizable in the target market.

I. THEORY

1 ENTREPRENEURSHIP

Entrepreneurship is described as a systematic activity performed independently by an entrepreneur, in his or her name, on his or her own responsibility, to make a profit and in conditions stated by the law. (Srpová 2010, 20)

It should strive for appreciation of invested capital in order to gain profit. Every business' aim should be a satisfaction of customers' needs as well as employee's and other groups' involved. Entrepreneurship consists of finding and using business opportunities for filling in niche market. (Martinovičová et al. 2014, 10)

To fully understand the definition of entrepreneurship, it is important to be aware what its sub-concepts mean:

- A systematic activity an activity that needs to be performed repeatedly and regularly, not only occasionally
- **Independence** if the entrepreneur is a natural person, he or she communicates in person, a legal entity communicates through its statutory authority
- In own name a natural person performs legal acts in his or her own name, a legal entity in the name of the company
- On own responsibility an entrepreneur, both natural person and legal entity, bears all risk for the results of his or her activity
- Making a profit an activity needs to be performed with the intention of making a
 profit

1.1 Entrepreneur

To define an entrepreneur is more complicated than to define the term entrepreneurship. Entrepreneur needs to have certain qualities to be able to lead a business and make the right decisions to be able to make a profit.

Entrepreneur is viewed as somebody who can come up with new ideas and innovations and who is able to make use of opportunities or even make one. He or she should be truly motivated for the usage of business, human and technical potential. A good entrepreneur should be even able to turn weak aspects of the business into strong ones, if it is needed. (Synek et al. 2006, 4-5)

According to Martinovičová et al. (2014, 11), an entrepreneur is responsible for decisions including:

the subject of entrepreneurship

- why will the business produce, what will they produce and for whom
- in what market they will they be selling
- the amount of products they will be producing
- with what sources the business will be working
- and how to do business in general

1.2 Business organization

Before establishing a business, it is necessary to make the important decision of choosing the right form of business organization. The chosen form can be changed later but with the negative aspect consisting of more complications and higher costs. The Czech Commercial Code allows two forms of business organization, which are business of a natural person and business of a legal entity. (Srpová 2010, 67)

Every natural person or legal entity needs to comply with the conditions of the Trade Licensing Act, which are:

- Age of 18 and older
- Legal capacity
- Integrity
- Submitting a proof that a natural person has no tax arrears to the state (in case of a legal form, a responsible representative needs to meet this condition)
- In case of a business that requires certain education or experience, a natural person needs to proof that he or she meets the requirements (in case of a legal form, a responsible representative needs to meet this condition) (Švarcová 2002, 55-56)

1.2.1 Business of a natural person

Business of a natural person is done individual by only one person. It is done under the name of the owner and under his or her own responsibility. Natural person are registered in The Commercial Code based on their own decision or mandatorily under the terms of The Commercial Code. (Veber 2012, 68-69) According to Synek et. al (2006, 73), the Trade Licensing Act divides trade into two types:

- Notifiable trade that can be carried on once the stated conditions are met and once the trade has been notified
- Permitted trade which can be carried on only based on a concession that is granted by the Trade Licensing Authority

1.2.2 Business of a legal entity

Establishing a legal entity business is more administratively demanding than that of a natural person. In most of the cases, a registered capital needs to be compounded prior to the establishment of a business. All types of legal entity need to be registered in the Commercial Register. The Commercial Code distinguishes three types of legal entity:

- Private companies
- Capital companies
- Cooperatives (Srpová 2010, 68)

Private companies

General commercial partnership

General commercial partnership is a company in which founded by at least two people that are responsible for the company's liabilities together and with their whole property. That means that all of their assets are at stake. Profit is divided among owners equally, if the owners did not agree differently). (Švarcová 2016, 68)

Limited partnership

Limited partnership can be founded by many partners that are divided into two types with different rights and obligations. The condition has to be met: at least one partner is a general partner and at least one is a limited partner. Limited partners have to contribute to registered capital while general partners do not. The profit is divided according to the partnership agreement among general and limited partners. (Švarcová 2016, 68)

Capital companies

Limited Liability Company

Limited Liability Company has to be founded by at least one person. Registered capital is formed by the contributions of the founders and their contribution has to be at least 1 CZK. The owners are liable for the company's debts only to the extent of their non-paid contribution. The supreme authority is the General Meeting that determines the distribution of profit among owners. The statuary authority is obliged to convene the General Meeting at least once a year. (Švarcová 2016, 68-69)

Joint stock company

The registered capital of a joint stock company consists of shares and has to be at least 2 000 000 CZK. The amount and nominal value of shares depends on founders, it can be 2 shares each worth 1 million CZK, or 20 000 shares each worth 100 CZK. However, if the shares are offered to public, the registered capital has to be at least 20 000 000 CZK. Shareholders have the right to gain profit from dividends, to be able to participate in

running the company and to be paid off from liquidity. Shareholders are not liable for the company's liabilities in any way. The supreme authority is the General Meeting that needs to be convened at least once a year. The statutory authority is the Board of Directors and controlling authority is the Supervisory Board. (Švarcová 2016, 69-70)

Cooperatives

Cooperative is a legal entity founded by unlimited number of people but it needs to be at least 3 of them. The purpose of their foundations is to satisfy economic, social or other needs of their members or third parties. New members can be added into cooperative anytime. This is the biggest difference from commercial companies where member cannot be included immediately. Members do not have any liability for cooperative's liabilities. The supreme authority is the member's meeting (that needs to take place at least once a year), the statutory authority is the Board of Directors and the controlling authority is the Audit Commission. (Švarcová 2016, 71)

2 BUSINESS PLAN

Business plan is a structured process to test ideas if the idea is viable and financially attractive. It can be viewed as a road map to successful realization of the business idea. It is comprised by five key elements:

- business goals
- the reasons why the goals are obtainable
- a plan for achieving the goals
- data about sold products and services and about the company itself
- information about a team that is determined to reach the goals (Shelton 2017, 23)

Precise preparation of a business plan is one of the key assumptions for a successful business. The most important phase of the preparation is the one, where the owner collects all the information and knowledge in marketing, finances and economy. The success or failure of the business is based on the knowledge of these industries. (Fotr 1995, 9)

2.1 Purpose of a business plan

A business plan is written mainly for the purposes of the entrepreneur and the company but can sometimes be composed for external subjects, if they require it. Inside the company the business serves for planning purposes or as a basis for decision-making. That is mainly when the entrepreneur is establishing the company or when the company is about to change radically. Some entrepreneurs even hand out a simplified business plan to the employees so that they could identify more with the goals and intentions of the company. External subjects mainly require a business plan when they want to see how the company is capable of realization of an investment plan. (Veber et. al 2008, 98)

2.2 Principles of a business plan

In order for a business plan to be successful it is important for it to be:

- **Innovative** the company has to come up with something new and has to satisfy the needs and wishes of the customers better than the competition
- Coherent and brief a business plan should be easy to understand, there should
 not be many ideas in a sentence and the information should be simple though not
 omitted
- Logical and well-arranged ideas should be supported by facts and statements in the business plan should not negate each other

- **Truthful and real** truthfulness of data and reality of expected development should be a matter of course
- Respecting a risk the business plan look into the future and it is important to respect risks, identify them and suggest precaution (Srpová 2010, 60)

2.3 Structure of a business plan

Based on a number of companies of various sizes, industries or legal entity, it is not possible to propose fixed structure of a business plan that would be suitable for every company. However, some parts should not be left out regardless the type of the company. (Veber et. al 2008, 100)

According to Rhonda Abrams' book *Successful Business Plan* (Abrams 2014) and Ian MacKenzie's book *English for Business Studies* (MacKenzie 2010), the most objective structure of a business plan would be as follows:

- Title page
- Executive summary
- Company description
- Product or service description
- Target market analysis
- Marketing plan
- Organization plan
- Financial plan
- Risk evaluation
- Appendices
- Conclusion

2.3.1 Title page

Title page of a business plan should include basic information of the company, such as its name and logo, list of owners, address and telephone number. There should not be too much information. The title page represents the whole business plan so it is supposed to leave good first impression. (Veber et. al 2008, 100)

2.3.2 Executive summary

Executive summary is one of the parts that cannot be left out of a business plan. It is the most read chapter o it needs to answer all of the questions: why, who, what, when, where and how. Even though it is the first chapter of a business plan, it should be written last.

This section should include the name and type of business, including its legal form, brief description of the business plan and its financial aspects. Executive summary should be kept as short as possible, usually not more than one page. (Sutton 2012, 35-36)

2.3.3 Company description

The main information that should be included in the company description is underlying details of the business. These are description of a business, legal form of the company, company's legal form, mission and goals of the company and list of owners. This chapter should be one page long; sometimes even a paragraph is enough. (Shelton 2017, 73-74)

2.3.4 Product or service description

In this section, the offered products and services should be identified and described. If the company is not planning on offering an innovative product or a large line of products or services, the section should be relatively brief. The length of this chapter depends on the type and range of products or services. (Abrams 2014, 74)

2.3.5 Target market analysis

One of the most essential matters to be successful in business is an understanding of the customers. The success of a company lies in fulfilling customer's needs and wants so it is needed to know what the customers want, what is their behavior and their possibilities in purchasing things. The important point is that the owner needs to focus on a particular segment(s) of the market, not on the whole market. (Abrams 2014, 104-105)

Srpová (2010, 62) claims that marketing analysis should be considering these questions:

- What products are offered to whom?
- Where are the products sold?
- What kind of customers can be gained in the area and on what customers should the company focus?
- What are the motifs of customers' purchases?
- What customer's shopping practices do they have?

To be able to get information about the market, it is needed to carry out a market research. This can be done for example with the aid of internet, information provided by the statistical office, annual reports of individual districts or professional publications. (Srpová et al. 2011, 21)

The methods mentioned above could be called secondary data. The company should add in primary data which are basically completely new information. The chosen method depends on a problem the company is trying to solve but the most used ones are:

- Questionnaires It is the most known and most used method to gather information for a marketing research. Questionnaire should include the name of a company, the reason for which the questionnaire was made and questions concerning respondents (their age, gender, residence or income).
- Observation This method is carried out by observing relevant potential customers, activities or situations.
- Experiment Important thing is to choose the right respondents, create different conditions for each of them and observe various reactions. This method is useful for looking for a relationship between reasons and consequences in marketing. (Srpová 2010, 195-196)

SWOT analysis is a tool for understanding company's strengths, weaknesses, opportunities and threats. It is shortly an analysis of the company so it can help find positions on the market. Strengths and weaknesses are internal factors while opportunities and threats are external factors. Company can influence only the internal ones. The results of SWOT analysis should affect the company's strategy in attempting to diminish weaknesses, gain strengths, eliminate threats and take advantage of opportunities. (Veber 2008, 286-287)

2.3.6 Marketing plan

Marketing plan is defined by marketing mix. Typically, marketing mix is defined by "The four Ps" which is important for helping to understand how marketing can influence revenues. Marketing mix consists of 4P which are:

- Product
- Price
- Place
- Promotion (Veber 2008, 128)

Product

According to Švarcová (2002, 108), product is "any good or service that becomes a subject of exchange in market and is intended to satisfy needs of a customer." Product is the most important part of the marketing mix as it is the very core of marketing. The substantial points that the company should focus on concerning product are: what products to offer on market, the product-making including product's properties (design, brand, packaging, warranty) and monitoring life cycle of product. (Srpová 2010, 199-200)

Price

In the broadest meaning, price is a monetary expression of a value of products. The value of products is based on their ability to satisfy needs of customers. However, the price has to be proportional to realistic value of products. Price is the source of company's revenue so the decision of what the price will be should be based on whether it will be able to cover expenses as well as make profit. It can also be described as an amount of money that a customer is willing to pay for the product. The factors on which price can be based are: costs, demand or competition. (Srpová 2010, 206-207)

Place

Place, or in other words distribution, deals with the transport of a product from the producer to the customer. The key goal is to find the right distribution channel. The decision of choosing the distribution channel should be dealing with these:

- Choice of direct or indirect selling or their combination
- The amount of levels of the distribution channel
- The amount and type of mediators

The direct selling is the easiest form of distribution. In this case, the producer sells directly to the customer without any mediator. This type of distribution includes selling in the place of production, selling through vending machines of the same manufacturer as of the product or direct selling without sale area.

The indirect selling, unlike the direct one, is done through mediators. The number of mediators differs from one to many. Indirect selling includes retail stores, wholesale or usage of both. The main reason for using this type of distribution is the penetration of different segments of market. However, the contact between the producer and customers is not possible here. (Srpová 2010, 213-217)

Promotion

Promotion, in other words marketing communication, is probably the most viable part of a marketing mix. It could be defined as a system of ways and methods that a company can use to affect customer's behavior. This system includes:

- Advertising
- Sales promotion
- Public relations
- Personal selling
- Direct marketing

Advertising is a paid and non-personal way of communication between a company and public. It is done mostly via mass media, billboards, leaflets or posters. Advantage of this form is that though advertising it is easier to reach more potential customers. Sales promotion is a way how to immediately make customers buy more. It makes customer feel special in a way. It includes coupons, loyalty programs or consumer rewards. The most crucial disadvantage of this form is that it is easy for competitors to imitate it. Public relations do not communicate only with potential customers but also with employees, media or public in general. Personal selling is considered as the most effective way of promotion as the seller communicates directly with a customer. It includes business meetings, fairs and exhibitions, sell counselling or informal meetings. Direct marketing is done mainly via mailing, telephone, fax or e-mail. It helps to get reactions from customers directly and immediately. (Srpová 2010, 219-223)

2.3.7 Organization plan

The organizational plan should focus on the people that run the company and the structure of management team in the company. The quality of people running the company determines whether or not the business will be a success. It is important to know what qualities people need to have to be suitable for the position or even the industry. In start-up companies the most important person is the founder or founders. He or she is usually also a top manager of the company. The organization plan should also include the salaries of the employees. (Abrams 2014, 230-231)

2.3.8 Financial plan

According to Gattis (2010, 53), the financial analysis section is about proving the business idea with the support of financial statements. Financial plan derives from previous chapters

and turns them into numbers. It serves for proving whether or not the business plan is realizable. All parts of financial plan should be briefly commented on. (Srpová 2010, 65) The goal of a financial plan is to make sure that the company has enough funds to establish the business and also to maintain it. The plan should include fixed costs because establishing a business requires investments to buildings, machines or cars. The business will also have expenses concerning transport of goods, advertising, rent or electricity. One of the first steps should be decision of how the business will be funded. It can be done so by bank loan, loan from family or funding from founder's own sources. (Červený 2014, 152-153)

2.3.9 Risk evaluation

Risk can be described as something that would come in a way between the business and the goal it wants to reach. It is considered to be a negative aspect so it is important to count with any possible risks. Risk evaluation includes not only description of possible risks but also the prevention that is needed to decrease the eventuality of one appearing. The factors that could be considered risks can be changes in customer's behavior, legislation changes, technological progress, change in competitor's behavior and company's weaknesses. (Srpová 2010, 66)

2.3.10 Appendices

Appendices are not a necessary part of a business plan. It can include documents like: extract from The Business Register, articles from newspapers or magazines, photographs, CV of important people from the management team, balance sheet, gained certificates etc. (Srpová 2010, 66)

II. ANALYSIS

3 THE BUSINESS PLAN

This part of the thesis will focus on analyzing the business plan for a cat café in Uherské Hradiště.

3.1 The title page

Figure 1: The logo of the company (Mikuláš Machala)



Name of the company: Mourek

Residence of the company: Masarykovo náměstí 155, Uherské Hradiště

686 01

Legal form of the company: Limited Liability Company

Date: 1st January 2019
Author: Zdenka Ježková

Address: Komenského 405, Dolní Němčí 687 62

E-mail address: zdenka.jezkova3@seznam.cz

Telephone: +420 774 511 720

3.2 Executive summary

The company Mourek is a Limited Liability Company established by natural person Zdenka Ježková. Mourek is a cat café which means that cats are present in the café. Therefore, company focuses on people that love both cats and coffee or any other warm beverage. Cat cafés originate in Asia and throughout the past years they spread all over the world, including Czech Republic. In our country, there about ten cat cafés and their popularity is increasing. They are situated mainly in more populated cities such as Prague, Brno and Olomouc. The company Mourek would like to bring the concept of a cat café in to the Uherské Hradiště as there are not any.

The menu of the company will consist of high-quality coffee, wide range of tea, quality wine, desserts and salty snacks. Later on, the owner would like to widen the offer by adding things according to customers' wishes.

The most significant advantage of the company Mourek is, as mentioned above, that no other cat café is situated in the Uherské Hradiště district. However, there are many cafés that are popular among customers. Therefore the competition includes only the "café" part of the business. In the same square, where the café will be located, there are four competitors, one of which could be considered the most popular café in Uherské Hradiště.

As the company is a start-up, there will be higher expenses in the beginning of the business. All the costs will be covered by the owner who is planning to invest 600 000 CZK. The registered capital includes owner's savings and loan from her family. The financial plan is included in the business plan at the end of it. It includes initial costs, start-up balance sheet, operating costs and expected revenues.

3.3 General description of the company

The company is, as mentioned above, a cat café. Cat cafés are a fast-growing type of cafés in Czech Republic in the last decade. People might be gradually interested in calming environment that involves spending time with cats. These animals can help people to relax, cope with every-day problems better or even lower the possibility of a heart attack. All of these could be summed up by the word felinotherapy. Even though a cat is not a certified "therapist" it can help people anyways. This might be the biggest reason behind increasing popularity of cat cafés. People nowadays tend to be stressed and are rushing everywhere, so this could be a perfect solution for them.

3.3.1 Company's vision and key goals

The vision of the company is to provide the best services with the addition of cats. Cats are irresistible to touch or just watch. Even people who like dogs more might suddenly like cats too after they visit a cat café. A coffee smell going hand in hand with the cats' company is a perfect way how make a cat person out of anybody.

The key goals of the company are:

- Fill the niche in market in Uherské Hradiště district
- Be professional
- Satisfy the needs and wishes of customers
- Find and keep regular customers
- Help cats in need

3.3.2 Location

The café will be located in Uherské Hradiště in Masarykovo náměstí, more specifically in Pasáž Slunce. The building offers many services, such as hairdresser, couple of clothes shops and boutiques, goldsmith's shop, wine shop and coffee shop. Pasáž Slunce is situated in the largest square of the city. The area is easily reachable from both bus station and train station by walking. Therefore, the square is a place of a high circulation of people.

3.3.3 Legal form

The company's legal form is Limited Liability Company. The owner of the company is only one natural person Zdenka Ježková. She meets all requirements for obtaining a trade license, which means that the owner is older than 18 years, she is capable of conducting a business and she is law-abiding.

The café falls into skilled trade which requires education in the field of the business or enough experience with the business. Because of the owner not meeting these conditions, the company will have to have a representative that does meet them. Café falls into section 56.30 Hospitality (nace.cz, 2018)

3.3.4 Product description

The café will offer various types of products, namely coffee, tea, wine, non-alcoholic beverages, desserts and some salty snacks. Everybody who crosses the threshold finds something they would fancy. In addition to the things to satisfy customers' stomach, the café will also be a provider of so-called felinotherapy. That basically means that people's mood gets better by being in a close contact with cats. Petting and playing with cats boosts our mood and helps us go through whatever might be depressing us. Concerning the cats, people will be avaible to adopt those that would be suitable for adoption. The company would work with a cat shelter Flíček in a nearby town Nedakonice.

3.3.5 Competitive advantage

The important competitive advantage of the café is that there is no other cat café in Uherské Hradiště district. The company would be the first one to provide services that of a cat café. The closest one is situated in Kroměříž, which is thirty-three kilometers far from Uherské Hradiště.

3.3.6 Opening hours

The café will be opened every day so people have more choices on visiting. The owner decided to prolong the opening hours on Friday and Saturday for one hour compared to other days as people have more free time and do not have to get up early for work.

Opening hours had to be in agreement with the opening hours of the shopping mall. It is opened every day, Monday – Friday: 7:00 - 20:00 and Saturday – Sunday: 8:00 - 20:00. The owner decided to open every day at 10:00 mainly because of the cats. It is better for them to rest a little and walk wherever they want. Cats are majestic animals that look over their territory.

Opening hours of the café			
Monday	10:00 - 19:00		
Tuesday	10:00 - 19:00		
Wednesday	10:00 – 19:00		
Thursday	10:00 – 19:00		
Friday	10:00 - 20:00		
Saturday	10:00 - 20:00		
Sunday	10:00 - 19:00		

Table 1: Opening hours (own creation)

3.4 Description of products and services

The offer of the cat café Mourek will be the same as the offer of regular cafés but with addition of felinotherapy and a possibility of adopting a cat. Concerning the coffee, the café will have a reliable supplier of 100% Arabica coffee beans. The café will be offering coffee and specialties made with coffee, such as latte, cappuccino, macchiato, iced coffee, frappuccino and so on. To please people who do not drink coffee, the café will also offer wide range of teas. Some of them will be made from fresh ingredients, for example ginger or mint tea, and some of them will be provided by a supplier in a form of dried tea leaves, especially the black and green tea. Mourek will be offering white and red wine too. Many people tend to order it when they want some alcohol to drink in a café. Non-alcoholic beverages are a matter of course, so the menu will also include juice, tap water with lemon and/or mint, home-made lemonades made with seasonal fruit. Considering meals, café Mourek will be offering desserts (cakes and muffins), sandwiches and snacks (peanuts, almonds, pistachios).

Besides beverages and meals that every café offers, Mourek will differ from them by offering a felinotherapy. People will be able to be in a presence of cats, pet them or play with them. The café will cooperate with a cat shelter Flíček in nearby city Nedakonice. There are about 100 cats waiting to find their forever home so the founder decided to help the owners of the shelter and will "take" up to 6 cats to come and live in the café. The cats will be fully vaccinated and taken to vet regularly, of course. The owner personally visited the shelter and saw that almost every cat there would be suitable as the owners are treating them like their children so all cats are really cuddly. Therefore there should not be any problem to bring them to live in a café.

3.5 Market analysis

As mentioned above, the café will be located in Uherské Hradiště so the target customers would be citizens of Uherské Hradiště and its nearby surroundings. To get to know potential customers better, the owner decided to release a questionnaire that will be discussed furthermore. To get more detailed view on the market analysis, the owner decided to look on to different spheres, namely geographic, demographic and psychographic segment.

Geographically speaking, the target segment will be Uherské Hradiště and Uherské Hradiště district in general. The city has loads of bus and train connections so it is easily reached by anyone living in the district. The café is located at the largest square with high frequency of people passing. Many people also work in the centre or nearby so they might stop by on their way home or on the lunch break.

To the date of 1st January 2018, the number of citizens of Uherské Hradiště was 25 215 with the average age of 43, 9 years. Taking in account whole district, the number of inhabitants was 142 434. (ČSÚ, 2018) According to this, there are many potential customers. The reason for this would be that people generally like to go to cafés and enjoy a nice, relaxing cup of hot beverage of their choice. The café is situated in a building where a couple of shops are located so the possibility of them coming for a hot coffee and for being in a presence of cats could be higher after they are done shopping.

As mentioned above, the part of the preparation for opening a cat café was a questionnaire. The owner wanted to know how often people visit cafés, if they even know the concept of cat cafés and if they would be interested in having one in their city/district.

3.5.1 Questionnaire

The market analysis was made with the help of the questionnaire which was done via the website www.survio.com. It was avaible from 18th of July to 14th of August 2018. Most of the respondents spent 1 to 5 minutes filling in the questionnaire. All respondents used a direct link either from owner's Facebook account, the accounts that shared the link or from Facebook groups. The owner decided to share the link in various Facebook groups that included people from Uherské Hradiště district to get the most responses and also to keep the age of respondents diverse.

The questionnaire consisted of 10 questions. All of them were closed, 8 of them were with one possible answer and 2 of them were multiple-choice. One of the multiple-choice

questions had a possibility of writing in the answer if respondents did not choose anything from the choices.

The amount of people that filled in the questionnaire was 196. The women were 91,8% of them and 8,2% were men. The age of respondents was very diverse: aged 18 and less (19,4%), aged 19 to 25 (28,6%), aged 26 to 35 (18,9%), aged 36 to 45 (16,3%) and 46 and more (16,8%). This would be thanks to various people sharing the link via Facebook and private messages.

Figure 2: Gender of the respondents (own creation)

What is your gender?

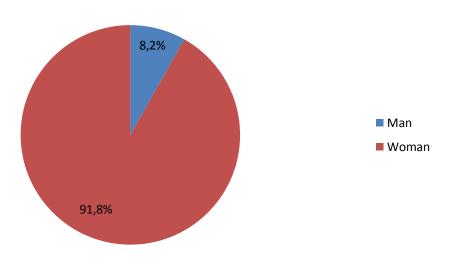
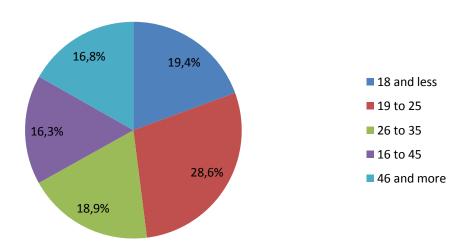


Figure 3: Age of the respondents (own creation)

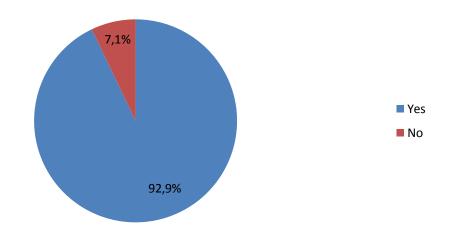
What is your age?



One of the most convenient questions was if the respondents are from the Uherské Hradiště district as the questionnaire was supposed to be for inhabitants of such. As 92,9% of respondents answered that they live in the district, the questionnaire can be considered as effective.

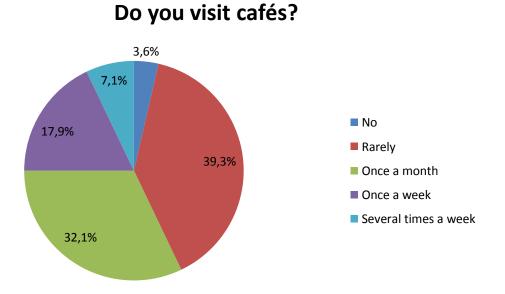
Figure 4: Do respondents live in Uherské Hradiště district? (own creation)

Do you live in Uherské Hradiště or in nearby surroundings?



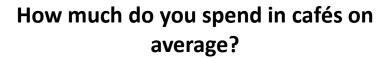
Then the owner wanted to know if people even go to cafés in general. If they do, how often is it. The answers were really positive as the amount of people not vising cafés at all was the lowest one.

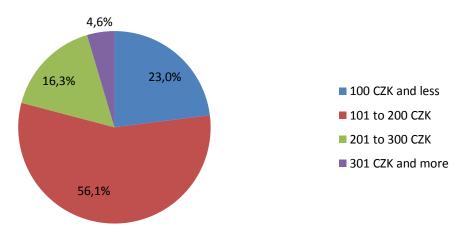
Figure 5: Do people visit cafés and how often? (own creation)



To be able to estimate the price of products and services of the company, the owner decided to ask people how much they spend in cafés on average. The presumptions came true as the most common answer was 101 to 200 CZK.

Figure 6: How much people spend in cafés on average? (own creation)

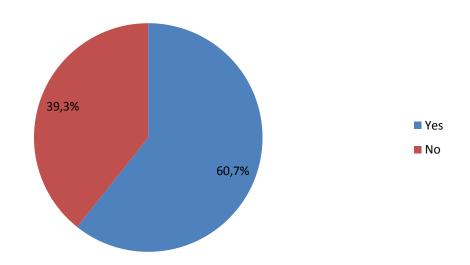




As the popularity of cat cafés is increasing, the owner wanted to know if people in the district even knew what the phrase cat café means. The result was very pleasing as the majority or people answered that they knew what a cat café is.

Figure 7: Do people know the phrase cat café? (own creation)

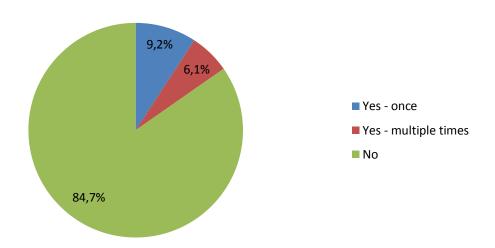
Do you know the phrase cat café?



Since the owner expected people to know the concept of a cat café, she wanted to know if the potential customers have already visited one before. People tend to compare things on a daily basis, so it is important to know if the potential customers have a personal experience with such business.

Figure 8: Have potential customers already visited a cat café? (own creation)

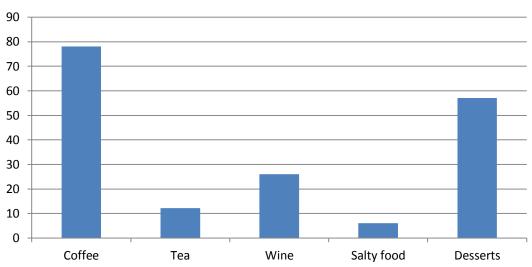
Have you ever visited a cat café?



Next question was about beverages and food/desserts people usually order when visiting a café. Such question is necessary to be able to know what people want and wish for. This question was a multiple choice so the respondents were able to choose more answers than one.

Figure 9: What people usually order in a café? (own creation)

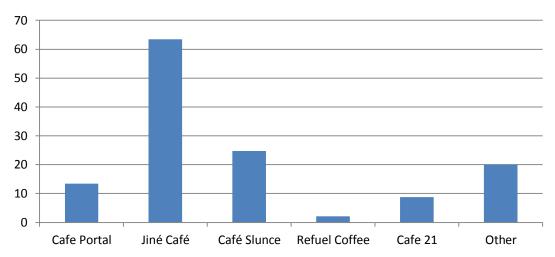
What do you usually order in a café?



Concerning competition, the owner wanted to ask what café in Uherské Hradiště people visit the most. This was a multiple-choice question too and one of the choices was that people could fill in the café they visit the most if it was not in the list.

Figure 10: What café in Uherské Hradiště people visit the most? (own creation)





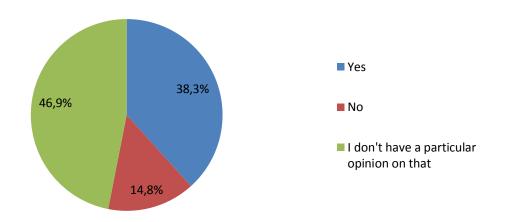
The expectations met an end again as the owner anticipated that Jiné Café will be the most favourite one. 39 respondents chose to fill in their own most visited café and the answers were:

- La Rosco (7x)
- Titique (7x)
- Kafe uprostřed (7x)
- Eiscafe Delikana (4x)
- Skandal Bar (2x)
- Top Café (2x)
- Cukrárna Budařovi (2x)
- Endli Coffee (2x)
- Bílý jelen (2x)
- Pekárna Bachan (1x)
- Tramín (1x)
- I've never been to café in Uherské Hradiště (2x)
- Any (2x)

The most important question of the whole questionnaire was if people would welcome an establishment of a cat café in Uherské Hradiště. Even though most of the respondents answered that they do not have any opinion on that, from the rest the majority of people answered positively. The positive outcome of the question is that undecided people are also potential customers.

Figure 11: Would people welcome a cat café in Uherské Hradiště? (own creation)

Would you welcome and establishment of a cat café in Uherské Hradiště?



The outcome of the questionnaire is that potential customers need to be taught more about what the concept of a cat café is as they have barely any experience with one. Only 30 people actually visited a cat café, once or several times. Because of that the company needs to be as professional as possible so that people have satisfying first impression of cat cafés.

Concerning the products, the coffee needs to be of a high quality as that was the most chosen possibility. The café also needs to provide wide range of delicious desserts and a reliable supplier of wine.

As the competition is really high, taking in account cafés, the company needs to offer something more than the others; something to make customers not wanting to go anywhere else and stay loyal to the café.

3.5.2 Competition analysis

Concerning the size of the city Uherské Hradiště, there are many places to have café in. The advantage of the company is that there is not any cat café, only regular ones. In the square where the café is located there are four possible competitors.

Jiné Café

This café could be considered as the biggest competitor as the majority of respondents chose this particular one to be their most-visited. It is located right next to the building when the cat café is. One of the café's advantages could be the space. People can take seat inside the two-floor building or in the outside area if the weather is appropriate.

The café offers a wide range of desserts, coffee, wine, home-made lemonades and beverages in general. They make their own desserts every day so the offer might change daily. They also pride themselves on offering over 30 beverages made of 100% Arabic quality coffee. The quantity of offered products could be seen as disadvantage because with increasing quantity, the quality might decrease. Their advantage is opening hours. The café is opened every day from 9:00 to 24:00.

Café Slunce

This café might be just as big competitor as Jiné café is. The reason for this is that Café Slunce is located in the same building as the cat café. It is situated on the ground floor in an open space of the shopping mall. The café belongs to the Hotel Slunce that is next door. Not only do they offer coffee, tea and home-made pies, they also offer pasta, salads and steaks for those who are hungry. They are open only from Monday to Friday, from 8:00 to 18:00.

La Rosco

When people are heading from the square to the bus station they walk by another café, which is La Rosco. It is about 50m far from the cat café. La Rosco present itself as café, bar and cocktail bar. They offer a range of beverages starting with café and ending with different cocktails. According to the interior and the opening hours, it might be considered rather bar than a café. They are opened every day, Monday – Thursday: 8:00 - 24:00, Friday: 8:00 - 3:00, Saturday: 10:00 - 3:00 and Sunday: 14:00 - 22:00.

Café Portal

Café Portal is located on the opposite side of the square in the second floor of a bookshop Portal. Thanks to its distinctive look the café is popular among young people or people that are interested in art and are alternative. They offer illy coffee, home-made lemonades, wine, desserts but also salty snacks, such as toasts or sandwiches. With its calming and alternative interior, the café is perfect for acoustic concerts. There is one every month or two. They are closed only on Sunday, on other days they are open as follows: Monday – Friday: 8:00 - 20:00 and Saturday: 8:00 - 13:00.

3.6 Marketing Plan

Marketing plan consists of marketing mix and SWOT analysis. Marketing mix includes product, price, place and promotion. SWOT analysis is important for every business to know its strengths and weaknesses (internal aspects), but also opportunities and threats (external aspects).

3.6.1 Product

Mourek just like any other café will offer beverage typical for such business. This includes coffee and specialties made out of it (for example cappuccino, latte macchiato or caffé latte), various types of tea (black, green), wine and non-alcoholic beverages. Desserts and salty snacks will also be included in the menu.

Because Mourek is a cat café it will also provide a felinotherapy. The detailed description of the products and services is in the chapter 3.4 Description of products and services.

3.6.2 Price

In order to be able to set prices, the founder did a research about the prices in competitor's businesses and also calculated approximated costs of products. Concerning cafés, there are a lot of them near the location of the company. The prices were more or less the same so Mourek would need to set the price in the same height or lower than the competition. Moreover, because of the prices being the same, people might have got used to them. Therefore the price strategies of the company will be cost and competition oriented.

3.6.3 Place

Products sold in the café are intended for consumption directly in the café. This is the definition of a direct distribution channel. The desserts will be provided refrigerated by MAKRO Cash&Carry ČR s.r.o. The sandwiches will be provided by Crocodille ČR s.r.o. They can be delivered to the café every day and also, the company will redeem all the products that do not get sold. The salty snacks will be supplied by a wholesale, probably MAKRO too. The wine will be supplied by Vinotéka u Václava which is located in Uherský Brod. The coffee beans will be supplied by coffeespot that is located in nearby city Huštěnovice. The rest of the products (non-alcoholic beverages, tea) will be distributed from wholesale or retail stores. The cats will be transported to the café from the cat shelter Flíček in Nedakonice

3.6.4 Promotion

Promotion is the most viable part of a marketing mix. Thanks to the promotion the company will be able to be noticed by potential customers. The process of promotion should begin a couple of weeks before opening the café so people are aware of what a cat café actually is, how they are supposed to behave in a cat café or of the location of the café. According to the market research, the largest age group of the respondents is 19 to 25. This generation of people is really active online so the café Mourek should be promoting itself mainly on social media and on the internet in general.

Website

As mentioned in previous chapters, Mourek would be the first cat café in Uherské Hradiště district so it is important to educate people more about the concept of a cat café. It will include information about what felinotherapy is, how customers are supposed to behave in the café, menu and information about the cats. According to the logo of the company, the website should be of a modern and simple design.

Social media

Nowadays many people use social media every day. Therefore, using them as a way of promotion is convenient as the company would gain a lot of potential customers. Mourek would have its own Facebook page and a profile on Instagram. For the Facebook page the owner decided to name it "Kočičí kavárna Mourek" and for the Instagram profile "kavarna.Mourek". Social media is a great way how to get immediate feedback from customers and to communicate with them.

Loyalty cards

Loyalty cards are a form of sales promotion and help to gain regular customers. The customers will be provided by a card on which they will get a stamp for every café or tea they order in the café. After they collect eight of them, the ninth will be for free.

Word of mouth

Every customer tends to share their experience with everything they come across with. This promotion form is free but relies completely on the customers. Therefore, the café needs to be professional and make a good first impression. The customers will then share their (hopefully) positive experience either face-to-face or on social media with their friends and families.

3.6.5 SWOT analysis

Table 2: SWOT analysis (own creation)

STRENGHTS	WEAKNESSES
High-quality coffee	No experience in business
No cat café in the district	Strong competition
• Location	No reputation
Cooperation with local companies	
OPPORTUNITIES	THREATS
New customers	New cat cafés in the district
 Filling market niche of cat cafés 	• Lack of customers
	Rising price of rent

Strengths show the reasons why the customers should choose café Mourek instead of competitors. High-quality coffee is a must in cafés and this strength is also connected to the other one and that is cooperation with local companies. As mention above, the café will be supplied by the companies from the district, mainly because the founder knows the owners of those personally. Because of the café being new business, it has no reputation among the strong competitors in the city. Moreover, the owner has not experience in running a business which is also a significant weakness of the company.

As Mourek would be the first cat café in the city and district, it would fill in the market niche. Market can bring new customers to the café. One of the biggest threats is the situation in which a new cat café would be opened nearby or in the same district. Lack of customers would mean a decrease in revenues and rising price of rent would bring more costs that company might not be able to cover.

3.7 Organizational structure

Organizational structure determines the relationships between all employees and employers, the superiority and subordination of. The superior person is only the owner herself. The owner will also work in the café as barista and cashier as well as manage accountancy, marketing and will take care of human resources. Accountant might be hired after some time.

Taking in account the fact that the company is rather small, there will be only three employees. Two of them will be working full-time and the other one will be employed at part-time. One of the two full-time workers would be a shift leader, so he or she would be superior to other employees, managing shifts and taking care of the café when the owner would not be able to be present at the café. All employees need to be professional and have a previous experience with cafés and/or, most suitably, have a barista certificate. From Monday to Thursday there would be only one employee present and on weekends there would be one full-time and one part-time employee. Sometimes, the part-time employee would need to come on the working days as well, if needed.

The employees need to come to work an hour in advance before the café is opened and leave approximately an hour after the café is closed. The leaving time is relative as on some days the cleaning and calculating the daily revenues might take more time.

3.7.1 Rewarding of employees

Full-time employees

The average wage per hour for full-time worker is 150 CZK. If an employee works 15 days a month and a shift lasts 10 hours on average, the gross wage per month is a bit over 22 500 CZK. The employees would also keep the tips they get.

Part-time employee

The minimum wage in Czech Republic is 73, 2 CZK. The average wage of a part-time worker ranges from 75 to 95 CZK per hour. The owner decided to set the hourly wage to 85 CZK per hour because she appreciates hardworking employees. If the part-time worker obtains any tips, he or she can keep them too.

3.8 Financial plan

The main things that need to be estimated and analyzed by the owner are: the amount of capital needed for establishing the business, the capital needed for running the business, forecast of revenues and loss or profit.

3.8.1 Start-up costs

Before drawing up balance sheet and other parts of the financial plan, the estimation of costs concerning starting the business must be done.

Table 3: Initial costs (own creation)

Initial costs (CZK)	525 393
Trade license	1000
Revision of the premises	10 000
Work surface	90 000
Storage space	20 000
Display case	15 000
Refrigerator	30 000
Coffee machine	80 000
Cash register dotykačka	3493
Mugs, glasses, spoons, plates etc.	25 000
Furniture (8 tables + 20 chairs)	57 900
Cat equipment	45 000
Decoration	25 000
Wall painting	15 000
Construction work	50 000
Supplied goods	50 000

3.8.2 Start-up balance sheet

Table 4 represents the initial balance sheet after establishing the company. The balance sheet is divided into assets, equity and liabilities. The owner decided to save up her own money and lend the rest from her family. According to the initial costs, she will need 525 393 CZK. The registered capital 600 000 will cover the expenses and costs necessary for the establishment of the café.

Table 4: Start-up balance sheet (own creation)

Start-up balance sheet					
Assets		Equity ar	Equity and Liabilities		
Long-term Assets		Equity 600 000 CZK			
		Registered capital	600 000 CZK		
Current Assets	600 000 CZK	Liabilities			
Bank Account	600 000 CZK				
Total	600 000 CZK	Total	600 000 CZK		

3.8.3 Operating costs

Before being able to estimate profit or loss, the owner needs to calculate the operating costs and estimated revenues at first.

Costs

As was mentioned in the organizational structure, the café will employ two full-time workers and one part-time worker. The wage of the part-time worker is 85 CZK per hour so if he or she would work approximately 50 hours a month, his or her pay would be 4250 CZK per month.

Table 5: Staff costs (own creation)

		Staff costs (CZK)		
	Average wage	Insurance	Wage and	Wage and
	per month	(25 % + 9%)	insurance per	insurance
			month	annually
Representative	25 000	8 500	33 500	402 000
Full-time (2)	45 000	15 300	60300	723 600
Part-time	4250	-	4250	51 000
Total	74250	23 800	98 050	1 176 600

Knowing the staff costs, the owner is now able to compose operating costs. They are divided into fixed and variable costs.

Table 6: Operating costs (own creation)

Operating costs (CZK)		
Fixed costs	124 538	
Rent	19 338	
Internet	650	
Insurance	3 500	
Staff costs	98 050	
Energy	3 000	
Variable costs	22 000	
Supplied goods	22 000	

3.8.4 Expected revenues

According to the questionnaire, from 196 respondents, 29 of them answered that they would not like a cat café in Uherské Hradiště. The remaining 167 respondents are potential customers. Target customers should visit café once a week so 167 divided by 7 is approximately 23 customers a day. Taking in account other potential customers who did not fill in the questionnaire, the number could increase. The owner will count with average of 60 customers a day. The questionnaire showed that most of the respondents spend 101 to 200 CZK in cafés. The second most chosen amount was 100 CZK and less. Therefore, the owner estimated an average spending of a customer to 100 CZK.

The expected revenues are assumed in three ways: optimistic, realistic and pessimistic. The owner counted with 30 days in a month so the calculations are more objective. However, the café will be closed for example due to stock-taking.

Expected revenues (CZK)				
	Customers per	Daily revenues	Monthly	Annually
	day		revenues	revenues
Optimistic	80	8 000	240 000	2 880 000
Realistic	60	6 000	180 000	2 160 000
Pessimistic	40	4 000	120 000	1 440 000

Table 7: Expected revenues (own creation)

Realistic approach means that the costs will be covered by the revenues. The pessimistic situation should be considered too. In this case, the revenues are not high enough to cover the expenses. This could be caused by poor promotion, no interest in cat café or a new/better competitor.

Expected profit (CZK)MonthlyAnnuallyRealistic revenues180 0002 160 000Monthly operating costs146 5381 758 456Expected profit33 462401 544

Table 8: Expected profit (own creation)

The annual expected profit is before taxation, 401 544 CZK. The income tax is 19% from the earnings, which is 76 293,36 CZK. Therefore, the annually earnings after taxation will

be 477 837,36 CZK. The owner will use the profit to invest in better equipment, possible extension of the menu and the rest will be used for paying back the loan from the owner's family.

3.9 Risk evaluation

It is important to take into consideration possible failure of the business. There are many possible risks that might affect the café. The ones following could be the major ones.

3.9.1 Internal risks

Bad choice of employees – The choice of the right people is very important. Some customers might stop visiting the café if they were not satisfied with the personnel. Employees need to be fully-trained, sociable, kind to customers, reliable and responsible.

Damage to equipment – This risk would be covered by monthly insurance. However, the consequences of such damage would lead to no sales as the café would not be able to for example make coffee.

Insufficient promotion – As Mourek would be the first cat café in the district. It is important to get the concept of cat café into people's awareness so they would be interested in visiting the café. The risk of insufficient promotion would lead to lack of customers and hence less revenues.

3.9.2 External risks

Lack of customers – This is probably the most crucial risk as the business is not able to function if there are not enough customers. That is why the owner wants to be active on social media to attract customers and talk to them when they visit the café in order to find out what could be done better or what would they like. The best thing would be if every customer would become a regular one.

Increase in prices of supplies – In this case, the owner would need to adjust the prices and this could lead to losing of the customers.

New cat café in the district – In every business, there is the ever-present risk of a new competitor entering the market. The owner would have to do her best to keep the customers so that they would not choose the competitor instead.

CONCLUSION

The aim of the Bachelor's Thesis was to compile a business plan for a cat café Mourek. That was written based of the information given in the theoretical part which served as an outline. It includes definition of entrepreneurship, legal forms in the Czech Republic, a business plan and description of it parts.

The analytical part consists only of the business for the company Mourek. As mentioned above, the business plan was compiled based on the theoretical part and it is in a form of a business plan for a start-up companies. The first thing that the author needed to do was to decide what business she wants to established. Because of her being a cat-person and loves to drink coffee, the decision was made rather quickly. As there are no cat cafés in the Uherské Hradiště district, she wanted to know if people even wanted a cat café in their city/district. A questionnaire served perfectly because generally, the results were rather positive. The outcome of that is that people actually would be interested in having a cat café in their location and that it is needed to provide more information about cat cafés to people that do not really know what the concept of a cat café is. The analytical part then focuses on the market analysis, competition analysis, marketing plan, organizational structure and financial plan. One of the most important parts of the business plan is a SWOT analysis. It provided information about strengths, weaknesses, opportunities and threats. The main strength of the company is that it would be the first cat café in the district, as mentioned earlier. The owner also took into account the threats and compiled a risk evaluation. As Mourek is a start-up company, there are many possible risks when establishing a business. The information included in the business plan is then supported by the financial plan at the end of the thesis. It describes the finances needed for the establishment of the company and also for running the business.

The goal of the business plan was to provide information about the café, its products and services, about the target market it is about to penetrate, marketing plan and financial plan. The questionnaire supported the business plan greatly because thanks to that, the owner was able to get to know potential customers, their spending in other cafés, their favourite café in Uherské Hradiště and was able to find out whether they would like a cat café in the district or not. According to the business plan and all of its parts, it appears that Mourek could be feasible and could be successful.

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LIST OF ABBREVIATIONS

CV Curriculum vitae

CZK Czech Crowns

4P Marketing mix

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APPENDICES

P I Owner's CV

P II Questionnaire

APPENDIX P I: OWNER'S CV

Jméno: Zdenka Ježková

Datum narození: 28.3.1995

Bydliště: Komenského 405, Dolní Němčí

E-mail: Zdenka.jezkova3@seznam.cz



Vzdělání

09/2014 – současnost Univerzita Tomáše Bati ve Zlíně

Fakulta: Fakulta humanitních studií

Obor: Anglický jazyk pro manažerskou praxi (Bc. stadium)

09/2010 – 06/2014 Gymnázium Jana Amose Komenského a Jazyková škola s

právem státní jazykové zkoušky Uherský Brod

Pracovní zkušenosti

10/2017 – 12/2017 New Yorker, OC Nový Smíchov (práce na HPP)

náplň práce: práce na pokladně, starost o zákazníky

06/2017 – 08/2017 Letiště Václava Havla, Praha (brigáda)

náplň práce: check-in agent, gate agent

08/2016 Hanon Systems Hluk

náplň práce: praxe v rámci školní výuky, administrativní podpora v oddělení

nákupů

10/2015 – 04/2016 Golden Apple Cinema, Zlín (brigáda)

Jazykové znalosti

Anglický jazyk – pokročilý (C1)

Francouzský jazyk – začátečník (A1)

APPENDIX PII: QUESTIONNAIRE

Kočičí kavárna v Uherském Hradišti

Dobrý den,

jsem studentkou Univerzity Tomáše Bati a ve své bakalářské práci se zabývám podnikatelským plánem pro otevření Kočičí kavárny v Uherském Hradišti. Chtěla bych Vás poprosit o vyplnění dotazníku, který Vám zabere přibližně 2-3 minuty. Výsledky dotazníku budou použity výhradně pro potřeby mé bakalářské práce a dotazník je zcela anonymní. Budu Vám vděčná za Vaši spolupráci.

Zdenka Ježková

- 1) Navštěvujete kavárny?
 - a. Ne
 - b. Zřídka
 - c. Jednou za měsíc
 - d. Jednou za týden
 - e. Vícekrát za týden
- 2) Kolik v kavárna průměrně utratíte?
 - a. Do 100 kč
 - b. 101-200 kč
 - c. 201-300 kč
 - d. 301 a vice kč
- 3) Znáte pojem Kočičí kavárna?
 - a. Ano
 - b. Ne
- 4) Navštívili jste někdy nějakou kočičí kavárnu?
 - a. Ano-jednou
 - b. Ano-vícekrát
 - c. Ne
- 5) Co si v kavárna nejraději objednáváte?
 - a. Kávu
 - b. Čaj
 - c. Víno
 - d. Slaná jídla

- e. Dezerty a moučníky
- 6) Jakou kavárna v Uherském Hradišti nejraději navštěvujete?
 - a. Café Portal
 - b. Jiné Café
 - c. Café Slunce
 - d. Refuel Coffee
 - e. Café 21
- 7) Přivítali byste otevření Kočičí kavárny v Uherském Hradišti?
 - a. Ano
 - b. Ne
- 8) Jste
 - a. Muž
 - b. Žena
- 9) Váš věk
 - a. 18 a méně
 - b. 19 až 25
 - c. 26 až 35
 - d. 36 až 45
 - e. 46 a více