

# **Business Plan - Travelholic Oy - An Online Travel Agency for Tour Operator in Vietnamese Market**

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<p><b>Abstract</b></p> <p>The thesis aims to create a start-up business plan, which can help readers overview the potential of the platform business model in the Vietnamese market and how the new online travel agency named Travelholic is built. The commissioning company for this thesis is The Blue Zone Company, led by Mr. Tuan Nguyen – CEO of the company. The thesis consists of three parts: theoretical framework, methodology, and business plan.</p> <p>The theoretical framework describes two main points. The first point describes the platform business model and its potential in the Vietnamese market. The second point explains the platform business model’s design principles for success.</p> <p>The methodology reveals the method used to create the business plan, in which the start-up business plan type is chosen.</p> <p>Lastly, the actual business plan will discuss relevant business topics, such as industry analysis, production plan, marketing plan, management and organization plan, and financial plan.</p> <p>The first part of the business plan is industrial analysis. Porter’s 5 Forces Analysis will be used to analyze the Vietnamese online travel market. Based on the result, the rivalry among existing competitors in the Vietnamese market is appointed medium-level.</p> <p>The company vision and mission statement are created for the production plan, and the concept of Travelholic is explained in detail. Besides, although the online reservation system is not officially chosen, the online reservation system fee will be average VND 4.680.100 monthly, and the price might be higher depending on the development of Travelholic.</p> <p>The marketing plan points out the company’s target group, competitors, and marketing strategy. In the beginning, in order to find the Travelholic target group, the author decides to choose the Segmentation, Targeting, and Positioning (STP) model. After that, direct competitors of Travelholic are analyzed; they are Airbnb Experience and Expedia Holiday Package. Finally, marketing strategy comprises marketing mix 7Ps, which are product, place, promotion, price, people process, and physical evidence. However, the process will not be used in the early stage. For the marketing budget, it will dominate around 43,8% of total revenue.</p> <p>In management and organization plan, the organizational structure and chart will be shown. It also mentions the Multi-member Limited Liability Company (LLC) legal form that Travelholic will use to establish a Travelholic company. Likewise, the author investigated a plan for labor costs that shows the average salaries of each work type.</p> <p>Last but not least, the financial plan will identify the budget for investment, break-even point, income statement, cash flow, and balance sheet.</p>	
<p><b>Keywords</b> Platform Business Model, Business Plan, Online Travel Agency, Vietnamese Market</p>	

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# 1 Introduction

Internet Of Things nowadays is capable of ruling the world (Shivam 2019). Unlike the traditional connection method, people need to interact face-to-face, or through the letters, generations born in the Industrial Revolution connected by the Internet, computers, smartphone, and ordering and purchasing without directly seeing the products or services. Most of the human interaction happens on the different types of platforms these days (Schwab 2016).

Travel and Tourism Industry is not out of the new industrial revolution. Consumers start planning their next trip on the Internet, purchase airplane tickets online, and use platform booking their room and reserving the dinner. Currently, the Travel and Tourism Industry mostly uses the website and online travel agencies to drive their revenue as the majority marketing and sale channel, especially for airplane ticket purchasing and hotel and restaurant booking (Schwab 2016).

Capturing the significant revolution, The Blue Zone Company and the student share the same idea of starting another online travel agency, especially for the Vietnamese Market. While the Hotel Booking, Table Reservation, and Car Sharing Platform are currently popular and competitive in Vietnam, the student discovered that the Tour Operator, which provides Package Holiday, the Booking Platform for this factor is still unaware. Even it is one of the most significant parts of the travel and tourism industry, dominated 1 billion out of 2.4 billion Vietnamese travel and tourism market in 2019. For that reason, we start the holiday package online travel agency called Travelholic Oy.

The Blue Zone Company and the student profoundly understand that having an innovative idea is entirely not enough. What is most important in starting a business is the business plan and implementation. As a result, the student chooses writing a Business Plan for this idea as the student's final thesis topic. The entire thesis aims to create a proper business plan that the Blue Zone Company and the student can use for starting Travelholic oy.

The thesis will be separated into three parts. Part one is the theoretical framework, part two is the methodology, and part three is the Business Plan. In part one, the main points are to help the readers overview the Vietnamese market and its potential and availability for the idea. Additionally, give a foundation for the platform business model – the primary model that shapes through the entire business. Part two will provide an explanation in detail about the general theory of a business plan. In the final section, the business plan is created to help the readers have a sketch of the company's activities and implementation

strategy in the early stage. Therefore, part two will include the essential sections of the business plan, which are Industrial Analysis, Production Plan, Marketing Plan, Management and Organization Plan, and Financial Plan.

## 2 Theoretical Framework

### 2.1 Business Model: Platform Business Model and Its Potential in Vietnamese Market

#### 2.1.1. Trend and Development of Platform Business Model

In the recent decade, the world economy is experiencing a revolution of the Platform Business model in various industries. The model has gained more attention and has proved a vital role due to its possibility to create more values, connect more people and communities, help running new businesses, and add a complimentary extra revenue stream. (Zhao, Delft, Morgan-Thomas & Buck 2019; Accenture 2016; Chan, Voortman & Rogers 2018). It is clear to note that there are more companies and organizations recognize the platform business model as the new value creation and an effective way to drive more benefits instead of finding the new products or services to create (Accenture 2016).

In term of startup worldwide, based on the research of Moazed & Johnson (2016), almost 60% of the global Unicorn Startups are based on the Platform Business Model, such as in India, 8 to 9 Unicorn Startups are Platform, dominate nearly 90% of total Unicorn Startups; the number is also a surprise in Asia, where 86% Unicorn Startups are Platform. The figure 1 below clearly mentions it.

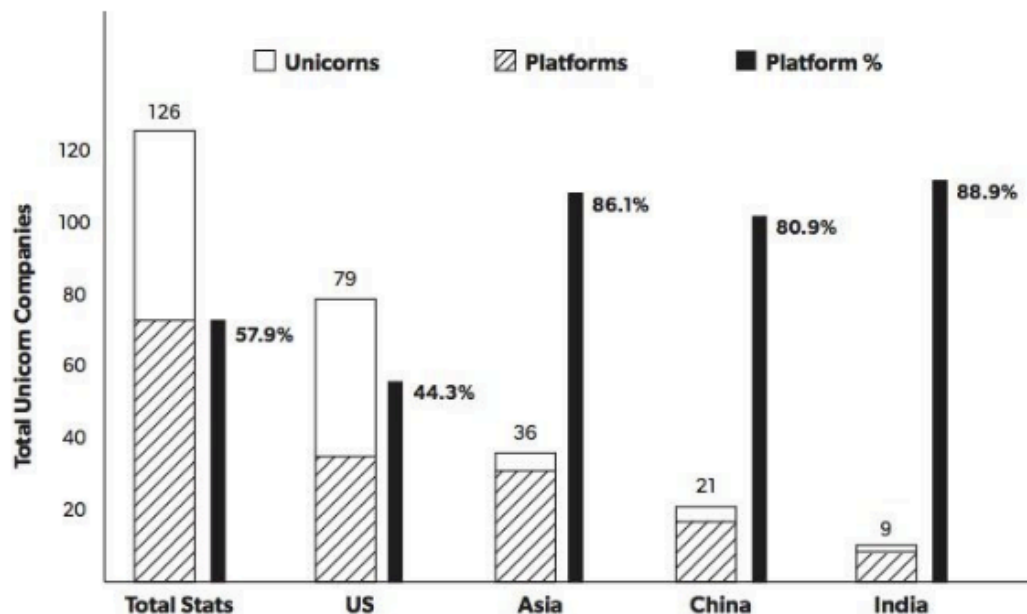


Figure 1. "Unicorn" company data: platform businesses vs. linear businesses (Moazed)

Besides, other obvious business cases are big platform empires such as Airbnb, Uber, Facebook, Alibaba, and Google. These companies create heavy prove in the potential of

the Platform Business Model, and Amazon is an example of the first platform business company surpasses Trillion-Dollar value (Cusumano, Gawer & Yoffie 2019). These are the world's highest value companies that use the Platform Business Model to overgrow and build their extreme success (Parker, Alstyne & Choudary 2015). Figure 2 below established the statement is true.

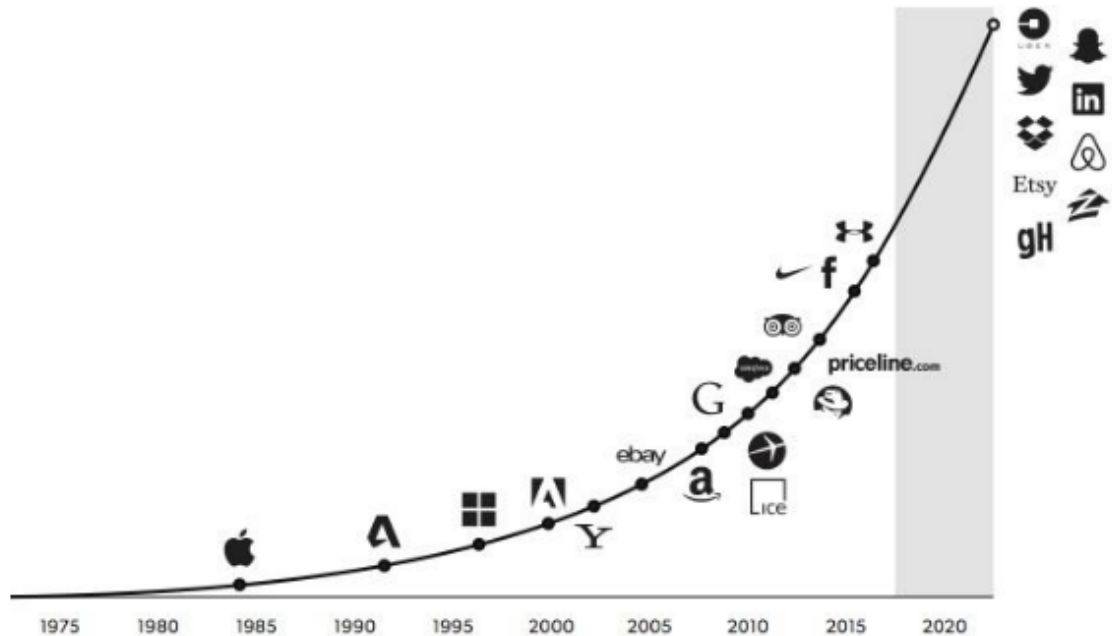


Figure 2. Platform businesses in the S&P 500 over the last 40 years (Moazed)

Nowadays, the platform business dominates the entire Internet with Google as the most prominent player with the enormous Internet traffic, which took 40 percent globally, while Facebook today describes their success by holding 25 percent of Web visits (Moazed & Johnson 2016). Furthermore, platforms business also shows it is explosive growth by sweeping the rankings of top ten trafficked sites in the US, as well as the top eight positions in China (Moazed & Johnson 2016).

Undoubtedly, the current global coverage of the Internet has created extremely favorable conditions for the rapid development of the platform business and made it easier for people to become familiar with online purchasing, ordering, and connecting on the online platform. Therefore, the platform business theory has become more popular, gradually creating a steady position beside the traditional business models. For that reason, the comparison between the platform business model and the traditional business model is essential for readers to visualize the fundamental differences between these two business models, provide a better understanding of why the platform business model has grown so dramatically in such a short time. In part 2 of chapter 1, the primary differences between old and new business models will be analyzed.



### **2.1.2. Differences between Platform Business Model and Linear Business Model**

#### *Platform Business Model*

According to Professor Andrei Hagiu (2014), Platform Business Model or also known as Multisided Platform (MSPs) is mentioned in his article Strategic Decisions for Multisided Platforms as the "technologies, products or services" that create value by allowing the direct interaction between different independent groups, usually demand (Consumers) and supply (Suppliers) (Moazed & Johnson 2016). In another explanation, Parker, Alstyn & Choudary (2016) wrote in their well-known book Platform Revolution that the platform business is an ecosystem that help connect and interact people, organization and resources in order to create and exchange more values by using technology. Besides that, the Business Platform Model is also mentioned in the book Platform Scale (Parker & al. 2015) as "a plug-and-play business model that allows connected users and things to plug in and orchestrates them toward efficient interactions." For example, a multisided platform is like Airbnb. Airbnb is an interconnection platform that allows consumers worldwide to find local accommodations everywhere globally, while the local host, who has an empty room/space to sell, can list their place in Airbnb and start making benefit from the guest who books directly via Airbnb platform.

#### *Linear Business Model*

However, unlike the Platform Business Model, most of the giants in the markets from the 20th century are the Linear Companies such as Panasonic, Toyota, Standard Oil, Ford, and Rolex (Johnson). Linear Company is also called Pipeline Company, which creates the benefit to consumers by developing and owning the products, goods, or services, then delivers or sells it down to the supply chain (Johnson; Cuofano; Zhao & al. 2019). As an example, McDonald's is a Linear Company that creates fast foods, owns the inventory and assets, takes a significant market share, controls all the organization and process, and sells the foods to consumers by its supply chain, which is the McDonalds restaurant.

Hagiu (2014) describes the process differences between The Linear Business and Platform Business (Figure 3).

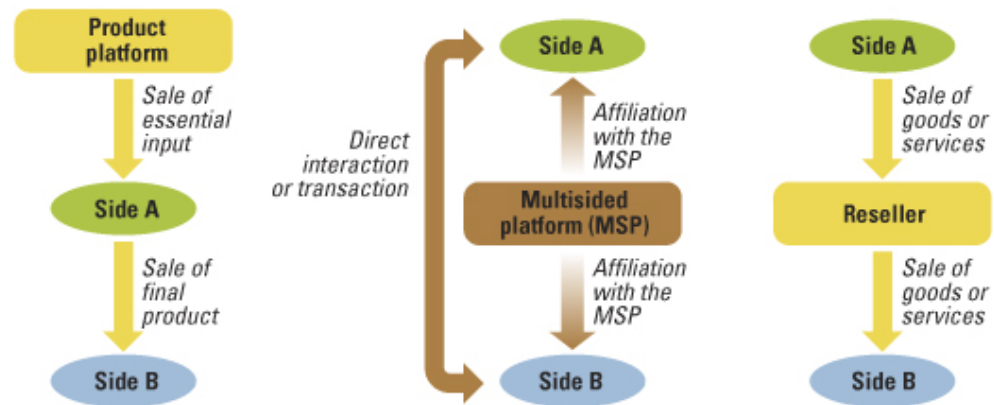


Figure 3. How Multisided Platforms Differ from Product Platforms and Resellers (Hagiu 2014).

Differences between the two business models are revealed in several aspects.

The first apparent character that makes two businesses model so different is the connection the company builds among the relationship between the buyers and the suppliers. The multisided platform businesses support the direct interaction between the suppliers and consumers, as well as change the transaction's way much faster with lower cost. The linear companies need to manage a series of supply chains and activities from manufacturing to reach the consumers and use the traditional way for transactions, which will require more cost management (Gawer and Cusumano 2014; Thomas, Autio & Gann 2014; Zhao & al. 2019).

The second aspect notes it clearly about the inventory ownership when comparing Linear Business and Platform Business. While Platform Business does not have any inventory, or create any new product or resell the goods/services to the consumers, the Linear Business develops and owns its stock and asset and resells it to the resellers or its chain (Thomas & al. 2014; Gawer 2014).

Thirdly, the revenue stream also plays an important role when comparing the difference between 2 business models. While the platform business model often provides free of charge for the users until the consumers make the purchase decision and transaction implementation, therefore, its revenue stream often multiple. The Linear Business costs fees for the product features such as usage fees like Netflix or HBO, then usually the Linear Business revenue stream is single (Zhao & al. 2019).

A new business model and technology such as the platform has become very familiar and popular in developed markets like Europe, the US, and Japan. And to be able to change consumers' behavior is a challenging and long journey. In Asia, especially in Southeast Asia, people still keep a habit of using cash, and the majority of consumers who start using and accessing purchasing online are young people. Therefore, it is vital to understand the market potential in developing a new business model, such as the platform. In the third part of chapter one, the students will make a fundamental analysis of the Vietnamese market by collecting data, foresee if Travelholic can thrive in this new market.

### **2.1.3. Multisided Platform Business Model and Its Potential in Vietnamese Market**

The author will give an overview of the Vietnamese economy and Travel Market to know if Multisided Platform Business Model has the potential to succeed in the Vietnamese market. The method the student use is Desk Research to allocate the data collection to reveal the general situation of the Vietnamese Market.

Currently, Vietnam is one of the fastest-growing economies in the world. Vietnam raises 6.8 percent in Gross Domestic Product (GDP) and successfully declining the public debt by an estimated 8 percent GDP point since 2016, according to the report of World Bank (2019). For being an attractive destination to invest, Vietnam also remains a good result by receiving an average US\$3 billion monthly from foreign direct investment (FDI) (World Bank 2019).

Besides, based on a report of the World Bank as well (2018), the middle class in Vietnam is increasing with an average of 1.5 million people annually since 2014 that makes 13 percent of Vietnam's population is part of the global middle class. Furthermore, Vietnam's economy is now appointed as secured because 70 percent of the population lives from \$5.50 to \$15 per day (World Bank 2018). Figure 4 below clearly explains the number.

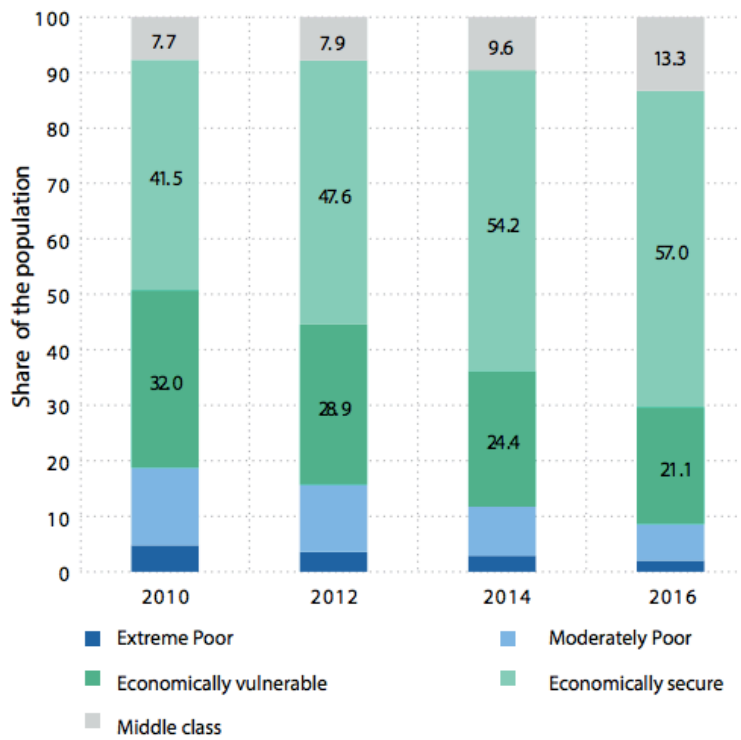


Figure 4. Vietnamese Population by Economy Class, 2010-2016 (World Bank 2018).

It is obvious to note that the rise of the Internet and technology is the foundation of the Platform Business Model. Hence, the Internet and technology usage in Vietnam has been considered one of the most important aspects of measuring the Vietnamese market's potential for the start of the Travelholic Company.

According to Statista (2020), in 2018, Vietnam had 54.7 million Internet users, and the number is forecasted to reach 75.7 million Internet users until 2023 (Figure 5). The continuously growing Internet users bring an enormous competitive advantage for the Vietnamese market as well as the potential of the Platform Business Model in the future.

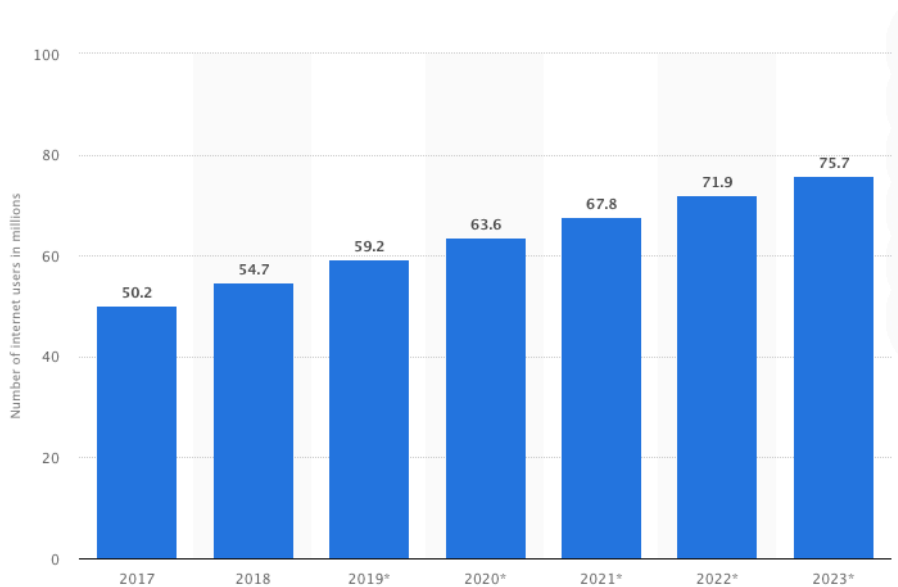


Figure 5. Number of Internet users in Vietnam from 2017 to 2023 (Statista 2020).

Having the opportunity to access the Internet is advantageous, but knowing the Internet Usage Habit is another aspect—the more time the users spend on the Internet, the more opportunities that Travelholic can approach them. According to Statista (2018), a Vietnamese person would spend an average of 7 hours per day on the Internet and mostly on mobile phones. At the same time, the leading sites they are primarily active are Facebook with 90 percent and Youtube with 89 percent, which are two companies based on the platform business model (Statista 2020).

For these reasons, with the high percentage of Internet user and Internet Spending Time, the Vietnamese Internet economy was valued 12 billion Dollars in 2019, account for 5 percent of the country's GDP, and become one of the fastest-growing Internet economies in Southeast Asian (Google, Temasek & Bain 2019).

The significant rise of the Internet's Users demonstrates the potential of growing e-commerce in Vietnam, including Online Booking Travel. Based on the statistics of Google, Temasek & Bain (2019), Online Travel Booking was rapidly increasing in Southeast Asian from 34 percent in 2015 to 43 percent in 2019. The report also shows that the Vietnamese Online Travel Booking Market value raise from 2.3 billion in 2015 to 4.1 billion in 2019 and expects to reach 9 billion in 2025. (Figure 6).

### SEA Online Travel (GMV, \$B)

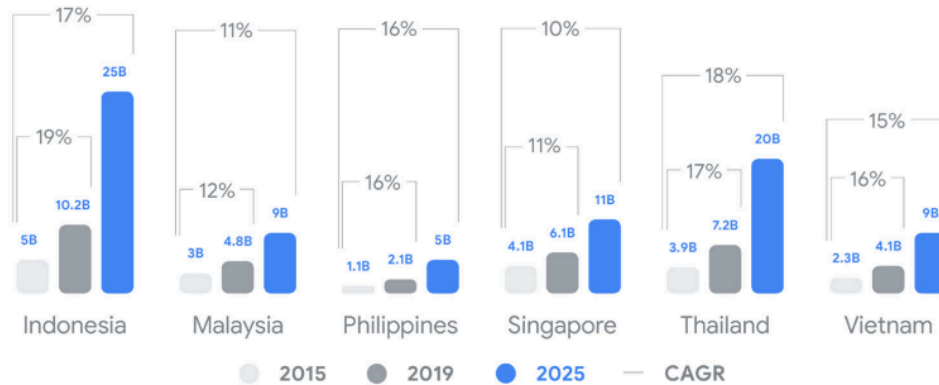


Figure 6. Southeast Asian Online Travel (Google, Temasek & Bain 2019)

The Vietnamese Online Travel Booking Market value's growing rate truly brings a considerable advantage for the Travelholic idea. On the other hand, another aspect that needs to consider is the Outbound Travel Rate, because Travelholic is an Online Tour Booking Platform, it will intensively depend on the market value of the Outbound Travellers.

According to the Vietnam Outbound Travel Trend Report (2019), published by Out-Box Consulting, outbound travelers in Vietnam raises quickly from 10 to 15 percent annually. Additionally, the Vietnam National Administration of Tourism (2019) also stated that only in 6 years, the number of Vietnamese outbound travelers was double, in detail, it reached 8.6 million in 2018 when compared to 4.8 million in 2014, information was revealed from ASEAN Travel Statistics report (2018).

Among the significant enlarge of the outbound travelers' number, the total Vietnamese Tourism Market was huge, with the revenue of an estimated 2.7 Billion dollars in 2019. It is forecasted to reach 3.4 billion dollars in 2023 (Statista 2019). Notably, the Packages Holiday – Travelholic's primary market controlled overestimated 1 billion dollars, which shows an exceedingly positive growth based on figure 7 below.

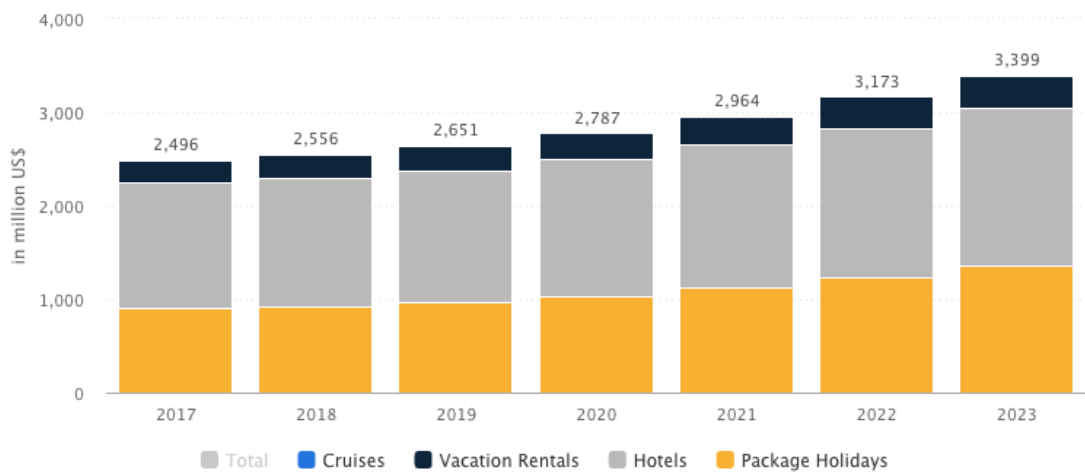


Figure 7. Revenue in the Travel & Tourism market amounts to US\$2,787m in 2020 (Statista 2019).

Moreover, the Travel and Tourism Market's total revenue is optimistically delivered though online sales dominate 55% in 2019 and might reach 56% in 2023 (Figure 8). In another reveal, the report from Out-Box Consulting (2019) based on the statistic from outbound travelers also shown that 37.1 percent the travelers used the tour operator's websites to find and book the tour, and 24.1 percent chose the Online Travel Agent. Shortly, it is clear that travelers will give their travel plans to the hand of the Online Travel Agency to help them find the most suitable services.

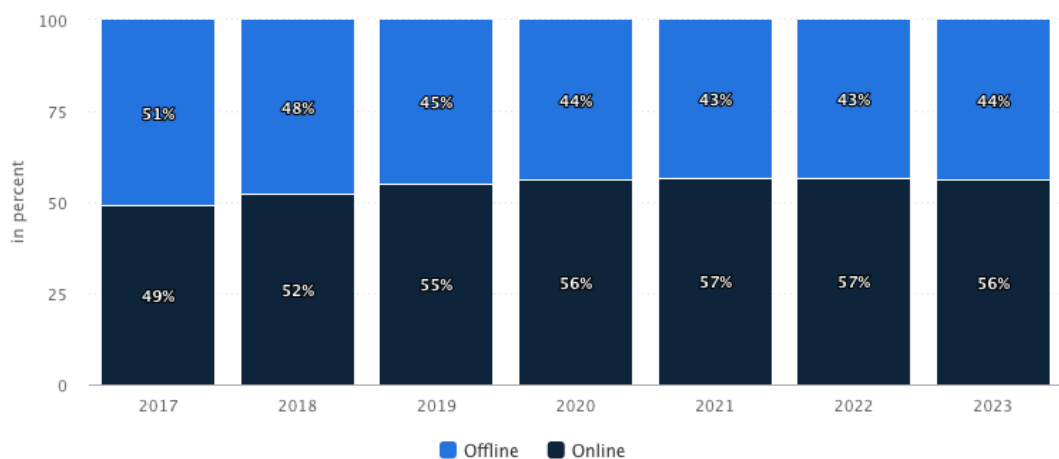


Figure 8. In the Travel & Tourism market, 56% of total revenue will be generated through online sales by 2023 (Statista 2019).

The entire collected information and data above demonstrate that the Vietnamese market gets high security in economic growth, a significantly increasing number of Internet users, time spends on the Internet is high. All of these indicate a significant development of E-

commerce, in which the rise of the outbound travelers ensures the future opportunity of the Platform Business Model type.

In general, Travelholic is the platform to help the customers/travelers easily find the most suitable tour operator for their abroad trip based on their aspects. Besides that, the platform will work as an extra marketing channel to help the tour operators in the Vietnamese market approaching more potential customers. Also, the consumers can create their user accounts, find a suitable tour through Travelholic's search engine system, make reservations, and transaction through the platform simultaneously. While the tour operators/suppliers can list their journey in Travelholic, manage their capacity through the management system, and start selling. In that way, Travelholic will make revenue through online direct booking/reservation's commission. Travelholic will bring service and a place that both buyers and suppliers can interact and connect directly with each other in a safer, faster, and cheaper way.

In summary, considering the Vietnamese Market, the student concludes there is a potential market in Vietnam for Travelholic Company to grow and develop. Besides that, based on the study of the Multisided Platform Business Model above. As a result, this phenomenal business model is the most suitable model for the Travelholic Company.

After explaining and making the decision of the core business model, understanding the way it should be designed is essential while taking into account the management risk and effectiveness of business model usage. Hence, in chapter two, the student will explain the multisided platform business model's design principles and its importance to success. Also, with three following subchapters will support the meaning of the principles design to create a multisided platform business model.



## **2.2 Design Principles for Platform Business Model and Success Factors**

Business Model Design undoubtedly plays a crucial role in creating a Multisided Platform. In research published online on 02 April 2020, Sohl, Vroom & Fitz explains the essential degree of importance of business model, in which the business performance, development, and survival was acutely impacted if the business model was not getting enough attention. Besides that, Evans and Schmalensee (2016, 122) disclose that the platform model should be designed to elevate "the chances that participants will be able to find each other and engage in mutually beneficial exchanges," did not matter if the platform is physical or virtual.

The platform business model theories the student collect is under the assumption, the student figures out the three most popular principles. They are assigned to bring main impacts on how a Platform Business Model should be designed to increase more competitive advantage for Travelholic Company. They are Network Effect, Functionality, Feature and Elements Adding, and Revenue Structure.

### **2.2.1. Network Effects**

#### *Understanding Network Effects*

Simply, network effects occur, in which the value of an asset positively changes because of the increase of users or participants in a platform. The rising number of participants or users leads to more value or experiences the latecomers will get (Cuofano; Uenlue 26 June 2017; Banton 2019).

Unlike traditional business models, the scale of a company is classified by capturing and growing its internal assets. The platform business model's principal asset is the network created between participants (Moazed). By way of explanation, the platform design needs to ensure the active and robust interaction between different parties in as many ways as possible (Evans & Schmalensee 2016; Parker & al. 2016; Kim 2015).

#### *Types of network effects: Direct and Indirect Network Effects*

The Direct Network Effect is defined as the increasing number of users or consumers using or buying the same product or service, which will lead to the expanding value of this product or service (Reddy 02 January 2018; Kim 2015). For example, the more hosts list their properties in Airbnb will lead to an increasing number of guests. Afterward, it will boost the value of Airbnb.

The Indirect Network Effects occur when the value of a product or service increases based on the complementary products or services added to the company (Reddy 02 January 2018; Kim 2015).

### Power of Network Effects

Network Effect brings a powerful impact on the business in its way of creating value. According to the study of NfX, "70 Percent of Value in Tech is Driven by Network Effects since 1994". Additionally, figure 9 below – created by Raymond Stern explains precisely the value that the network effect's power.

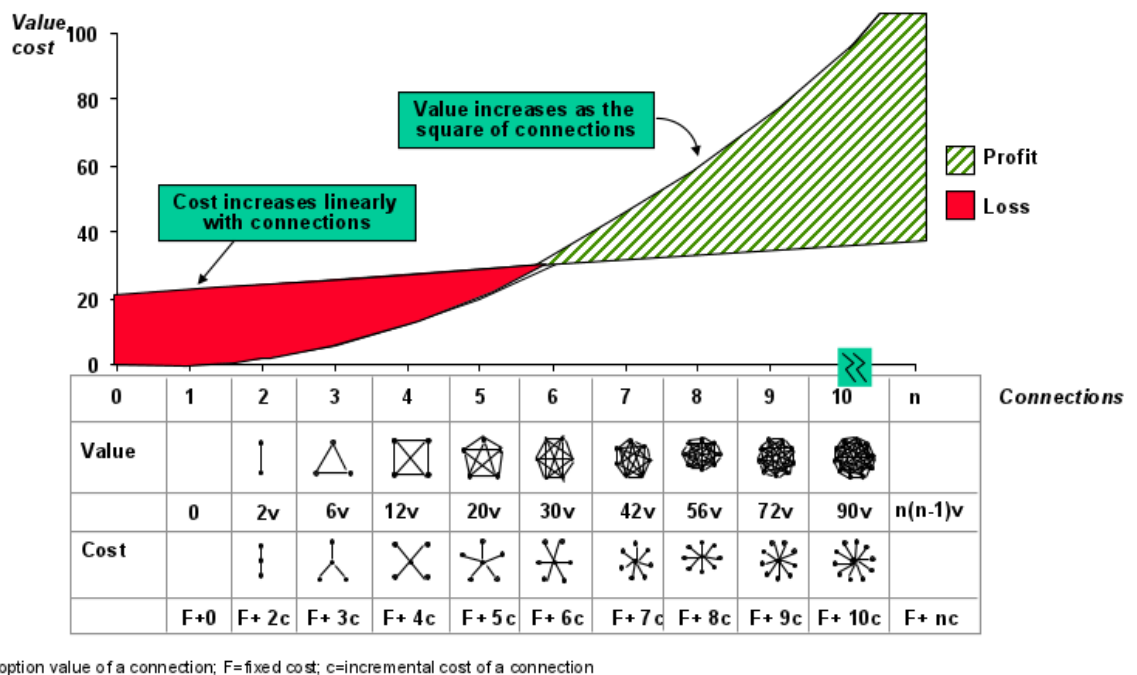


Figure 9. Contributed by Raymond Stern in the periods he worked as CMO in Intuit Inc. from 1997 to 2006 (Jorgenson 22 June 2015).

Based on figure 9, it is clear to note that the size of the network effects will help increase the value of the network, and the amount of the network effects expands much faster than the network maintaining cost. In this case, this is the cost-effectiveness of the network effect can work well.

According to Currier from NfX, network effects identify 13 different types, which are allocated into five different categories and related to 3 key elements Brand, Embed, and Scale (Figure 10).

# NETWORK EFFECTS MAP

DIRECT

2-SIDED

DATA

TECH

SOCIAL

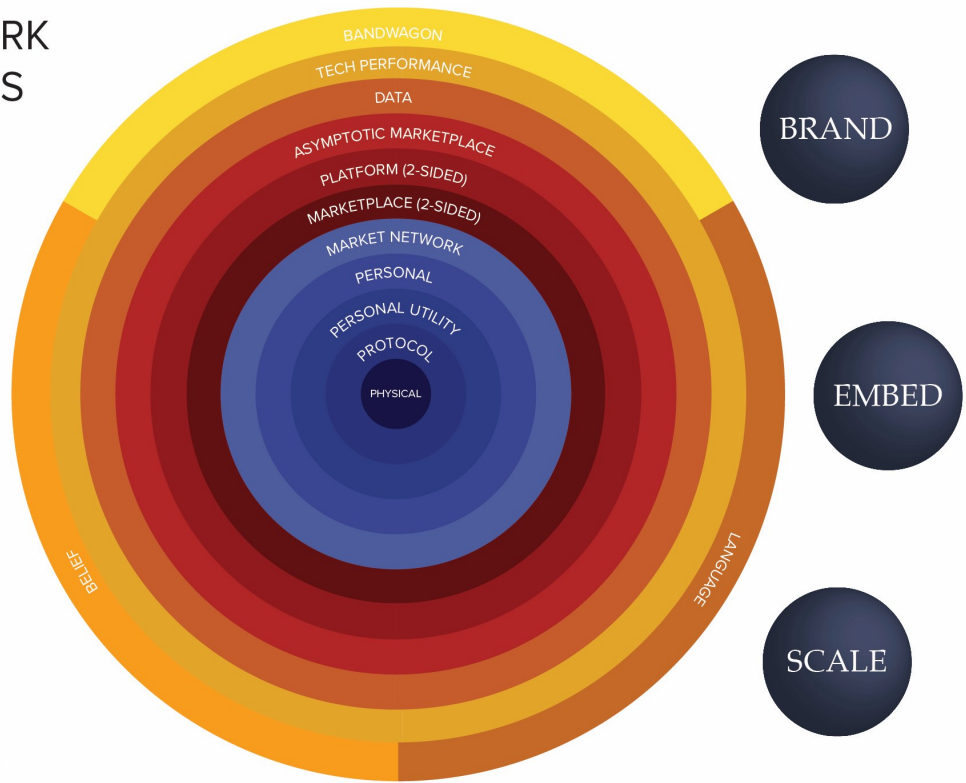


Figure 10. Network Effect Map (NfX)

Table 1 explains the 5 categories of the different network effect types.

Table 1. Different types of network effects (Nfx)

Direct	2-Sided	Social	Data	Tech
<ul style="list-style-type: none"> <li>Physical</li> <li>Protocol</li> <li>Personal Utility</li> <li>Personal</li> <li>Market Network</li> </ul>	<ul style="list-style-type: none"> <li>Marketplace</li> <li>Platform</li> <li>Asymptotic Marketplace</li> </ul>	<ul style="list-style-type: none"> <li>Language</li> <li>Belief</li> <li>Bandwagon</li> </ul>	<ul style="list-style-type: none"> <li>Data</li> </ul>	<ul style="list-style-type: none"> <li>Tech Performance</li> </ul>

It is necessary to highlight that although the paradigm of NfX brings a good foundation and more precise understanding of the network effects, the comprehensive theory of network effects is still developing and changing based on the remodeling and innovating.

In this part, the awareness of the network effect power and its impacts are remarkable. It is admitted that network effect has become the main asset of a multisided platform business despite its not even appearing in the financial statement.

However, having a strong network effect is still not enough to strengthen the survival of a multisided platform business model; the choice of adding the functionality, feature, and element to the platform is critical. In part 2 of chapter 2, the student will clarify the importance of the functionality, feature, and element adding.

### 2.2.2. Functionality, Feature and Element Adding

In a study from Zhao & al. (2019), the choice of adding the activities and elements in the platform business model was the key to the success and survival of a platform. According to the data collected from the research, Zhao & al. (2019) created a matrix that defines the strategy the giant companies use to obtain the market and the reason for the failure of the rest (Figure 11).

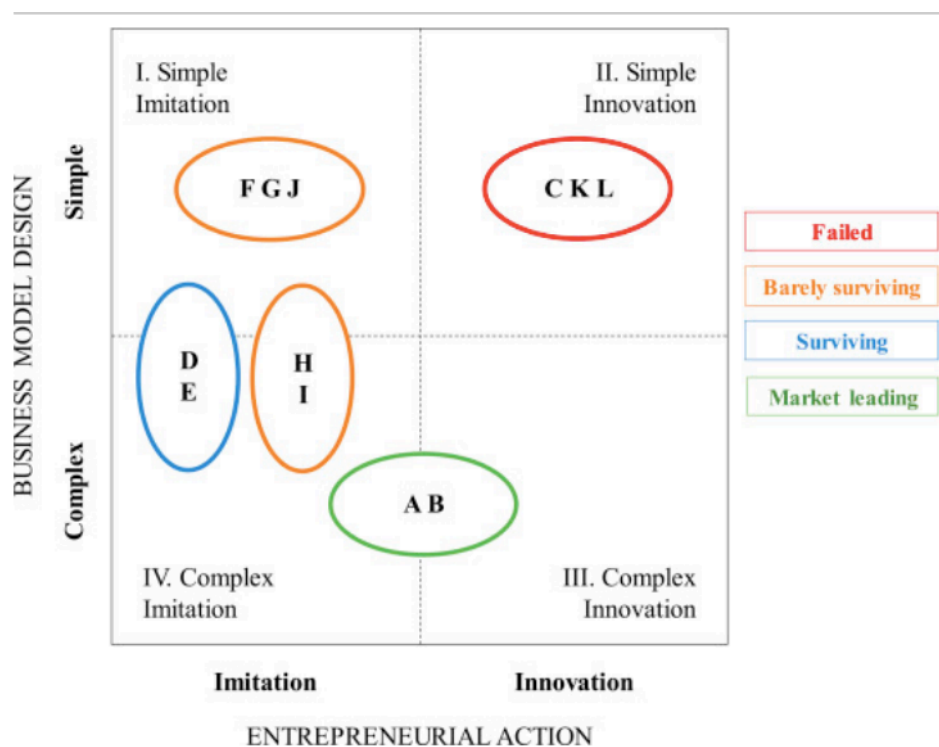


Figure 11. Matrix of approaches to platform evolution and strategies to compete in platform battles observed in the Chinese OGB market (Zhao & al. 2019).

The market-leading companies developed a strong interaction between the Complex Imitation and Complex Innovation (Figure 11). Therefore, along with creating unique company values, it is essential to contemporaneously study the competitors and capture the needed functionalities, features, and elements to add to the business model design. (Zhao & al. 2019). In the same research, Zhao & al. (2019) also revealed the number of companies that used to have the wrong strategy of adding functionality, feature, and element to their business. Figure 12 presented a large number of failures from 5058 companies at

the peak in 2011 to approximated 200 in 2013, after only approximative two years establishing.

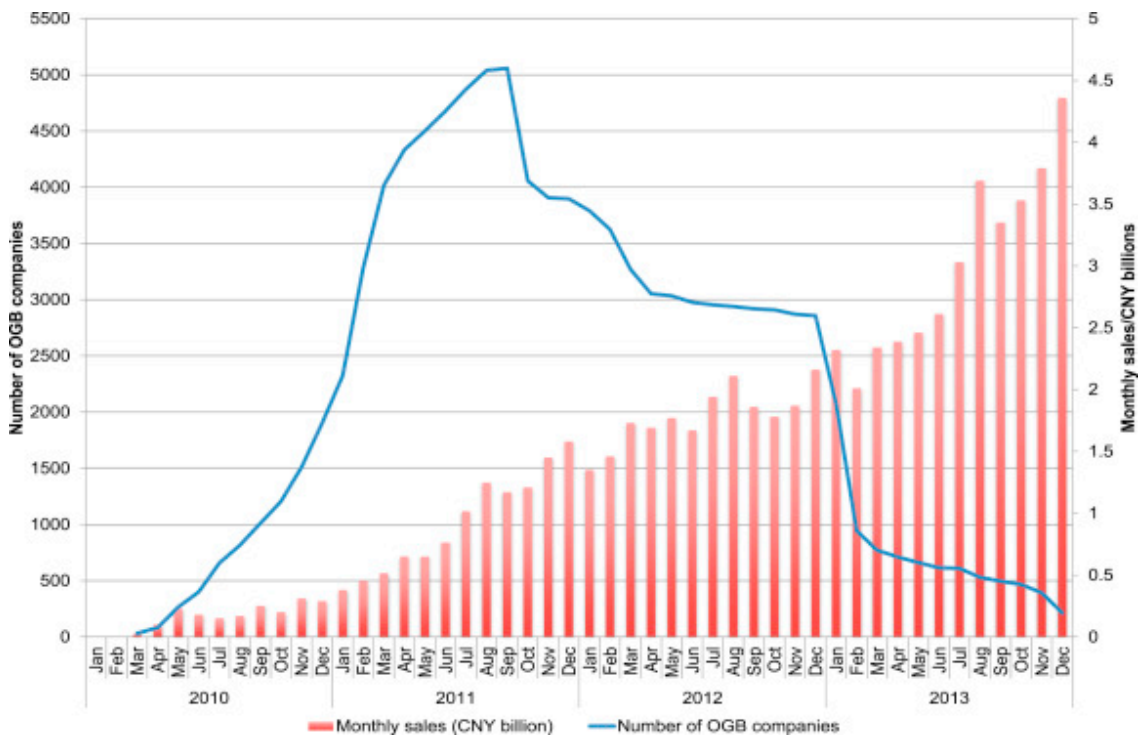


Figure 12. Development of the Chinese OGB (Online Group Buying) market between 2010 and 2013 (Zhao 2019).

In addition, another study of Hagiu (2014) found a variety of functionalities, features, and elements. For example, a feature can help reduce search costs, declined the transaction cost, and decreased the product development cost. If the feature, functionality, and element building and implementing cost were less than the value it can create, they could be included and added. Vice versa, if the cost of building and executing a functionality, feature, or element were more prominent than the value it possibly creates, it should be considered again.

To sum up, the functionality, feature, and element adding to a multisided platform business could be considered as blur spot, especially the all-in-one trap of expanding company scale and network effect to drive the competitive advantages and the stress of boost the company value. However, this principle cannot be neglected in the long term development of a multisided platform business.

A new company can know about the power of network effects and the functionality, feature, and element adding. It is still too early to guarantee success if the company's revenue structure is inaccurately formed and effectively controlled, so knowing precisely the re-

venue structure will help the company avoid the short failure. In the final chapter of part 2, the revenue structure will be described.

### **2.2.3. Revenue Structure**

It is obvious to recognize how important the revenue structure in business success. According to Kim (2015), mention in his study: "the final goal of any type of business is to produce revenue, and platform businesses are no exception." Uenlue (26 June 2017), mentioned in his Innovation Tactics Blog a case study of MySpace. Mr. Rupert Murdoch bought MySpace in 2016, while it was the highest annual traffic webpage and set a considerably top monetization target of 10 times the previous revenue, and then got failure because of the poorly design revenue structure. As a result, the revenue structure of a business needs to be carefully established. The new or old business model does not matter.

However, there are plenty of studies and research about revenue structure, which differ depending on types of platform businesses. Therefore, to discover the most suitable revenue structure theory for Travelholic Company, the student needs to clear the Travelholic's industrial sort.

As mentioned above, Travelholic is a Multisided Platform in the Travel and Tourism Industry; on that account, it is professionally called Online Travel Agency. For that reason, in this part, the student is going to use Uenlue's revenue structures (30 September 2017), which is mentioned in his Blog Innovation Tactics as the reference sources.

Uenlue (30 September 2017) revealed that the Revenue Structure of an Online Travel Agency had three regular types. They studied and analyzed the Business Model of the most well known Online Travel Agency companies such as Booking, Expedia, and TripAdvisor. Consequently, coming up with the most renowned Revenue Structures of an Online Travel Agencies were the Merchant Business Model, Agency Business Model, and Advertising Business Model.

The merchant business model often purchases large quantities of products with lower price than Best Available Rate of the suppliers, then sell it online to the customer at a low price (Paymill).

The Agency Business Model mostly the same as the old revenue model brick-and-mortar travel agency, which is taking the commissions from each direct booking on the site (Xotels).

Advertising Business Model: The Advertising Business Model offers various types of generating revenue for tourism suppliers. Firstly, CPC (Cost-per-Click) – the suppliers will pay a fee per click, which is driven to their website. Secondly Transaction Revenue – a commission will be taken from the supplier when there is a direct booking through the advertising website. Thirdly, Display-based Advertising – generally, is the banner ads that give the impression for the users in which they can follow it. Finally, Subscription-based Advertising – the subscription fee will be taken from the users to use/access the product or service provided by suppliers.

By recognizing the different types of Revenue Structure of Multi-side Platform Business Model in the Travel and Tourism industry, it is easier for the student to decide which type of Revenue Structure is the most suitable for Travelholic Company in the early periods.

Hence, the student decided to take the Agency Business model as the majority revenue model of Travelholic Company. With this Revenue Model, the users can be attracted to the platform, and it will save them that they do not have to purchase if they feel not ready. It is the same benefit to tour operators that they can use Travelholic as an alternative marketing channel to drive more consumers. However, commission payment will be made only for them when the consumers make the purchase. Therefore, the main activities of Travelholic should focus on getting the consumers to pay directly on the platform and stimulate the consumer's repurchase. Besides the primary revenue model, it is necessary to obtain multiple revenue streams in the future. However, currently, building a large number of tour operators & users should be the focused target.

### **3. Methodology**

In the theoretical framework, the overview of the platform business model is described. Thus, after understanding about platform business model and generally assume its future potential and development, to open a real-life business, the author needs to create a foundation of a company, which is a business plan. However, before writing an actual business plan, the author should find out basic knowledge about a business plan. Therefore, in this part, the author wants to explain the importance of a business plan, how it works, and the purposes why a new company should put a business plan to one of the essential parts of starting a business.

#### **3.1. Business Plan Definition**

In short, a business plan will show the ways that a company is built (Ray 2019). A business plan performs a vital role in analyzing potential activities, opportunities, or risks, which might potentially happen during the operation of a company as well as showing the present company's competences to secure future success (Dewhurst 2014). Besides, performing a comprehensive business plan will help readers having a better overview of a new business idea, which includes the relevant needed information, data, and analysis. Based on justifying information about the company's current status, the marketplace, potential profitability, competition, target groups, a business plan can evaluate the feasibility of the idea. Furthermore, a business plan works as an action plan, where the detailed roadmap is calculated forehead and gives more opportunities to avoiding real mistakes. Moreover, "studies confirm that companies with a strong planning skill outperform their competitors who neglect this method." Last but not least, an excellent business plan could convince the investors and win proper credibility and investment for business operation and expansion. (Jillek 2016, 2; Harvard Business School Press 2007, 4; Rich & Gumpert 1985; McKeever 2005).

#### **3.2. Business Plan Types**

There are several types of a business plan: a business plan for startup, internal, strategic, feasibility, operations, and growth plans (Paige 2019).

##### *Start-up business plan*

A startup business plan provides the company overview, such as company description, company's product or service's explanation, market analysis, team management, and necessary financial projections include revenue statement, break-even point analysis, and



financial statements (Paige 2019). Even the plan is predictable, and it might be changed in the future. However, a logical and carefully thought-out business plan will give the investors a unique expression and win the investment (Rich & Gumpert 1985).

#### *Internal business plan*

An internal business plan relates to each specific project within the business, such as a marketing project. Its purpose is to approach specific target customers based on potential profitability and effects this target group could bring to the company. Additionally, an internal business plan also includes a project evaluation based on the description of the company's current situation, its operational costs, and profitability, after that, the essential capital for running the project will be released by the company in case the project is approved. (Paige 2019).

#### *Strategic business plan*

A strategic business plan does not present the company's current situation. It shows the vision, mission, and detailed goals of the future of a company and an implementation plan to reach the goals. A strategic plan also will give the entire overview of the connection within the company, if its context is strong enough to inspire and motivate employees to work together to ensure the company's future success. (Paige 2019; Landau 2019).

#### *Feasibility business plan*

A feasibility business plan is precisely defined as its name "feasibility." A feasibility business plan's function is to evaluate and assess the feasibility of a new company or a new idea or even a business plan. Briefly, a feasibility business plan will help investors or managers avoiding wastage investment. (Paige 2019; Thompson 2003).

#### *Operation business plan*

An operation plan is another private plan, but unlike an internal plan, an operation plan gives a particular company's activities and specific implementations. An operation plan will allocate the responsibilities of employees as well as specify the deadline for each project. (Paige 2019; Economist Intelligence Unit).

#### *Growth business plan*

A growth business plan is an essential document, which describes purposes for the expansion of a company. A growth business plan will be expressed differently depending on objects to which it is directed, internal, or external. If the development of a company needs a certain amount of capital and is incapable of payment, it will need new investments,

which could be defined as external. Hence, the growth business plan has to provide comprehensive information to convince investors. (Paige 2019).

### **3.3. Business Plan Components**

Industry analysis is a business tool that allows the company to capture knowledge about its industry environments as well as factors that will affect a business's performance. The primary purpose of an industry analysis is to gain a competitive advantage and use them to capture more profitability and market share. (Business Dictionary). A widespread method that helps the author accurately make an industrial analysis is Porter's 5 Forces Analysis. Hence, Porter's 5 Forces Analysis will be used to analyze the Vietnamese tourism marketplace.

#### **3.3.1. Industrial Analysis**

Industry analysis is a business tool that allows the company to capture knowledge about its industry environments as well as factors that will affect a business's performance. The main purpose of an industry analysis is to gain a competitive advantage and use them to capture more profitability and market share. (Business Dictionary). A widespread method, which will helps the author accurately make an industrial analysis is Porter's 5 Forces Analysis. Hence, the Porter's 5 Forces Analysis will be used to analyse Vietnamese tourism marketplace.

#### **3.3.2. Production Plan**

A production planning will describe a product idea, which is finalized until it is officially published to the marketplace. Besides that, a small company should consider creating an exit plan for its product, in case the product cannot gain acceptance from the market. Moreover, to prepare for a product's life cycle, a company needs to consider feasible product marketing strategies, continually improve product quality through market analysis and customer feedback, and at the same time, explore new markets to increase the number of customers. (Suttle). Therefore, this thesis's production plan will mention a detailed description of Travelholic, which is shown under the three most essential parts: company vision and mission, partial concept, and system used for Travelholic.

#### **3.3.3. Marketing Plan**

"Marketing is the process by which companies create value for customers and build strong customer relationships to capture value from the customers in return" (Kotler, Bowen, Makens & Baloglu 2017). Also, a marketing plan is utilized as a blueprint to express the advertising and marketing objectives within a fixed schedule by applying appropriate marke-

ting methods. Aiming to create a good marketing plan, the author should gather and analyze supporting data about customer needs and demand, competition within the market, useful marketing strategy tools, and predict a reasonable marketing budget for each circumstance (Rich & Gumpert 1985).

A marketing plan combines different tools, which are separated into two parts. Part one contains the traditional tools called 4Ps for tangible products, which include Price, Promotion, Product, and Place (Bahador 2019, 2). Part two consists of the new concept of the marketing mix, especially for the tourism and hospitality industry, which are People, Physical Evidence, and Process (Pillai 2010, 12).

As a result, the marketing plan for Travelholic will contain four main parts, selecting a target group, evaluating competitors, and preparing a marketing strategy.

#### **3.3.4. Operation plan**

An operation plan aims to describe the company's action plan and how the company's resources should be allocated. An operation plan will provide information about organization structure and organization chart, description of responsibility, and salary expense. (Economist Intelligence Unit). For those reasons, the operation plan will include company organizational chart and structure, responsibility descriptions of each member, and salary analysis for needed future employees.

#### **3.3.5. Financial Plan**

A financial plan is a statement document explaining the overall economic situation of a company at present, and it also works as a predatory statement, which gives an overview of the financial activities of a company in the future based on the financial reports (Kagan 2020).

The financial statement combines several parts, income statement, cash flow statement, and balance sheet. However, Travelholic is the new company, so it will need to clarify the revenue structure and calculate the break-even point, expense, and count investment budget. (Maxwell 2011).

## **4. Business Plan**

### **4.1. Industrial Analysis**

#### **4.1.1. Porter's 5 Forces Analysis**

In this part, the author will use Porter's 5 Forces Analysis to analyze the Vietnamese industry market.

#### **Porter's 5 Forces Analysis**

The comprehensive knowledge of the industry structure and profitability gives a company the competitive advantages to understand and cope with the competitors and effectively shield the company from the competitors' attack (Porter 2008). The author will identify the industry structure and profitability by using industrial analysis. However, according to Porter (2008), the war of profitability capturing in the competition includes the other four regularly uncountable forces as well, which are: substitute of products or services, the threat of new entry, power of sellers, and power of buyers. All of them play their role to define and shape the interaction of the industry structure and profitability in an industry (Porter 2008). The five forces that decide the structure and profitability of an enterprise are concluded as Porter's 5 Forces Analysis.

Generally, Porter's 5 Forces Analysis will help a company better understand its competitive advantages in industry, cope with the competitors, and accordingly adjust the strategy in the business environment (Mindtools). (Figure 13).



Figure 13. Porter's 5 Forces Analysis (Porter 2008)

#### *Bargaining power of buyers*

Customers are powerful. While they can increase demands for the quality of a product or service, they also have the power to force down the price (Porter 2008) by quickly switching to other suppliers, and create a competition within the industry (Newton & Bristoll 2013). However, there are also a few cases that show that the power of buyers is low. It happens when buyers intend to buy a large volume of products or services while vendor size is limited, or switching cost is unprofitable if buyers want to change suppliers (Porter 2008). According to Mind Tool, there are a few parts that can be used to evaluate buyers' bargaining power, which are the size of customers, size of each order, price sensitivity, and ability to substitute.

#### *Bargaining power of suppliers*

Suppliers can increase their value if it is easy for them to switch from one supplier to another or raise a higher product or service's price while controlling the quality of a product or service without harming their profitability (Porter 2008; Newton & Bristoll 2013).

On the other hand, the power of suppliers could be harmful when there are plenty of suppliers producing the same products or services, which is low cost or free to change suppliers (Mind Tool; Porter 2008).

In summary, the power of suppliers can be assessed using several following points: number of suppliers, size of suppliers, uniqueness of services, ability to substitute, and cost of changing.

### *Threat of new entrants*

A company enters an industry because they see a gap, which can help them gain the market share, leading to an increase in competitors (Porter 2008). The appearance of a new company in an industry will threaten existing companies and bring impacts on the cost, prices and require a higher level of investment budget to compete (Porter 2008; Newton & Bristoll 2013). In industry, the level of barriers to entry is presenting the threat of new entrants (Porter 2008). The height of barriers to entry reveals the advantages and disadvantages of a new entrant based on the time and cost of entry firstly (Porter 2008). If it requires a high level of investment and it takes a long time to capture new customers, it is clear to note that the entry is at higher risk. Secondly, specialist knowledge is significantly essential in every field to compete, with the help of a specialist, the new entrant can probably lower the level of entry's barriers (Porter 2008). Thirdly, economies of scale play an essential role in the competition. A new entrant can adequately cover fixed costs and grow its cost advantage by increasing production volumes (Porter 2008; Magretta 2012). For example, a new technology, which helps reduce expenses, such as employee cost, can bring a considerable cost advantage to the new entrants (Porter 2008).

### *Threat of substitutes*

The threat of substitutes reveals alternative products, which vary means but can be similar in function, and available for consumers to purchase instead of the industry's products (Porter 2008; Newton & Bristoll 2013). Once there are several substitutes in the industry, the competition will be more aggressive, and influence to the industry's cost structure (Newton & Bristoll 2013). Hence, a company's profitability target will be threatened. The threat of substitutes is low or high, depending on the substitute's performances and cost of change (Mind Tool; Porter 2008). The excellent performance of alternatives will put high pressure on the industry, forcing the transformation of the entire industry's structure. Besides, if switching cost, which is provided by substitutes lower than the industry's product, it will negatively influence the profitability achieving of a company (Porter 2008).

### *Rivalry among existing competitors*

Knowing competitors is one step further from failure. A closer look into an industry's competitors and trying to understand them will increase the competitive advantages of a new entrant (Newton & Bristoll 2013). The more aggressive the intensity of an industry's competition is, the less the profitability to be shared (Porter 2008; Barney & Hesterly 2008). The rivalry in an industry can be counted based on "intensity," but also "basic" factors that define the competition (Porter 2008).

According to Michael E. Porter (2008), there are plenty of factors that should be considered. However, the student will select the most relevant factors to analyze: competitors, product differentiation, and industry growth rate. Firstly, the number of competitors is worth following to evaluate how intense an industry can be. A flexible strategy should be taken into consideration if the rivalry is crowned with plenty of strong players in size and power. Secondly, product differentiation can be anything different from existing products in an industry; it can be a new product with more functionality or a new service that can bring a better solution for a problem, or approach a different target customer (McGee & Sammut-Bonnici 2014). Product differentiation keeps a new entrant further away from intensely direct rivalry within an industry and lesser the risks of failure. Finally, the high industry growth rate seems to be attractive for many entrepreneurs; however, the top industry growth rate could make the least profitability because of the intense rivalry between existing competitors and new entrants (Kuratko 2013, 476).

#### 4.1.2. Vietnamese Industry Analysis

In this part, the student plans to use Porter's 5 Forces Analysis to evaluate the Holiday Package Online Travel Agency's business environment in the Vietnamese Market.

##### *Threat of new entrants*

The Vietnamese market at the moment is still mostly a cash economy. However, going through a lot of reports and data, the Vietnamese market's behavior about online purchasing is changing rapidly (Figure 14).



Figure 14. E-commerce activities in Vietnam (Kemp & Moey 2019)

Figure 14 shows a study from Data Reportal (2019) 78 percent out of 59 million Internet users in Vietnam purchases products or services online in any devices, while 40 percent make a purchasing via laptop or computer and 58 percent make a purchase via a mobile phone (Kemp & Moey 2019). Besides, a report from Digital Market Outlook (2020) shows that Vietnam gets around 57.9 million shopping online users, and they made 3.3 billion market revenue in 2020, which is an excellent performance when compared to 2018 with the total online shopping revenue was 2.2 billion and 50 million online shopping users. Additionally, even the average income is still quite low, which is around 58.44 US dollars per user currently (Digital market Outlook 2020). However, it is still growing compared to the average revenue per user in 2019, which is around 46 US dollars (Kemp & Moey 2019), changing around 27 percent in just one year. So, to conclude that even the market is still familiar with cash, the Vietnamese market is now ready to accept online purchasing. As mentioned before, the Vietnamese travel industry captures 55 percent of online revenue generated online and can develop to 57 percent in 2021 (Figure 8).

It is not easy to figure out the exact costs for creating a platform (Jordan 2020). It could cost around 5000 US dollars to 5 million US dollars but strictly depending on the type of platform and platform's operation. A platform is like a traditional product, with initial cost can be easily calculated, besides the initial cost for platform development, several different costs help running the platform, such as host, design changing, maintenance, and marketing (Jordan 2020). However, let get the most average number based on the calculation of Jordan (2020). He decides that the amount more or less could be around 350.000 US dollars as "manageable chunk," even if the entire project cost is much larger. Based on Exchange Rate (2020), the rate from 350.000 US dollars to Viet Nam Dong (VND) is around 8.2 billion VND, which is a massive amount of money in Vietnam in comparison with Gross Domestic Product per capita, which is 2.700 US dollars in 2019 (World Bank 2020).

On the other hand, currently, the tour package online purchasing in Vietnam is still small. Most of the Online Travel Platforms in the Vietnamese market focus on hotels, car sharing, and airline tickets based on the analysis in part 2.1.3. Multisided Platform Business Model and its potential in the Vietnamese market. The Tour Operators and Travel Agents still mostly dominate the tour package market. At the same time, only a super small amount of them have their websites to capture online purchasing customers. Hence, the cost of entering and competing in the market can be less intense.

The lack of demand-side benefit of scale is believed to be the cause of the economy of scale. The advantage is known as network effects (Porter 2008). A new entrant will be



facing disadvantages in terms of network effect in comparison to the existing tour operators and travel agents. There are many tour operators have been competing in the Vietnamese market in a long time, gaining their market share, capturing the enormous amount of customers and getting a steady position in the Vietnamese market, such as Viet Travel since 1996 (Viet Travel) and Sai Gon Tourist (1975) (Sai Gon Tourist). They have been building strong network effects in entire Vietnam, and they have their online travel websites: [www.saigontourist.net](http://www.saigontourist.net) and [www.viettravel.com](http://www.viettravel.com).

### *Bargaining power of buyer*

The number of Internet user growth rates and online purchasing growth rate is significantly positive, and online purchasing for travel is exceeding the other industries with 3.4 billion dollars (Figure 15).



Figure 15. E-commerce spend by category (Kemp & Moey 2019)

However, Vietnam is still the cash economy, with only 31 percent of the population has an account with a financial institution, while only 4.1 percent of the population has a credit card, and 3.5 percent has mobile money account (Kemp & Moey 2019). Moreover, trust is the primary cause of the low percent of online payment methods (EU-Vietnam Business Network 2018, 18). It means there is a large number of populations have limited possibilities to make the final purchase online and finish a transaction (Tai 2018) (Truc 2018).

Although average revenue per user at the moment is 58.44 dollars (Kemp & Moey 2019), however, in another study, the average revenue per user in the holiday package industry is much more significant, which is around 167.11 US dollars in 2020 (Statista 2020).

The difference between competitors is always mentioned when starting a new business. At the moment, about 10 Tour Operators out of around 30.000 tour operators, and travel agents in Vietnam provide the online websites for their customers. However, it is not a platform. A platform for holiday packages is new in Vietnam travel market. Hence it could be seen as a different concept.

Vietnamese is sensitive to the price. A survey from Nielsen Company (2014, 15) shown that 83 percent of Vietnamese consumers will make price comparisons before they make a purchase, while 81 percent of them has well aware of the price of most products, and 55 percent agree that they will carefully check the price before purchasing. Additionally, Vietnamese consumers have keen eyes for the value of a product. While 75 percent believe that higher the product quality, higher cost, and 73 percent of them are willing to pay higher for better value (Nielsen 2014, 15.)

#### *Bargaining the power of suppliers*

Currently, the Vietnam travel market has around 30.000 travel companies, including tour operators and travel agents (Vietnam Tourism Association; Ha 2020). Mostly, tour operators and travel agents in Vietnam have small and medium-size. However, even reputable tour operators and travel agents have a lack of a proper website to approach more online consumers as well as fail to bring a more friendly online purchasing solution (Ha 2020). Most tour operators and travel agents in Vietnam are well aware of the effectiveness of online travel, recognizes the trends and development of the Vietnamese online travel market they still face many operating struggles, such as operation cost, marketing, employee training, maintenance, or update information. In contrast, the effectiveness of online travel websites is hard to evaluate (Vietnam National Administration of Tourism 2019). The small number of travel websites in Vietnam presents that the leading marketing and sale channel of tour operators and travel agents still use the traditional methods for approaching new customers (Oanh 2018), and also according to Le Tuan Anh, Deputy General Director of Department of International Cooperation of Vietnam National Administration of Tourism, travel companies in Vietnam is slow to catch up with the change of new technology and inactive to react and cooperate with technology companies (Oanh 2018.) Hence, the need for a better solution to online travel in the Vietnamese market is obvious.

#### *Threat of substitute*

The threats can be other Online Travel Agencies outside of Vietnam. At the moment, there are two main direct competitors, which provide the same platform as Travelholic's idea, which are: Stride Travel ([www.stridetravel.com](http://www.stridetravel.com)), Get Your Guide ([www.getyourguide.com](http://www.getyourguide.com)) and Bookmundi ([www.bookmundi.com](http://www.bookmundi.com)). The biggest competitor

is believed to be Bookmundi. They found in 2016 and already reached globally. Presently, they have three offices in Denmark, the USA, and Japan. In the future, they can become a significant threat to Travelholic when their globalization strategy starts more intensely and approach the Vietnamese market from Japan.

In Vietnam, there is one indirect threat, which comes from Expedia. Expedia, with other Online Travel Agencies such as Hotels, Agoda, and Booking, dominates 80% of the online travel market (Thuan, Dinh & Van 2019). Nevertheless, their main target is a Hotel booking and car rental. Only Expedia provides the Package Holiday tour selling on their website, which follows the merchant business model. Nevertheless, Expedia focuses only on local short and small tours, including airplane ticket and hotel room per tour, not the whole package holiday to which Travelholic approaches. Despite that the market is different, the free search tools like Online Travel Agencies, Google, and social media such as Facebook offer highly useful tools to plan a holiday trip. In this case, hotel booking, car rental, and home-sharing could also be seen as the threat of substitutes.

#### *Rivalry among existing competitors*

In terms of competitors, suppliers are competitors in this situation. Suppliers are tour operators and travel agents. They also have their marketing and sale strategies, as well as some of them developing their travel websites to approach new online customers, as well as help consumers conveniently booking and directly getting consulting from companies' customer services. Even though the total number of potential competitors is around 30.000, also known as suppliers, the author will determine competitors based on the most well known travel and tourism companies in Vietnam. According to the report of Vietnam Credit (2019), a business information provider in Vietnam, the top 10 travel and tourism companies in 2019 are assessed as stated by evaluation's criteria: "Financial Capacity shown in the latest Financial Statement, Media reputation; Survey on tourists and industry experts; survey on the size of capital, market, labor, revenue growth rate, profit and operation plan in 2020 of each company conducted in November 2019" (Figure 16).

## VIETNAM'S TOP 10 TRAVEL & TOURISM COMPANIES IN 2019

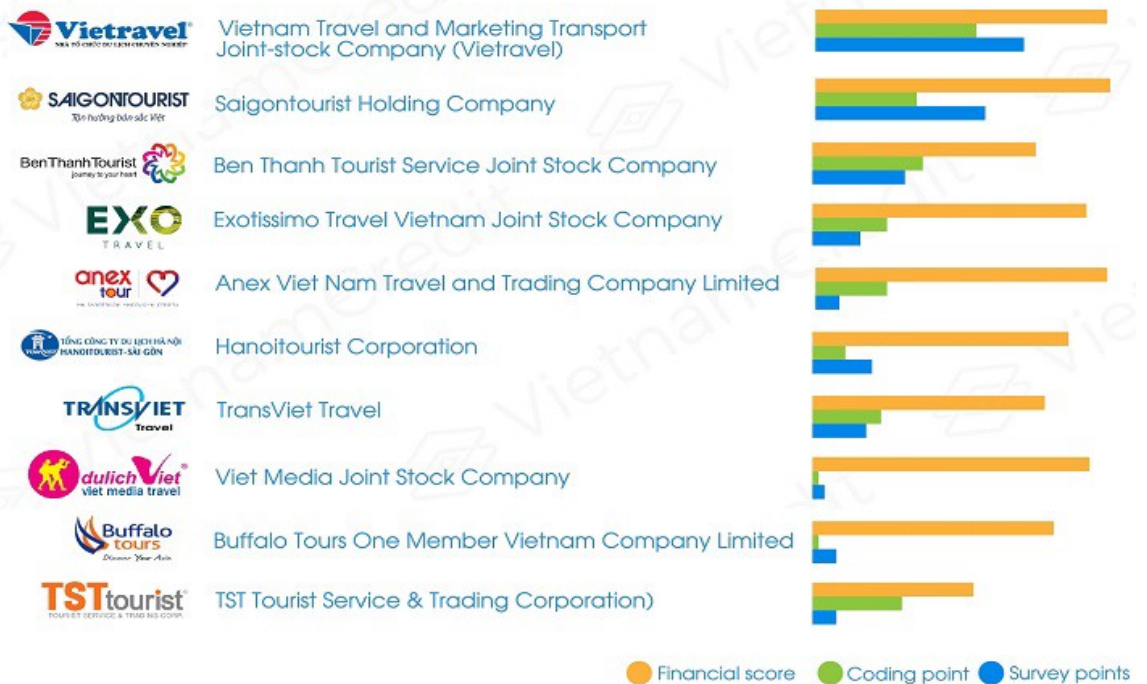


Figure 16. Vietnam’s top 10 Travel and Tourism Companies in 2019 (Vietnam Credit 2019)

In terms of the Vietnamese industry growth rate, section 2.1.3 Multisided Platform Business Model and Its Potential in Vietnamese Market presents detailed information and analysis about the potential growth rate of the Vietnamese travel and tourism market. According to the World Bank (2019), Vietnam is one of the fastest-growing economies globally, and 13% of the population joins the global middle-class annually. Internet User rate reaches 63% in 2020 (Statista 2020), and each person spends around 7 hours per day on the Internet (Google, & al. 2019). In the travel and tourism industry, the influence is evident (Google & al. 2019). The revenue from online travel booking is far more enormous than other fields such as fashion, food, music, or game (Figure 15). That is 55% of revenue comes from online travel sale (Statista 2019) and Package holiday market is around 1 billion US dollars (Statista 2019).

Product differentiation is a part of bargaining the power of buyers. Currently, Travelholic has not appeared in the market yet. Hence it is not easy to compare to the existing online travel websites in the Vietnamese market. However, despite the same strategy in using network effects, the functionality, feature, and element adding and revenue structure will be different with existing online travel websites currently, as well as the diversity of the travel companies lists their tour on Travelholic.

### 3.1.3. Analysis Results

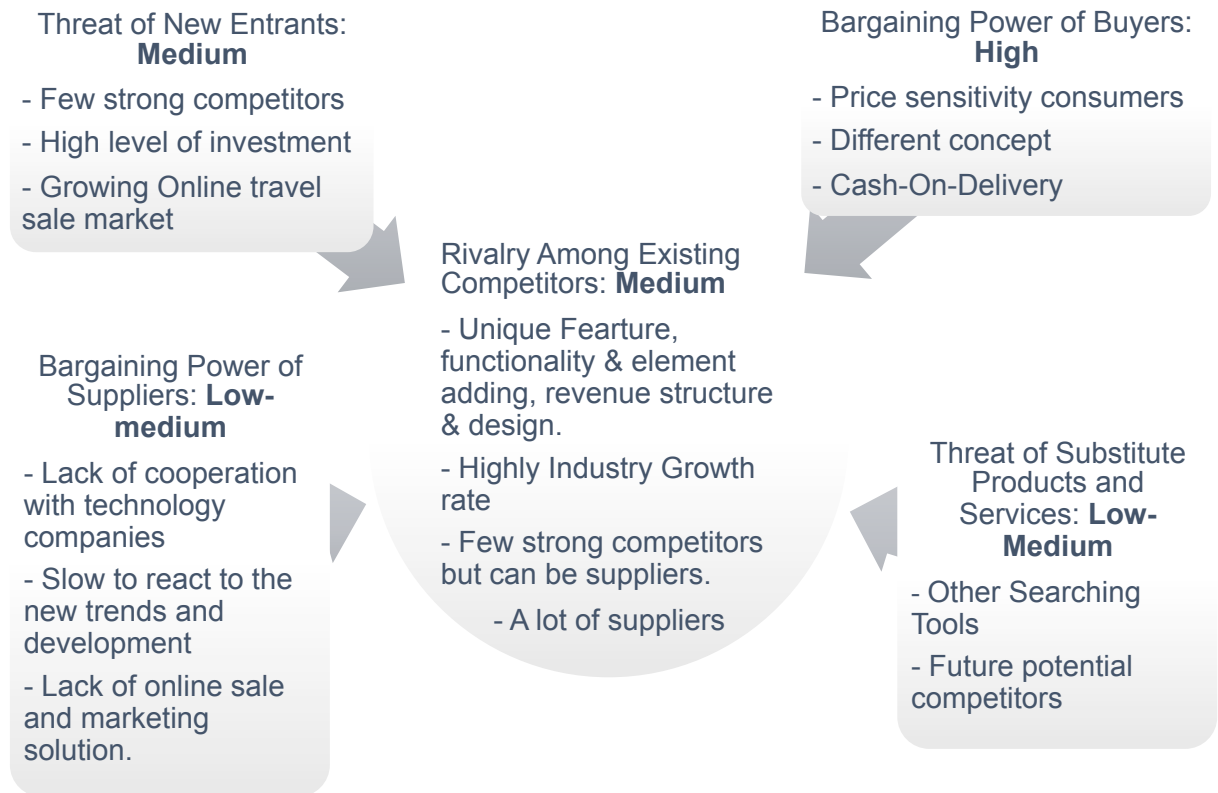


Figure 17. Porter's 5 Forces Analysis Results – Vietnamese Travel and Tourism Market

### 4.1.4. Key Success Factors

It is obvious to note that a successful company is to bring better services and products to both buyers and sellers. Based on Porter's 5 Forces Analysis Results (Figure 16) and information collection in part 2.1.3. Multisided Platform Business Model and Its Potential in Vietnamese Market presents detailed information and analysis about the potential growth rate of the Vietnamese travel and tourism market. The student creates the core factors that are believed to be the Travelholic key success factors:

- Differentiation in services, products and online marketing
- Lack of direct competitors and less intense market
- Vietnamese travel and tourism market is big and has a positive growth rate
- Consumers gradually accept online purchasing
- Suppliers have less power based on the lack of technology update, fewer tools, and formulas to calculate the effectiveness of online sale and marketing. They still depend on traditional marketing and sale channel, inactively apply new technology, and have to confront many problems, which concern expense and employee.
- A team with educated and experiential workers in the travel and tourism market.

## **4.2. Production Plan:**

### **4.2.1. Company Vision and Mission**

#### *Company Vision Statement*

"A Vision Statement describes the desired future position of the company" (Bain & Company).

#### *Travelholic's Vision Statement*

We are creating the most suitable and convenient ways to travel for all people by using modern technology.

#### *Company Mission Statement*

"A Mission Statement defines the company's business, its objectives and its approach to reach those objectives" (Bain & Company).

#### *Travelholic's Mission Statement*

Encouraging the curious souls to explore and draw up their world by providing smart ways of travel to all individual.

### **4.2.2. Partial Concept**

To start with, Travelholic works as a marketplace and will have two main products: the buyer's platform and supplier's platform (Suppliers are Tour Operators/Tour Agents). Generally, the buyer's platform will help buyers directly finding, reserving, or booking tour packages online. Various tour operators provide available tour packages on Travelholic. Suppliers' platform is the monitoring system that helps suppliers manage their capacity and tour packages online. The monitoring system also supports suppliers to communicate with buyers directly.

#### *Platform for Buyers*

The buyer's platform works like an online marketplace that allows people to participate in buying and selling activities. The platform for buyers includes an online reservation system, a smart search engine, chatbox, and communities.

Firstly, the online reservation system will help buyers quickly book, reserve, purchase, and directly communicate with various tour operators.

The smart search engine is functionally built to find the best suitable tour package that matches the needs of buyers based on travel dates, the number of buyers, types of tours, desired travel destination, estimated price, quality, and activities.

Buyers of Travelholic will be given tour information in detail, such as tour calendar and maps, tour schedule and service availability, updated price fluctuation based on date, review, and feedback from different buyers, pictures, and videos tour and tour capacity. Moreover, information about tour operators will be published, such as tour operator's name, company address, year of establishment, service evaluation, types of tour, and Travelholic's assessment status to help buyers optimizing their tour selection.

Also, the automatic chatbox will be developed to answer common questions from buyers as well as support the purchasing process.

In terms of network effects, Travelholic also plans to build diverse travel communities, both online and offline, to rapidly increase the number of users and boost the interconnection between buyers, suppliers, influencers, and travelers.

Beautiful website design and user-friendly orient are critical to attracting new buyers. Thus, colors combination, highly qualified images and videos, clear explanation, and trendy design will be carefully taken into account.

#### *Platform for Suppliers*

The platform for suppliers works like a monitoring and managing system.

The system is built first to help suppliers listing their products (tour packages) on the Travelholic platform. Suppliers can add and fully control information about their tours, such as tour calendar and maps, tour schedule and service availability, tour price based on date, pictures, and videos with regards to the tour and tour capacity through this system.

Suppliers are also accessed to check buyer profiles, such as the name of buyer and nationality. Travelholic will hide other legal information of buyers such as identity document and bank account. However, the information like identification and bank account will be shown based on status; for example, "Linda's identity document is approved." This approval program aims to build a highly reputable platform and avoid any illegal activities and cheats in the future.

### 4.2.3. Online Reservation System

Running a business certainly involves diversified parties, including management and staff, to fulfill various tasks regarding daily business operations. Travelholic presents a service online booking platform, which strictly related to online reservation system software performance. A potential online reservation system would accomplish requirements, such as providing convenient ways for various payment, accessing customer data analytics, automated pricing, and other features, which have to be beneficial for Travelholic's operation. After preliminary analysis in the online reservation system market, it outlines a list of suitable online reservation systems (Table 2).

Table 2. Online Reservation Systems

No.	Online Reservation Software Company	Features	Pricing Model	Monthly Costs
1	Travezilla Pro	<ul style="list-style-type: none"> <li>- Booking Engines for Tour Package</li> <li>- Connected with multiple GDS</li> <li>- 3 Steps Booking Process</li> <li>- Multiple online payment options</li> <li>- Auto ticket and voucher generation</li> <li>- Secure online payment</li> <li>- On-demand report and Analytics to increase booking</li> <li>- Call center</li> <li>- Travel Store/branches</li> </ul>	-	-
2	Checkfront	<ul style="list-style-type: none"> <li>- Staff Accounts</li> <li>- Partner Accounts</li> <li>- Free Intergration</li> <li>- Support Availability</li> <li>- Suport method</li> <li>- Mobile App</li> <li>- Automated Notification</li> <li>- Calendar Syncing</li> <li>- Data Export</li> <li>- Google Analytics</li> <li>- Host Booking page</li> <li>- Website Intergration</li> <li>- Multi language</li> </ul>	Free Demo	\$33 – Custom Pricing



3	GlobalTix	<ul style="list-style-type: none"> <li>- Active booking</li> <li>- Central Reservation System</li> <li>- CRM</li> <li>- GDS/OTA Intergration</li> <li>- Multi-day booking</li> <li>- Payment processing</li> <li>- Reservation management</li> <li>- Vendor management</li> <li>- Website management</li> <li>- Package creation</li> <li>- Global Marketplace</li> <li>- Pricing management</li> <li>- API for B2C site</li> <li>- POS</li> <li>- Resource management</li> </ul>	Free Trial	\$299 - Custom Pricing
4	Simply Book	<ul style="list-style-type: none"> <li>- Unlimited Customer fearture</li> <li>- Provider</li> <li>- Admin App</li> <li>- Booking Website</li> <li>- Booking Widget</li> <li>- Directory Listing</li> <li>- Coupon &amp; Gift cards</li> <li>- POS</li> <li>- Link Removal</li> </ul>	Free Trial	\$59.9

In terms of pricing, the online reservation system's pricing is various, which can cost from \$33 to thousand per month. Different software companies offer different services and products, and the needs of services will change, which related to the development of a company. Hence, after consideration based on Travelholic needs, the student decides to choose a different range of reservation system pricing based on the capacity and development of Travelholic in each milestone. It will be presented in the finance part of this business plan. For the platform's building period, the chosen average online reservation system's price approximates 4.7 million VND monthly (Around US\$200).

### 4.3. Marketing Plan

#### 4.3.1. Target Group

##### **Segmentation, Targeting and Positioning (STP) Model Definition**

STP model is one of the most effective marketing tools, which brings a deeper understanding of customer demands for marketers. STP model stages three different components, which are segmentation, targeting, and positioning. STP model usage will help marketers allocate the right target segmentation and then develop a comprehensive marketing strategy to reach the segment. (Claessens 2019; Hanlon 2020).

##### *Segmentation*

"S" presents segmentation. Each individual is unique and different in various ways. However, it is still possible to divide them into groups, and this process for dividing people into different groups called market segmentation. Segmentation can be done on various levels, and the most common criteria include demographic, geographic, psychographic, and behavioral variables. (Claessens 2019; Hanlon 2020). (Table 3).

Table 3. Segmentation criteria (Halon 2020)

<b>Demographic</b>	<b>Geographic</b>	<b>Psychographic</b>	<b>Behavioral Variables</b>
- Age/generation - Gender - Status - Income - Family size - Occupation - Education - Religion - Social Class	- Population - Region - Country - Climate	- Activities - Lifestyle - Interest - Value	- Benefits sought - Usage level - Brand loyalty - Distribution channel usage - Information source

##### *Targeting*

"T" displays targeting. Deciding on choosing a market target is a demanding challenge. Based on different marketing programs from approaching mass markets to narrower niche markets, marketers' responsibility is to analyze and figure out the most efficient and profitable contribution programs to increase company profitability (Moutinho 2000, 129).

According to Philip Kotler (1984), market segmentation can be evaluated by using DAMP Analysis:

- Distinct: Segments need to be different from each other. Then the marketing mix can be used differently.

- Accessible: It should be possible to approach and reach target customers by using applicable promotion and distribution channels.
- Measurable: Segment identify should be easy and clear measured.
- Profitable: "The segment must be sufficiently large to provide a stream of constant future revenues and profits." (The Brands Top).

*Positioning*

"P" demonstrates positioning. Positioning is defined as a tool to allocate the right location of a product or service in the target consumer's mind. If a marketer clearly understands his/her target consumer, then he/she can tailor his/her brand to gain consumer's acceptance, and thereby maximize the company profitability. There are two main elements of market positioning. The first element relates to physical attributes, functionality, and capability that a company can provide. The second element concerns the communication method a company could use and how consumers see a company compared to its competitors in the market. (Claessens 2019; The Brands Top).

**Segmentation, Targeting and Positioning (STP) model: Travelholic**

*Segmentation*

Table 4 will explain in detail about the different segmentations in Vietnamese market.

Table 4. Vietnamese Segmentation.

<b>Demographic</b>	Vietnam is stages as the young population with more than 70 million adults, the biggest group age range from 30 to 49 and this age range group also takes the highest percent in online purchasing market. Vietnam has gender balance between male and female (Delloite 2020). Vietnam has 54 different minoriries, but the largest ethnic group is Kinh, which dominates 75,7% of population. Vietnam accepts multiple religions, with Buddhists at 7.9%, Catholic 6.6%, Hoa Hao 1.7%, Cao Dai 0.9%, Protestant 0.9%, Muslim 0.1%, and no preferred religion 81.8%. (World Population Review 2020). Vietnamese social class is around 57 percent of population, allocated as economy is secure, and middle class dominates 13.3 percent (World Bank 2018). According to World Bank (2020), average income of Vietnamese people is increasing, reach US\$2700 per capita. The family size of Vietnam is decreasing to average 4 people, with 2 children (Huong & Haub 2003). Vietnamese education is still slow, while 94% of population age 15 and above can read and write, only
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	more than 2 million people attend post-secondary level (Trines 2017).
<b>Geographic</b>	In 2020, there are about 97,3 million people in Vietnam, dominates 1,25 percent of the global population. Therein 37 percent of the population lives in the urban area. Most of the Vietnamese population gathered in 2 biggest cities, Ho Chi Minh and Ha Noi (World Population Review 2020; Worldometer 2020).
<b>Psychographic</b>	Vietnamese consumers generally use from 10% to 13% of their income for welfare and leisure and spend from 17% to 24% for lifestyle goods, which relates to publish image, look, and appearances. Overall, an average of 48% of responses said that they would increase expenditure in the future. Vietnamese people tend to pay a higher price for higher quality products, and they are price sensitive. Almost over 90% of Vietnamese will prefer local brands; however, with electronic products, nearly 100% of consumers will choose foreign brands. This situation's purpose because of the lack of good quality electronic local brands. (Deloitte 2020). Additionally, travel ranks among the top 3 hobbies of the middle class in Vietnam according to a survey of Nielsen (Reed 2018).
<b>Behavioral Variables</b>	Vietnamese utilizes diversified purchasing channels, includes online and offline. With a strong cash economy with 97% of consumer prefers cash payment, the most distribution channels are remaining offline, such as asking recommendations from relatives, friends, and colleagues, totally dominates 34%. The other essential channels are television and In-store promotions, with 33%. Currently, only 9% of consumers can be reached by online and digital channels, but it is clear that online purchasing is increasing soon. The online shopping level in Vietnam is still limited when only 36% of consumers have experience of online shopping, and most of the percent is from the young generation with age from 20 to 39. Additionally, 53% of consumers respond to loyalty programs, and most of them expect point redemption and better customer service. (Deloitte 2020).

### *Targeting:*

In this part, the author is responsible for making the Travelholic leading target group based on the information from segmentation and DAMP analysis. Firstly, the author will focus on the potential profitability of the target group and if it is easy to find and measure this group of consumers. Then, the author will figure out if this segment can easily approach by using online and digital marketing channels and is familiar with online purchasing or willing to use online payment methods in the future. Currently, the difference between marketing strategies within the company is unnecessary because, in the early stage, the mass market is a better strategy to approach new customers. After that, based on information collected from market reactions, a different marketing strategy will be needed.

Travelholic's target group will have an age range from 20 to 50, mostly belong to generation X and millennials (Debczak 2019), the age range of Vietnamese outbound travelers (Citrinot 2019), and is the biggest group age range using online purchasing. They can be male or female with any religious background or not. Their social status is the middle class, which dominates one-third of the Vietnamese population. They rank travel is one of the top 3 hobbies, and probably has secured income to afford outbound travel. Their occupation can be employees, professionals, seniors, and executives. The target group mostly lives in Ho Chi Minh City and Ha Noi and love to support local brands. They also tend to pay a higher price for a better product, spend a certain amount of money for welfare and leisure, and invest highly in their publish image. They have high education and willing to experience new things. Most of them should be familiar with online purchasing or have willing to try it in the future. They can be single or have a family with the household of totally four people.

### *Positioning:*

The author dedicates two types of positioning that can help the reader understand different categories in the tourism business and positioning Travelholic in the Vietnamese tourism market. The horizontal line shows platform and company own website, and the vertical line separates hospitality and shares business like Airbnb and Uber types, and traditional companies providing tour packages. Currently, a platform for traditional tour companies is still missing in Vietnam. Bookmundi and Get Your Guide are not accessible in Vietnam and still have not gained much market share yet when compared to the traditional tour company, who also own their own online travel-booking site. (Figure 18)

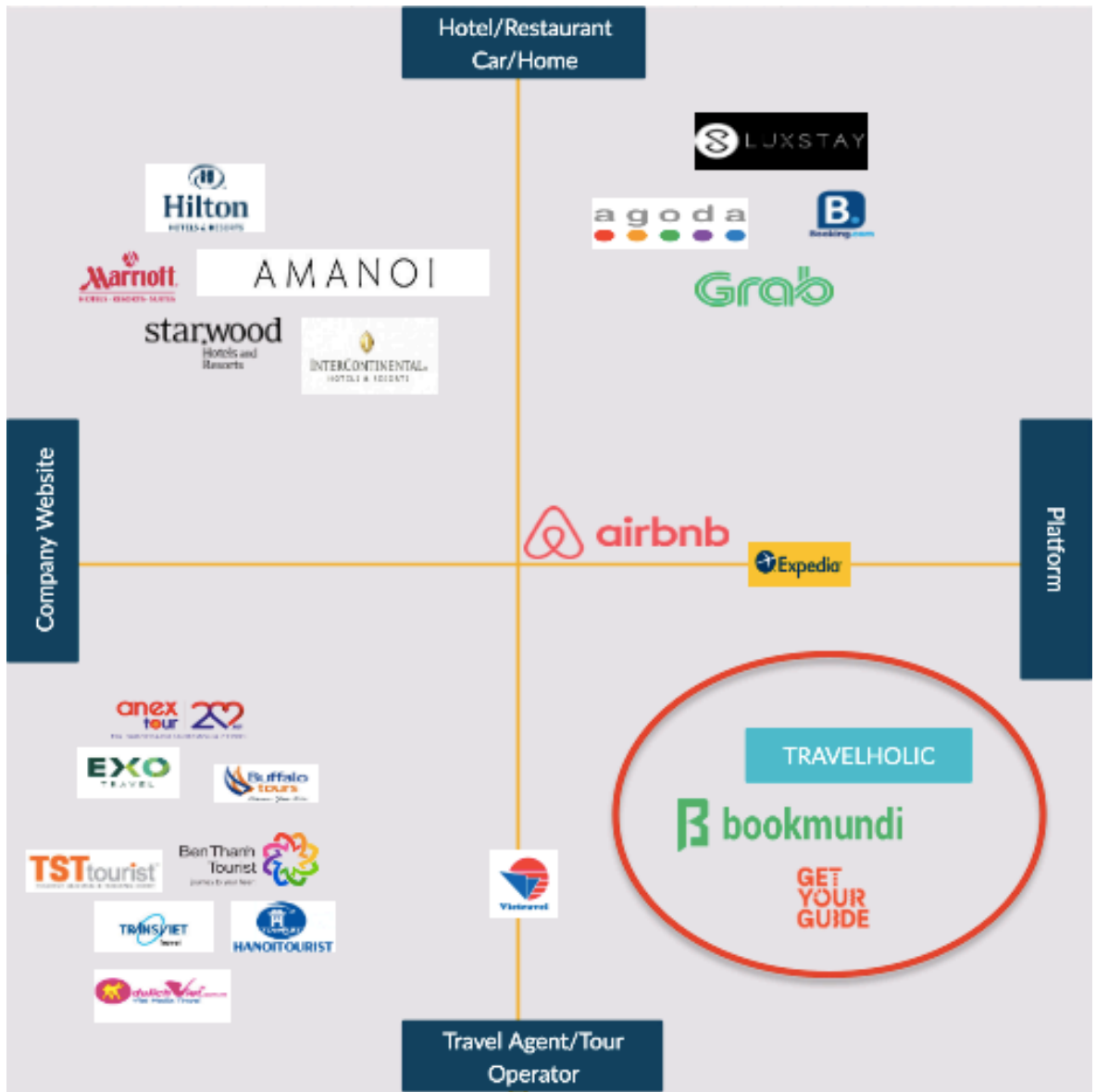


Figure 18. Travelholic Market Positioning

#### 4.3.2. Competitors

Currently, no platform has the same organization operation and structure as Travelholic. Despite that, at least ten travel companies are using an online booking website as one of their potential marketing channels in Vietnam. However, they can be seen as indirect competitors because of the positioning difference. The direct competitors contain Bookmundi, Get Your Guide, or Stride Travel gaining significantly small market shares in Vietnam, or it can be appointed as invisible competitors currently. Airbnb and Expedia could be assigned as direct competitors of Travelholic. Although being a travel agent are not their primary services, the small tour package of Expedia and Experience of Airbnb can compete directly with Travelholic and capture customers since they dominate a significant market share and popularity in Vietnam (Table 5).

Table 5. Competitive Analysis (Expert Program Management)

<b>Direct Competitors</b>		<b>Expedia</b>	<b>Airbnb Experience</b>
<b>Company Highlight</b>	Company Profile	Founded 1996. It is an online travel company, provides platform for hotel booking, car rental and holiday packages. Total revenue: \$11.2 billion (2018).	Found 2008. Revenue: 2.6 billion (2017). Airbnb is an online marketplace for home sharing and provides travel experience.
	Key Competitive Advantage	Big customer data. echnology supporting. Big connection and partnership. Reward program.	Super strong network effects. Differentiation in product and service. Diverse location. Creativity and innovation.
<b>Market Information</b>	Target Market	Travelers/Business people/Students using internet	Student, employees, professionals, managers, seniors and executives.
	Market Share	Totally, including hotelbooking, car rental, and holiday package, Expedia dominates 25% in Vietnam.	96% home-sharing in Vietnam, there is no data about Airbnb experience market share.
	Marketing Strategy	Online and digital marketing. Loyalty program. Recret deals and discount vouchers.	Growing strong networks effects, Leverage Word-of-Mouth, localization and shorable contents. Refereance program.
<b>Product Information</b>	Product & Service	Hotel online booking, car rental and holiday packages	Accommodation, Experience, Business Accommodation, Online Experience.
	Pricing	Merchant and agency business model	Agency business model
	Distribution Channels	Global Distribution System (GDS). Wholesaler. Offline.	Online communities on social media, Online direct.
SWOT Analysis	Strength	Strong porfolio product and service brands. Strong brand awareness. Global market. Strong network ef-	Cost Attractiveness, first mover advantages, rapidly growth rate.

		fects.	
	Weakness	Indifferentiation. Intense competition. Weak localization.	Replicable business model, easy to copy. Brand vulnerability. Inability to control actual service quality, so it easily loses customers to other offline channels.
	Opportunity	Online travel is growing, so Expedia has more opportunities to extend its markets.	Brand and market expansion. Formation of new strategic alliances and creation of new technological integration. Open market.
	Threat	Intense competition with both local and international online travel agency.	Legal issue. Intensive competition. Scandals.

#### 4.3.3. Marketing Strategy

In order to make a successful marketing program, the effective combination of the marketing mix is the key. The traditional marketing mix contains 4Ps, which are Product, Price, Promotion, and Place. While the modern marketing mix includes three extra more components, which are People, Physical Evidence, and Process, on the other hand, the marketing literature is different between product and service. For products, it is visible and tangible that customers can experience it before buying it. However, for a product like service, especially hospitality, tour, or travel booking online service, the mentioned service is considered as intangible, the customer only can experience it after purchasing it (Kotler & al. 2017). Hence, recognizing the different type of product and service can help the author create a better suitable marketing strategy to Travelholic.

##### *Product*

The product answers the question of what product and service that a company offers to its consumers (Kotler & Armstrong 2010). Travelholic plans to create a friendly platform that is easy to use, has a minimal design with highly qualified images and clear structure, and offers useful information to consumers. For tour package, Travelholic will provide detailed tour plan and activities, physical level, number of guests per tour, price rate, booking calendar, images of tour, maps, tour company, customer review, response time, and rate. For the supplier, the detailed profile of the supplier will be published to the customer. It will be verified based on Travelholic's standard, which helps customers have an overview of



the tour operator. For buyers, to prevent fake reviews and feedback, the buyer's profile will be learned and established according to Travelholic's standard. Buyers will have to fulfill some of the standards, such as providing identification, and after that, the buyer can start shopping with Travelholic. Building a strong reputation and professional brand image is the business philosophy that Travelholic is targeting.

*Price:*

Price presents how much consumers need to pay (Kotler & Armstrong 2010). Cost reduction in expense or through efficiency improvements is the key to pricing strategy. The most important task of a marketer is to increase company value and identification from the consumer's perspective. (Friesner 2016).

Travelholic is a marketplace for tour packages. It does not hold any inventory or asset. Travelholic is also unable to control the supplier's pricing strategy. Hence, Travelholic will not take responsibility of tour packages pricing. However, Travelholic can provide automatic pricing management tools for suppliers to receive updated marketplace information and pricing trends.

Although Travelholic cannot fully manipulate pricing, Travelholic will limit the minimum commission rate for suppliers to achieve profitable goals. Besides, pricing for Travelholic is frequently improving working efficiency, while approaching critical mass. Online travel agency competition is intense, thus, being the cheapest guarantee service, in the beginning, will work efficiently, even it will require a large marketing budget..

*Promotion:*

Promotion presents the activities in which consumers will be approached and encouraged to make a purchasing decision (Kotler & Armstrong 2010). There are various methods for promoting, and they are often called the promotion mix. Promotion mix includes direct marketing, publish relation, sales promotion, personal selling, and advertising. (Business Jargons).

Travelholic is an online travel agency for tour operators and travel agents. Still, it also does not hold any tour, so in the early stage, Travelholic will mainly avoid spending a massive amount of money for marketing but should focus on effectiveness. The purpose is that Travelholic is a start-up, even with a detailed business plan and market analysis, it should observe and inspect the market's reaction.

Therefore, Travelholic will mainly consider publish relations, sale promotion, and advertising.

Advertising is the tools that need an exchange of fee for sponsors to approach company's target group in various advertising channels. (Business Jargons). Advertising has two main channels, which are online and offline. For online advertising, because Travelholic is an online platform, mainly the online shopping buyers will be approached through online advertising. If a buyer wants to try Travelholic, he/she needs to click to the advertisement button and experience Travelholic platform directly on their smartphone, computer, or any other devices. Besides that, in-store promotion is effective in Vietnam. Thus print-advertising like flyers, banner, and poster can be used as well.

Publish relation is the activities that a company will strive to gain market favor by having a close relationship with the general public. The publish is not limited to buyers, but society as a whole such as government, press, suppliers, distributors, and shareholders. (Business Jargons). Vietnam belongs to socialism culture. Hence, they have a strong belief in the general public, and they tend to make decisions based on asking recommendations, feedbacks, relatives, friends, and colleagues. Additionally, one of the most popular distribution channels is television. As a result, publish relations will be a secure tool that Travelholic should consider.

Sale promotion is typically given to the consumers in a short period to increase sales. The formality of sale promotion generally comprises discounts, sale-off, trial, recommending, coupon, or payback. (Business Jargons). Vietnamese is sensitive to price, and even they are willing to pay higher for better products or services. Being the cheapest will work for a mass-market approach. Hence, giving discount, coupon and create reference program to approach the mass market is significantly essential in early stage.

*Place:*

The place reveals where consumers buy a product or experience service (Kotler & Armstrong 2010). Travelholic is an online marketplace. Thus entire buying and selling activities will be on the Travelholic platform. In Vietnam, the number of smartphone usage is higher than computer usages. Hence, in the future, Travelholic will build Travelholic for smartphone devices to attract more potential buyers.

*People:*

People are defined as the human element, which can influence buyers' perception, especially in the service environment (Friesner 2016). The Vietnamese market is considered a maintaining cash economy, so offline customer services and face-to-face connections are still essential. For people, Travelholic will need to build a customer service training program to answer any question and support to both suppliers and consumers.

#### *Process:*

There are many different kinds of the literature of process. Some people see the process as to how products or services will be delivered to consumers; some others define the process as a target, and some say the process is added to increase product value to consumers. (Friesner 2014). For example, a process of online purchasing will help decrease cash usage. In the present, the process part is still unnecessary to Travelholic, so in this marketing mix will exclude process element.

#### *Physical Evidence:*

This part is one of the hardest parts of the marketing mix. Probably, service product is intangible and unable to experience before buying it. However, people actively respond to physical environments, so satisfying physical evidence will increase the purchasing rate. The ambiance of the physical environment includes temperature, color, smell and sound, music, and noise. These physical elements can "consciously" or "subconsciously" help consumers experience the service. (Friesner 2014). Travelholic can create physical evidence based on website design, which includes color, image, music, video, and traffic rate. For example, buyers will see the number of guests already buying this tour.

### **4.4. Management and Organization**

#### **4.4.1. Organizational Structure Definition**

Organizational structure brings competitive advantages to a company, and it needs to reflect an organization's vision, mission, and goals. An organizational chart is the easiest way to present organizational structure. It is responsible for "identifying departments, line of reports, the span of control, and staff numbers." Each department is controlled by specialists that help to bring value to consumers. While responsibility differences and power within the company will be presented in the reporting lines, a span of control will manage the number of staff under the managerial level. (Economic Intelligence Unit, 138).

Three different types of organizational structure are commonly applied that are functional structure, divisional structure and matrix structure (Economic Intelligence Unit).

#### *Functional Structure*

Functional structure separated responsibilities and works based on relevant special skills and specialties (Clawson 2008, 5). A functional structure is suitable for a small company because it presents a clear reporting line, and reports can deliver directly to the top management (Economic Intelligence Unit). This structure will support communication within a small company and make it simpler to take control (Economic Intelligence Unit, 138). Still,

because of its separation, responsibilities will be strictly divided as well as focus, for example, one can only pay attention to his/her task, then avoiding other's tasks (Clawson 2008, 5). (Figure 19).

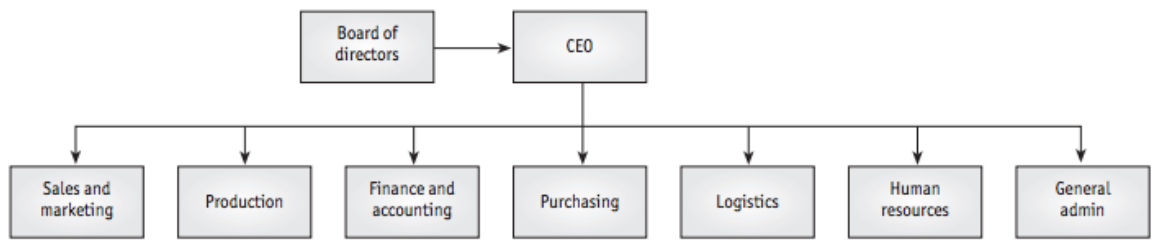


Figure 19. Functional Structure (Economic Intelligence Unit, 139).

### *Divisional Structure*

Most of the USA's large companies and organizations are using divisional structure (Clawson 2008, 10). A large business has typically diverse products and markets (Economic Intelligence Unit, 138). A divisional structure can vary based on industry and company size, but it will undoubtedly be extremely separated for each market and product (Clawson 2008, 10). (Figure 20).

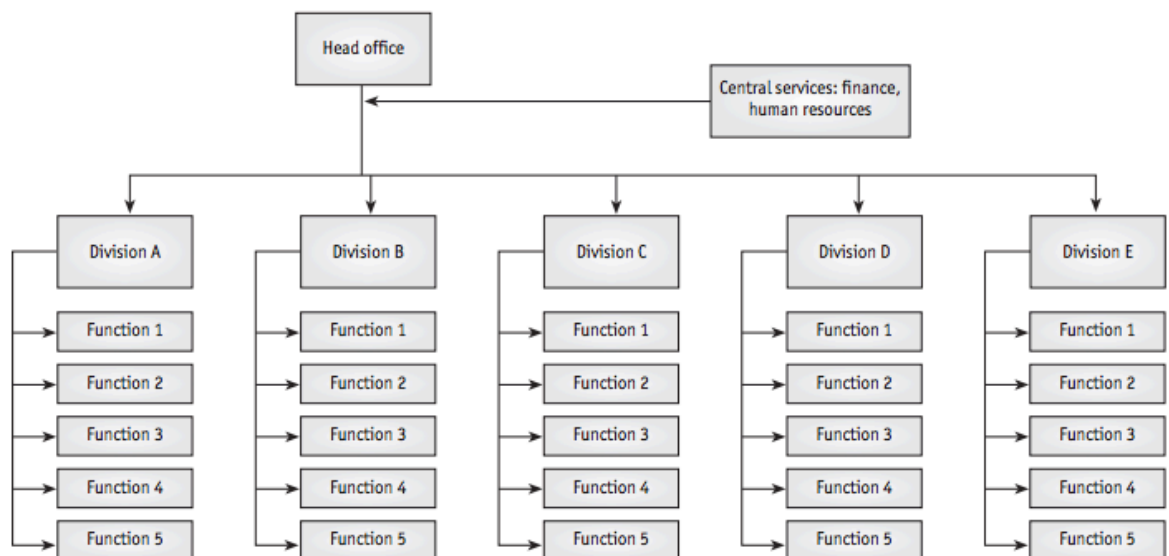


Figure 20. Divisional Structure (Economic Intelligence Unit, 140).

### *Matrix Structure*

Matrix structure significantly depends on human resources and communication between management and departments (Economic Intelligence Unit, 139; Clawson 2008, 11). Generally speaking, the matrix structure is the combination of functional structure and divisional structure in a sophisticated way (Economic Intelligence Unit, 139). An employee

who works in a matrix structure company might have at least two bosses, one from project management and one from functional management (Clawson 2008, 11). Management of matrix form will requires a high level of leadership skills and management skills, such as negotiation, communication, trust driven, teamwork, attention to detail, and task priority to run the work smoothly (Clawson 2008, 11). (Figure 21).

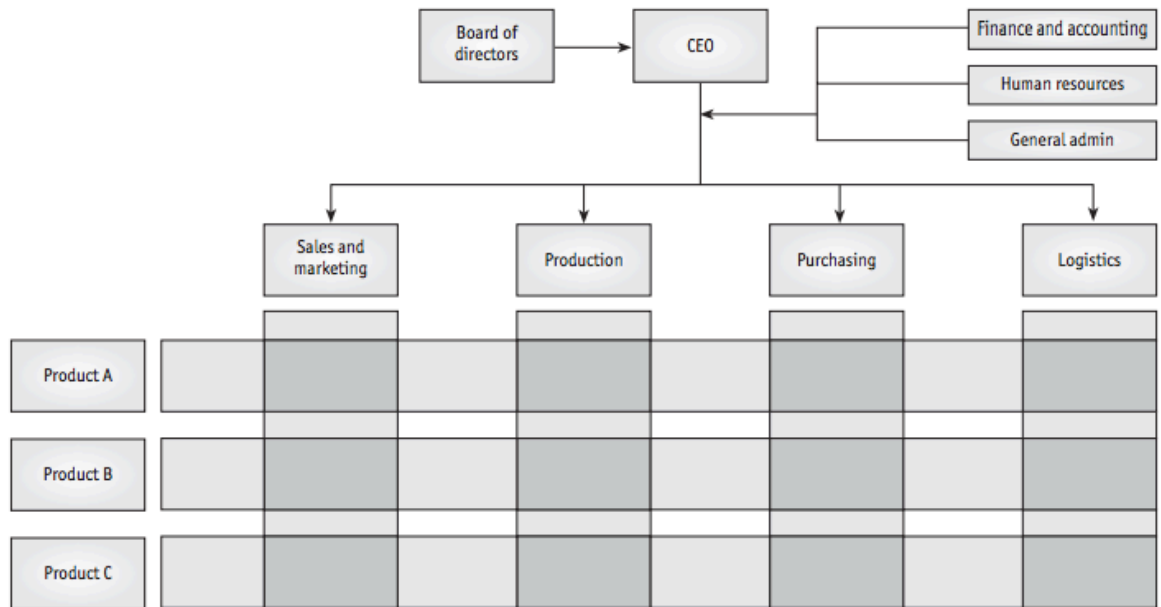


Figure 21. Matrix Structure (Economic Intelligence Unit, 140).

#### 4.4.2. Travelholic Organizational Structure

Travelholic is a start-up company and currently has a limited number of team members. Besides, Travelholic's product is undiverse and has not been published to the market yet. For these reasons, functional structure is the most suitable organizational structure for Travelholic at the moment. (Figure 22).



Figure 22. Travelholic's Organizational Chard early state

Table 6 will explain each member's responsibilities and tasks in the early stage. In the future, Travelholic plans to recruit more talents, such as finance manager and other essential operational positions to run the business.

Table 6. Travelholic Team's Job Description

Responsibility	Job Description
CEO	In the beginning, the team leader will be responsible for almost every kind of works, from management to operational tasks. It will include decision-making, creating a business plan and strategy, finding new members, giving tasks, analyzing and updating needed data and information, and motivating the team. In the early period, the team leader will also be a finance manager who will make and supervise the company's cash flow, profit and loss, and balance sheet.
Sale And Marketing Manager	Mr. Son is an expert in the Vietnamese outbound tourism market with 15 years running his own travel company, which is called Son & Sons Services Finland. His company focuses on an outbound tour package for Vietnamese customers. With his experience and various connections in the Vietnamese tourism market, he will be responsible for sale and marketing plan, creating a marketing budget and accountable for publishing relation.
Information	Mr. Quang Nguyen currently manages an Information Technology

Technology Manager	team in Vietnam, and he has been working in the technology field for several years. With his experience, he has plenty of connections inside the technology field in Vietnam. Hence, his majority will be managing information technology of Travelholic, especially creating Travelholic platform, and managing the budget for platform operation.
Strategic Advisor	Mr. Tuan Nguyen currently is the Ph.D. of Information and Communication Technology, senior researcher in Turku Intelligent Embedded and Robotic Systems (TIERS), and CEO of The Blue Zone Company, which works in the Product development, research and design services field. He is an expert with many years of experience in both international business and technology, and he also has an Information technology team in Finland. As a result, he will give Travelholic advices, which related to Information Technology and business strategy, but he will not involve in the company's daily tasks and operations.

#### 4.4.3. Labour Cost

Vietnamese people generally have longer working time per week if comparing to average working time in Finland. The lowest working rate in Vietnam is 43 hours per week, while the most prolonged working hours per week could be 47 (Ceic Data 2017). However, Travelholic is a technology company, and it appoints that creativity is one of the most critical keys to secure future success. In order to the creativity of employees, fewer working hours but improving efficiency will be an essential human resource strategy. Hence, the author will choose the lowest working hour per week, which is 43 hours per week (Table 7).

Table 7. Working time in Vietnam

<b>Annual Operation Hours</b>	8:30AM - 16:30PM
<b>Working Hours per day</b>	7,8
<b>Working day per week</b>	5,5
<b>Working Hour per week</b>	43
<b>Working week per year excluding holiday</b>	49
<b>Working Hour per year</b>	2107
<b>Holiday days per year</b>	12 days + 1 free day/week

Table 8 below presents the average income in the Vietnamese market in detail. "Labor costs are one of the largest expenditures of any organization" (Bohlander & Snell 2010, 17). Thus, knowing the Vietnamese market's average income will help the author select

suitable salaries for Travelholic's members and better control the financial situation to run the company in a long haul.

Table 8. Average Income in Vietnam

Responsibility	Number	Working Experience Needs	Monthly Average Income Range (VND)	Annually Average Income (VND)	Working Type	Annually Working Hours
<b>Management Salaries</b>						
Founder/CEO	1	0 – 5	15900000 to 46700000	366000000	Full-time	2107
Marketing & Sale Manager	1	1 – 5	13200000 to 43100000	329000000	Full-time	2107
Information Technology Manager	1	2 - 5	7240000 to 25000000	189000000	Full-time	2107
Human Resource Manager	1	1 – 3	8110000 to 26500000	212000000	Full-time	2107
Finance Manager	1	0 – 3	13100000 to 43900000	330000000	Full-time	2107
R&D Manager	1	3 – 6	10900000 to 33700000	261000000	Full-time	2107
<b>Staff Salaries</b>						
Developers	1	0 – 5	16200000	194400000	Full-time	2107
Developer Trainee	2	0 – 1	8000000	96000000	Fixed-term	2107
Office Staffs	3	0 – 5	8400000	100800000	Full-time	2107

The information and data of the two tables are presented in the references of labour cost part.

#### 4.4.4. Legal Form

The legal form of Travelholic will be a Multi-member Limited Liability Company (LLC), and it will be legally established in Vietnam based on Vietnamese laws and regulations. According to Emerhub Service (2016), the multi-member limited liability company is the most suitable legal form for Travelholic. Firstly, Travelholic will have one founder and two co-founders, and the percentage of contribution will be determined based on mainly responsibility, and investment plan. Currently, the investment plan cannot be given because of a



lack of information. After the author finishes Travelholic's business plan, the contribution will be discussed further between the founder and co-founders.

Consequently, at the moment, the company will inevitably have multi members working together. Secondly, members will control the capital, expense, and take responsibility for any debts and other liabilities together strictly according to Vietnamese laws. Finally, the multi-members limited liability company is beneficial when the number of members can exceed 50. In the future, based on the development and growth of Travelholic, there will be the essential needs of new talent recruitment. So a transformation of business legal form could be prepared and considered in various ways such as Joint Venture Company.

## **4.5. Financial Plan**

### **4.5.1. Revenue Structure**

Travelholic is a platform providing mainly service, so in order to maintain the company's operation, the multiple revenue streams will be used. Travelholic's revenue streams will include agency business model, advertising business model, and merchant business model.

Firstly, the primary revenue stream of Travelholic will follow the agency business model. Travelholic will get revenue from commission per total fees of a direct booking tour. Commission's percentage of a tour can range from a minimum of 5 percent to 40 percent, depends on the capacity and size of tour companies and each tour selling price. The commission program will be one of the affections, which control the appearance of a tour company in searching page number. Hence, the commission program will work as a ranking, which means the better the commission, the higher opportunities to appear on the first page. However, a new listing tour will be out of the commission's rivalry and given priority during the first two weeks, even with the lowest commission to help them approach new consumers. In case travel companies have the same situation, market, rank, capacity, and size, the affection points will work based on the reputation of companies, such as review point, number of reviews, number of adding wish list, and feedback.

Secondly, the advertising business model is an alternative revenue stream, which is highly potential in the future, when Travelholic drives a definite number of web traffic. Travelholic will create advertising space, in which different tour companies can put their advertisement with fees. Another alternative revenue of the advertising business model can cost per click model (CPC). As mentioned before, Travelholic plans to create an online travel community and work closely with travel influencers, thus adding click advertising

button will be developed after the community is successfully built. Thus, when a customer clicks on the advertisement button on Travelholic, the cost per click can be paid. Additionally, revenue can also be generated from insurance service, such as providing insurance service directly for consumers in case the tour company does not offer it.

Finally, the merchant business model will be added as well in the future strategy. To develop a merchant business model, it will require a large amount of data collection, customer behavior, financial situation, and the number of active users. Hence, before developing a merchant business model, Travelholic needs to reach a certain level of critical mass and decisive market penetration. On the other hand, Travelholic will certainly consider developing it in the future because of this model's significant potential. The idea of Travelholic is to sell locally small combo package, which includes only airline tickets and accommodation, which is bought with the price lower than the best average rate.

As mentioned before, Travelholic follows a multisided business model. Thus it will not hold any inventory like the traditional linear business model. The main product is service providing, and revenue will be generated based on the small commission fees of each booking and cost per click. Firstly, according to Statista (2020), the average Vietnamese revenue per user of the package holiday market is US\$154.28, in which US\$1 equal to VND23427.5 (Market Insider 2020). So the average revenue per user will be VND3910456.56. The average commission, which Travelholic takes, is an average of 10 percent of the selling price. Then the average Travelholic's revenue per user could be counted as VND 301045.6 per user. Secondly, based on the report of Google AdSense (Ahmed), the cost per click in Vietnam is ranked 78th in the world, with the average cost per click fee is €0.04, which equates to VND1014 (Google Finance, 2020). Finally, the merchant business model will not be mentioned in this plan because of the lack of information and market research (Table 9).

Table 9. Travelholic's Revenue Stream

<b>Product Type</b>	<b>Average tour revenue per user (VND)</b>	<b>Average Commission</b>	<b>Revenue generation per user</b>
<b>Agency Business model</b>	3910456.56	10%	301045.6
<b>Advertising Business model</b>	1014	-	1014
<b>Merchant Business model</b>	-	-	-

#### 4.5.2. Break-Even Analysis

##### *Break-even Analysis Definition*

Break-even analysis is a formula used to calculate a specific number of products that a company must sell in order to estimate the break-even point. The Break-even point identifies the "point" that the company starts making profitability. The formula of break-even point concludes fixed costs, variable costs, and selling price. (Dewhurst 2014, 84). (Figure 23).

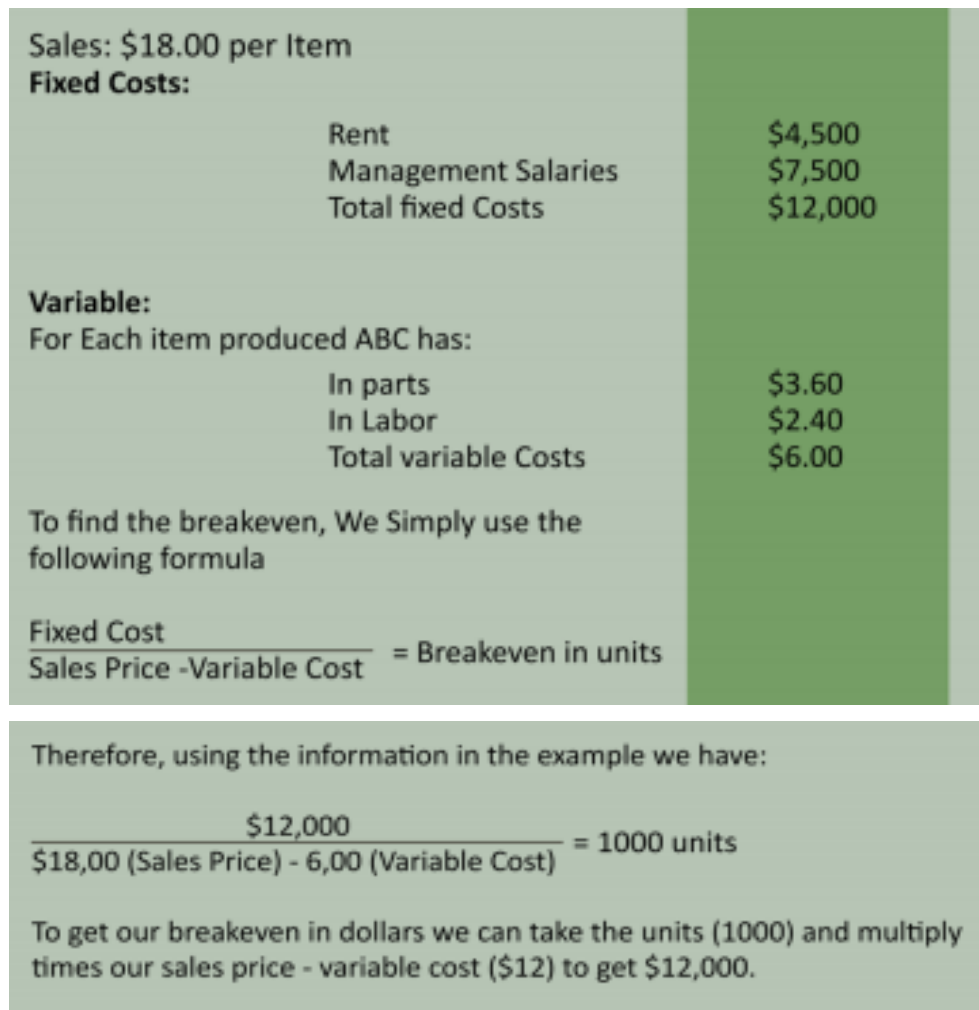


Figure 23. An example of Break-even Analysis and Formula (Dewhurst 2014, 85).

##### *Travelholic Break-even Analysis*

In this part, the author will explain the break-even point's calculation. First of all, the product of Travelholic is different when compared to a tangible asset. Travelholic does not hold any inventory, which is a tour package. Hence, Travelholic is unable to control the price fluctuation, and tour operators freely set the price. However, in order to calculate the break-even point, an estimated revenue per customer will be used. A buyer tends to spend

approximative VND3910456.56 per tour, Travelholic takes 10% commission per tour purchasing through its platform (Table 9). So Travelholic's revenue equals to:

**Average tour revenue per user (VND) \* 10% = Revenue Generation per user.**

In appendix 3, the 1st year revenue statement is shown. The market size of outbound travel in Vietnam is around 6.9 million in 2020 (Information accessed before March 2020), and in the first year, Travelholic expects to serve around 0,025% of market share. Therefore, the estimated number of served clients is around 1.725 people. Besides, fixed cost and variable costs are carefully calculated in appendix 4. Based on all the information, the author can calculate a variable cost per client and unit contribution margin to finally get the weighted average break-even (revenue) and weighted average break-even (clients).

According to the number shown in Appendix 1, the first year of operation is quite contrary, with -83% below the necessary break-even. It is unable for Travelholic to approach more than 10 thousand buyers in the last six months from the establishment (Appendix 4). Nevertheless, it is demonstrated as the typical picture of the platform business.

In the second year, the market and revenue per buyer are getting higher, and the buyer rate is growing. Travelholic positively expected an excellent sale and reached the break-even point (Appendix 1).

#### **4.5.3. Depreciation of Machinery and Bank Loan**

Depreciation is an accounting method used to calculate the expected life span of a tangible product or asset. Using depreciation, a company can evaluate the final value of an asset and still earn revenue from selling it after a specific time using it. Depreciation has two main methods, and they are straight-line depreciation or accelerated depreciation. Depreciation mostly relates to machinery in a business. (Tuovila 2020).

The straight-line method is the most typical method to report depreciation. Depreciation of a product using the straight-line method will have an equally decreasing value over time until it reaches its salvage value. (Tuovila 2020).

Accelerated depreciation is also called a declining balance method. Declining balance method presents depreciation by using straight-line percentage. The straight-line percentage is fixed, but its value decreases based on its earlier value. Hence the depreciation value per year is smaller than the earlier year. (Tuovila 2020).

Travelholic is a technology company and does not hold any specific asset. For those reasons, the depreciation will mostly come to machinery, such as computers. In this case, the author chooses the declining balance method to calculate the depreciation and decides the machinery life span in 6 years (Appendix 2). Travelholic will take a bank loan to have more proceeds to run the business, which is 400 million Viet Nam Dong (VND) in 5 years. Interest payment and repayment will be paid annually with the interest rate is around 7% (Appendix 2).

#### **4.5.4. Revenue Statement**

The revenue presents all profitability from selling activities (Class Financial Analysis). For a start-up company like Travelholic, the actual selling activities have not happened yet. Thus, a revenue statement is an estimated document to calculate the expected revenue within one year.

Appendix 3 shows the calculation of Travelholic's estimated revenue. The author uses the combination of multiplication of the Potential Tour Operator Booking Market, Percentage Market Penetration, Estimated Clients, Average Revenue Per User Per Tour, and Commission Per Tour Per User.

In the first year, Travelholic expects to get approximately 675 million VND in revenue and 1.9 billion VND in year 2 (Appendix 8).

#### **4.5.5. Financial Statement**

##### *Financial Statement Definition*

The financial statement presents a company's financial performance prepared by its management (My Accounting Course). An entrepreneur needs to gain basic knowledge of the financial concept to manage a company over a long haul. Furthermore, a financial statement is critical if a company has a plan to lend money from banks or attract investors. (Dewhurst 2014, 91). Generally, a financial statement has three main tables: income statement, cash flow, and balance sheet (My Accounting Course).

##### **Income Statement**

The income statement is critical because it gives an overview of a company's total revenue and expense activities. It is clear to evaluate the financial performance of a company, if it works efficient or not by checking the income statement (My Accounting Course).

## Cash Flow Statement

Cash flow Statement presents the actual amount of cash inflow and outflow of a business. Cash flow reports three types of form, which are operating cash flow, investing cash flow, and financing cash flow. (Tuovila 2020). Cash flow statement is useful in assessing and making business decisions, related to cash generation ability and cash equivalents (Edu-pristine 2017).

## Balance Sheet

The balance sheet summarizes the company's assets, liabilities, and owners/stockholders' equity in a certain period (Murphy 2020; My Accounting Course). The balance sheet separates between current and long-term assets, and it works similarly to liabilities. By using a balance sheet, readers can easily calculate the working capital and current ratio of a company. (Accounting Coach).

### *Travelholic's Summary of Financial Statements*

Travelholic establishment process will require several expenses. Thus capital expenditures are essential to building a proper marketplace with a qualified online reservation system, user-friendly website design, and other expenditures, which related to a technological software. The expense for Travelholic in the early stage will include management system, salaries for management and staff, marketing, travel, reservation system, internet, and other utilities. The management system is estimated at 10% of the revenue (Hermes Management Consulting 2010), while the online reservation system will be customized based on the partner agreement. Marketing will be the most significant expenditure, which costs 43,8% of total revenue (Hermes Management Consulting 2010). Travelholic spends a big amount for marketing purposely aims to get as much as possible online users, since network effects are one of the most importantly successful keys. Income tax of Travelholic is 10% based on Vietnamese laws about technology business (Ke Toan Thien Ung 2019). (Appendix 4).

In the cash flow statement, a financial projection can not get the real number of account receivable and account payable. Thus, the author assumes that 20% of revenue will be account receivable, and 10% of operating expense is appointed as account payable. (Appendix 5).

The financial statement presents Travelholic's assumption, financial performance, and profitability expectation in the future. In the first year of doing business, Travelholic will focus on building a unique and exceptional platform since the expenditure is much larger than net income. Travelholic does not expect to gain profitability. However, the financial

statements also measure the future of Travelholic in three years, and Travelholic could reach its break-even point in year 2. Travelholic is genuinely aware of how fluctuated and unsteady the real-life business is, hence, monitoring monthly financial plan is essential to the business's long-haul operation.

The Appendix section will thoroughly explain the entire financial statement projection, including break-even point three-year analysis, depreciation, and a bank loan, monthly and three-year financial statement.

## 5. Conclusion

The Online Travel Agency in Vietnam is still dominated by foreign companies such as Booking, Expedia, Agoda, and Airbnb in the hotel and room sharing market, while the sizeable Vietnamese tour operators are seeking their eyes to the online travel industry. Currently, the Vietnamese online travel industry is gradually proving its enormous potential. Hence it will bring a golden opportunity to Travelholic to start an online travel agency for tour operators since direct foreign competitors are still not popular in the market.

The main target customers of Travelholic are two groups, buyers and sellers. By providing a functional and modern to buyers and an effective monitoring system and extra marketing channel to sellers, Travelholic needs to strictly focus on analyzing the needs and demands of both groups in order to quick response and satisfy them.

To ensure the future success of Travelholic, a skilled team with special abilities is extremely important. At the moment, the author luckily captured the experience and knowledgeable team members, who committed their career with Travelholic. In the future, Travelholic wants to recruit more talents to fulfill the development of the company.

Last but not least, even Travelholic has a possibility to reach the break-even point in the second year, nothing can guarantee the company steady success when the company plans to expand its business scale in the future, drag on the bulge of expenditure. Accordingly, the capital call for investment activities will be carefully planned shortly.



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## Appendix

### Appendix 1. Break-even Analysis

	Y1	Y2	Y3
Estimate number of clients	1.725	4.701	7.686
Average revenue per client (price)	391.046	<b>VND 402.777,03</b>	414.860
Fixed cost (full year)	VND 661.650.000,00	VND 663.365.742,48	861.484.843
Variable cost (full year)	VND 563.071.121,05	VND 1.125.614.740,91	1.830.826.039
	Y1	Y2	Y3
Estimate number of clients	1.725	4.701	7.686
Variable cost per client	326.418	239.461	238.218
Unit contribution margin	64.628	163.316	176.643
Contribution margin ratio	17%	41%	43%
Weighted average breakeven (revenue)	4.003.479.921,83	1.636.017.745,25	2.023.268.872,57
Weighted average breakeven (clients)	10.238	4.062	4.877
Breakeven Surplus/deficit clients served	8.513-	639	2.809
% Above/below necessary breakeven	-83%	16%	58%

## Appendix 2. Depreciation of Investment Machinery and Bank Loan

<b>Investment</b>						
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>
Annuity						
Investment	VND 120.000.000,00	VND 90.000.000,00	VND 67.500.000,00	VND 50.625.000,00	VND 37.968.750,00	VND 28.476.562,50
Depreciation	VND 30.000.000,00	VND 22.500.000,00	VND 16.875.000,00	VND 12.656.250,00	VND 9.492.187,50	VND 7.119.140,63
Balance in the end	VND 90.000.000,00	VND 67.500.000,00	VND 50.625.000,00	VND 37.968.750,00	VND 28.476.562,50	VND 21.357.421,88
Needed bank loan	VND 400.000.000,00					
Interest rate	7%					
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
Annuity	VND 97.556.277,78-	VND 97.556.277,78-	VND 97.556.277,78-	VND 97.556.277,78-	VND 97.556.277,78-	
Repayment	VND 69.556.277,78-	VND 74.425.217,22-	VND 79.634.982,43-	VND 85.209.431,20-	VND 91.174.091,38-	
Interest payment	VND 28.000.000,00-	VND 23.131.060,56-	VND 17.921.295,35-	VND 12.346.846,58-	VND 6.382.186,40-	
Principal left	VND 330.443.722,22	VND 256.018.505,00	VND 176.383.522,58	VND 91.174.091,38	VND -	

## Appendix 3. 1st Year Revenue Statement

<b>Revenue Statement</b>	<b>Mth 1</b>	<b>Mth 2</b>	<b>Mth 3</b>	<b>Mth 4</b>	<b>Mth 5</b>	<b>Mth 6</b>	<b>Mth 7</b>	<b>Mth 8</b>	<b>Mth 9</b>	<b>Mth 10</b>	<b>Mth 11</b>	<b>Mth 12</b>	<b>Total</b>
Potential Tour Operator Booking Market	6900000	6900000	6900000	6900000	6900000	6900000	6900000	6900000	6900000	6900000	6900000	6900000	6900000
% Market Penetration	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,0020%	0,0025%	0,0035%	0,0045%	0,0125%	0,025%
Estimated Clients								138	173	242	311	863	1725
Average Revenue Per User/Tour	VND 3.910.456,56	VND 3.910.456,56	VND 3.910.456,56	VND 3.910.456,56	VND 3.910.456,56	VND 3.910.456,56	VND 3.910.456,56	VND 3.910.456,56	VND 3.910.456,56	VND 3.910.456,56	VND 3.910.456,56	VND 3.910.456,56	VND 3.910.456,56
Commission per Tour/User								10%	10%	10%	10%	10%	10%

## Appendix 4. 1st Year Estimated Income Statement

	Mth 1	Mth 2	Mth 3	Mth 4	Mth 5	Mth 6	Mth 7	Mth 8	Mth 9	Mth 10	Mth 11	Mth 12	
<b>Income Statement</b>													
<b>Total Revenue</b>	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND 53.964.300,53	VND 67.455.375,66	VND 94.437.525,92	VND 121.419.676,19	VND 337.276.878,30	VND 674.553.756,60
<b>Expense</b>													VND -
System (Estimated 10% of revenue)	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND 5.396.430,05	VND 6.745.537,57	VND 9.443.752,59	VND 12.141.967,62	VND 33.727.687,83	VND 67.455.375,66
Management Salaries								VND 68.450.000,00	VND 68.450.000,00	VND 68.450.000,00	VND 68.450.000,00	VND 68.450.000,00	VND 68.450.000,00
Staff Salaries								VND 32.400.000,00	VND 32.400.000,00	VND 32.400.000,00	VND 32.400.000,00	VND 32.400.000,00	VND 32.400.000,00
Marketing (43.8% of Revenue)							VND 16.666.666,67	VND 40.303.030,30	VND 46.212.121,21	VND 58.030.303,02	VND 69.848.484,84	VND 164.393.939,36	VND 395.454.545,39
Travel					VND 4.000.000,00	VND 4.000.000,00	VND 4.000.000,00	VND 4.000.000,00	VND 4.000.000,00	VND 4.000.000,00	VND 4.000.000,00	VND 4.000.000,00	VND 4.000.000,00
Office Rent					VND 20.000.000,00	VND 20.000.000,00	VND 20.000.000,00	VND 20.000.000,00	VND 20.000.000,00	VND 20.000.000,00	VND 20.000.000,00	VND 20.000.000,00	VND 20.000.000,00
Reservation System	VND 4.680.100,00	VND 4.680.100,00	VND 4.680.100,00	VND 4.680.100,00	VND 4.680.100,00	VND 4.680.100,00	VND 4.680.100,00	VND 4.680.100,00	VND 4.680.100,00	VND 4.680.100,00	VND 4.680.100,00	VND 4.680.100,00	VND 4.680.100,00
Internet						VND 2.200.000,00	VND 2.200.000,00	VND 2.200.000,00	VND 2.200.000,00	VND 2.200.000,00	VND 2.200.000,00	VND 2.200.000,00	VND 2.200.000,00
Utilities							VND 2.000.000,00	VND 2.000.000,00	VND 2.000.000,00	VND 2.000.000,00	VND 2.000.000,00	VND 2.000.000,00	VND 2.000.000,00
<b>Total Operating Expense</b>	VND 4.680.100,00	VND 4.680.100,00	VND 4.680.100,00	VND 4.680.100,00	VND 8.680.100,00	VND 30.880.100,00	VND 49.546.766,67	VND 179.429.560,35	VND 179.942.221,21	VND 191.760.403,02	VND 203.578.584,84	VND 298.124.039,36	VND 1.160.662.175,44
<b>Gross Operating Income</b>	VND 4.680.100,00	VND 4.680.100,00	VND 4.680.100,00	VND 4.680.100,00	VND 8.680.100,00	VND 30.880.100,00	VND 49.546.766,67	VND 125.465.259,82	VND 112.486.845,55	VND 97.322.877,10	VND 82.158.908,65	VND 39.152.838,94	VND 486.108.418,84
Depreciation	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 30.000.000,00
<b>Operating Income</b>	VND 7.180.100,00	VND 7.180.100,00	VND 7.180.100,00	VND 7.180.100,00	VND 11.180.100,00	VND 33.380.100,00	VND 52.046.766,67	VND 127.965.259,82	VND 114.986.845,55	VND 99.822.877,10	VND 84.658.908,65	VND 36.652.838,94	VND 516.108.418,84
Interest expense	VND 2.333.333,33	VND 2.333.333,33	VND 2.333.333,33	VND 2.333.333,33	VND 2.333.333,33	VND 2.333.333,33	VND 2.333.333,33	VND 2.333.333,33	VND 2.333.333,33	VND 2.333.333,33	VND 2.333.333,33	VND 2.333.333,33	VND 28.000.000,00
<b>Income Before Tax</b>	VND 9.513.433,33	VND 9.513.433,33	VND 9.513.433,33	VND 9.513.433,33	VND 13.513.433,33	VND 35.713.433,33	VND 54.380.100,00	VND 130.298.593,16	VND 117.320.178,88	VND 102.156.210,43	VND 86.992.241,98	VND 34.319.505,60	VND 544.108.418,84
Income Tax (4%)	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -
<b>Net Income</b>	VND 9.513.433,33	VND 9.513.433,33	VND 9.513.433,33	VND 9.513.433,33	VND 13.513.433,33	VND 35.713.433,33	VND 54.380.100,00	VND 130.298.593,16	VND 117.320.178,88	VND 102.156.210,43	VND 86.992.241,98	VND 34.319.505,60	VND 544.108.418,84

## Appendix 5. 1st Estimated Cashflow Statement

	Mth 1	Mth 2	Mth 3	Mth 4	Mth 5	Mth 6	Mth 7	Mth 8	Mth 9	Mth 10	Mth 11	Mth 12	
<b>Cashflow Statement</b>													
<b>Net Income</b>	VND 9.513.433,33	VND 9.513.433,33	VND 9.513.433,33	VND 9.513.433,33	VND 13.513.433,33	VND 35.713.433,33	VND 54.380.100,00	VND 130.298.593,16	VND 117.320.178,88	VND 102.156.210,43	VND 86.992.241,98	VND 34.319.505,60	VND 544.108.418,84
Increase of AR	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND 10.792.860,11	VND 13.491.075,13	VND 18.887.505,18	VND 24.283.935,24	VND 67.455.375,66	VND 134.910.751,32
Increase of AP	VND 468.010,00	VND 468.010,00	VND 468.010,00	VND 468.010,00	VND 868.010,00	VND 3.088.010,00	VND 4.954.676,67	VND 17.942.956,04	VND 18.668.775,88	VND 20.120.415,56	VND 21.572.055,25	VND 33.185.172,72	VND 122.272.112,11
Depreciation Machinery	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 2.500.000,00	VND 30.000.000,00
<b>Net Cash from Business Operation</b>	VND 6.545.423,33	VND 6.545.423,33	VND 6.545.423,33	VND 6.545.423,33	VND 10.145.423,33	VND 30.125.423,33	VND 46.925.423,33	VND 120.648.497,23	VND 109.642.478,13	VND 98.423.300,05	VND 87.204.121,97	VND 2.549.302,66	VND 526.747.058,06
Net Cash from Investing	VND 120.000.000,00	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -
Net Cash from Financing	VND 800.000.000,00	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -
Repayments	VND 5.796.356,48	VND 5.796.356,48	VND 5.796.356,48	VND 5.796.356,48	VND 5.796.356,48	VND 5.796.356,48	VND 5.796.356,48	VND 5.796.356,48	VND 5.796.356,48	VND 5.796.356,48	VND 5.796.356,48	VND 5.796.356,48	VND 69.556.277,78
<b>Cash flow to owner</b>	VND 667.658.220,19	VND 12.341.779,81	VND 12.341.779,81	VND 12.341.779,81	VND 15.941.779,81	VND 35.921.779,81	VND 52.721.779,81	VND 126.444.853,71	VND 115.438.834,62	VND 104.219.656,54	VND 93.000.478,46	VND 3.247.053,82	VND 596.303.335,84
Accrued cash flow	VND 667.658.220,19	VND 655.316.440,37	VND 642.974.660,56	VND 630.632.880,74	VND 614.691.100,93	VND 578.769.321,11	VND 526.047.541,30	VND 399.602.687,59	VND 284.163.852,97	VND 179.944.196,44	VND 86.943.717,98	VND 83.696.664,16	VND 83.696.664,16



## Appendix 6. 1st Year Estimated Balance Sheet

Balance Sheet	Mth 1	Mth 2	Mth 3	Mth 4	Mth 5	Mth 6	Mth 7	Mth 8	Mth 9	Mth 10	Mth 11	Mth 12			
<b>Assets</b>															
Cash	VND 667.658.220,19	VND 655.316.440,37	VND 642.974.660,56	VND 630.632.880,74	VND 614.691.100,93	VND 578.769.321,11	VND 526.047.541,30	VND 399.602.687,59	VND 284.163.852,97	VND 179.944.196,44	VND 86.943.717,98	VND 83.696.664,16	VND 83.696.664,16	VND 83.696.664,16	VND 83.696.664,16
Accounts receivable	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND 10.792.860,11	VND 24.283.935,24	VND 43.171.440,42	VND 67.455.375,66	VND 134.910.751,32	VND 134.910.751,32	VND 134.910.751,32	VND 134.910.751,32
Current Assets	VND 667.658.220,19	VND 655.316.440,37	VND 642.974.660,56	VND 630.632.880,74	VND 614.691.100,93	VND 578.769.321,11	VND 526.047.541,30	VND 410.395.547,69	VND 308.447.788,21	VND 223.115.636,86	VND 154.399.093,64	VND 218.607.415,48	VND 218.607.415,48	VND 218.607.415,48	VND 218.607.415,48
Non-current Assets	VND 120.000.000,00	VND 120.000.000,00	VND 120.000.000,00	VND 120.000.000,00	VND 120.000.000,00	VND 120.000.000,00	VND 120.000.000,00	VND 120.000.000,00	VND 120.000.000,00	VND 120.000.000,00	VND 120.000.000,00	VND 120.000.000,00	VND 120.000.000,00	VND 120.000.000,00	VND 120.000.000,00
Acc Depreciation	VND 2.500.000,00	VND 5.000.000,00	VND 7.500.000,00	VND 10.000.000,00	VND 12.500.000,00	VND 15.000.000,00	VND 17.500.000,00	VND 20.000.000,00	VND 22.500.000,00	VND 25.000.000,00	VND 27.500.000,00	VND 30.000.000,00	VND 30.000.000,00	VND 30.000.000,00	VND 30.000.000,00
Non-current Assets, net	VND 117.500.000,00	VND 115.000.000,00	VND 112.500.000,00	VND 110.000.000,00	VND 107.500.000,00	VND 105.000.000,00	VND 102.500.000,00	VND 100.000.000,00	VND 97.500.000,00	VND 95.000.000,00	VND 92.500.000,00	VND 90.000.000,00	VND 90.000.000,00	VND 90.000.000,00	VND 90.000.000,00
<b>Total Assets</b>	<b>VND 785.158.220,19</b>	<b>VND 770.316.440,37</b>	<b>VND 755.474.660,56</b>	<b>VND 740.632.880,74</b>	<b>VND 722.191.100,93</b>	<b>VND 683.769.321,11</b>	<b>VND 628.547.541,30</b>	<b>VND 510.395.547,69</b>	<b>VND 405.947.788,21</b>	<b>VND 318.115.636,86</b>	<b>VND 246.899.093,64</b>	<b>VND 308.607.415,48</b>	<b>VND 308.607.415,48</b>	<b>VND 308.607.415,48</b>	<b>VND 308.607.415,48</b>
<b>Liabilities and Equity</b>															
Current Liabilities / Account Payables	VND 468.010,00	VND 936.020,00	VND 1.404.030,00	VND 1.872.040,00	VND 2.740.050,00	VND 5.828.060,00	VND 10.782.736,67	VND 28.725.692,70	VND 47.394.468,58	VND 67.514.884,14	VND 89.086.939,39	VND 122.272.112,11	VND 122.272.112,11	VND 122.272.112,11	VND 122.272.112,11
Non-current Liabilities	VND 394.203.643,52	VND 388.407.287,04	VND 382.610.930,56	VND 376.814.574,07	VND 371.018.217,59	VND 365.221.861,11	VND 359.425.504,63	VND 353.629.148,15	VND 347.832.791,67	VND 342.036.435,19	VND 336.240.078,70	VND 330.443.722,22	VND 330.443.722,22	VND 330.443.722,22	VND 330.443.722,22
Total Liabilities	VND 394.671.653,52	VND 389.343.307,04	VND 384.014.960,56	VND 378.686.614,07	VND 373.758.267,59	VND 371.049.921,11	VND 370.208.241,30	VND 382.354.840,85	VND 395.227.260,25	VND 409.551.319,33	VND 425.327.018,09	VND 452.715.834,33	VND 452.715.834,33	VND 452.715.834,33	VND 452.715.834,33
Equity	VND 400.000.000,00	VND 400.000.000,00	VND 400.000.000,00	VND 400.000.000,00	VND 400.000.000,00	VND 400.000.000,00	VND 400.000.000,00	VND 400.000.000,00	VND 400.000.000,00	VND 400.000.000,00	VND 400.000.000,00	VND 400.000.000,00	VND 400.000.000,00	VND 400.000.000,00	VND 400.000.000,00
Retained surplus (deficit)	VND 9.513.433,33	VND 19.026.866,67	VND 28.540.300,00	VND 38.053.733,33	VND 51.567.166,67	VND 87.280.600,00	VND 141.660.700,00	VND 271.959.293,16	VND 389.279.472,04	VND 491.435.682,47	VND 578.427.924,45	VND 544.108.418,84	VND 544.108.418,84	VND 544.108.418,84	VND 544.108.418,84
<b>Total Liabilities and Equity</b>	<b>VND 785.158.220,19</b>	<b>VND 770.316.440,37</b>	<b>VND 755.474.660,56</b>	<b>VND 740.632.880,74</b>	<b>VND 722.191.100,93</b>	<b>VND 683.769.321,11</b>	<b>VND 628.547.541,30</b>	<b>VND 510.395.547,69</b>	<b>VND 405.947.788,21</b>	<b>VND 318.115.636,86</b>	<b>VND 246.899.093,64</b>	<b>VND 308.607.415,48</b>	<b>VND 308.607.415,48</b>	<b>VND 308.607.415,48</b>	<b>VND 308.607.415,48</b>
Assets - (Liabilities & Equity)	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND -	VND 0,00	VND -	VND -	VND -	VND -

## Appendix 7. 3 Years Estimated Revenue Statement

<b>Revenue Statement</b>		<b>Y1</b>		<b>Y2</b>		<b>Y3</b>
Potential Tour Operator Booking Market		6900000		7521000		8197890
% Market Penetration		0,025%		0,063%		0,094%
Estimated Clients		1725		4701		7686
Average Revenue Per User/Tour	VND	3.910.456,56	VND	4.027.770,26	VND	4.148.603,36
Commission per Tour/User		10%		10%		10%

### Appendix 8. 3 Years Estimated Income Statement

<b>Income Statement</b>	<b>Y1</b>		<b>Y2</b>		<b>Y3</b>	
<b>Total Revenue</b>	<b>VND</b>	<b>674.553.756,60</b>	<b>VND</b>	<b>1.893.303.756,34</b>	<b>VND</b>	<b>3.188.418.190,86</b>
<b>Expense</b>						
System (Estimated 10% of revenue)	VND	67.455.375,66	VND	189.330.375,63	VND	318.841.819,09
Management Salaries	VND	342.250.000,00	VND	342.250.000,00	VND	349.095.000,00
Staff Salaries	VND	162.000.000,00	VND	162.000.000,00	VND	165.240.000,00
Marketing (43.8% of Revenue)	VND	395.454.545,39	VND	829.267.045,28	VND	1.396.527.167,60
Travel	VND	32.000.000,00	VND	32.640.000,00	VND	34.272.000,00
Office Rent	VND	140.000.000,00	VND	140.000.000,00	VND	140.000.000,00
Reservation System	VND	56.161.200,00	VND	61.777.320,00	VND	67.955.052,00
Internet	VND	15.400.000,00	VND	15.400.000,00	VND	15.400.000,00
Utilities	VND	12.000.000,00	VND	12.600.000,00	VND	13.230.000,00
<b>Total Operating Expense</b>	<b>VND</b>	<b>1.160.662.175,44</b>	<b>VND</b>	<b>1.785.264.740,91</b>	<b>VND</b>	<b>2.500.561.038,68</b>
<b>Gross Operating Income</b>	<b>VND</b>	<b>486.108.418,84</b>	<b>VND</b>	<b>108.039.015,43</b>	<b>VND</b>	<b>687.857.152,18</b>
Depreciation	VND	30.000.000,00	VND	22.500.000,00	VND	16.875.000,00
<b>Operating Income</b>	<b>VND</b>	<b>516.108.418,84</b>	<b>VND</b>	<b>85.539.015,43</b>	<b>VND</b>	<b>670.982.152,18</b>
Interest expense	VND	28.000.000,00	VND	23.131.060,56	VND	17.921.295,35
<b>Income Before Tax</b>	<b>VND</b>	<b>544.108.418,84</b>	<b>VND</b>	<b>108.670.075,98</b>	<b>VND</b>	<b>688.903.447,53</b>
Income Tax (10%)	VND	-	VND	10.867.007,60	VND	68.890.344,75
<b>Net Income</b>	<b>VND</b>	<b>544.108.418,84</b>	<b>VND</b>	<b>97.803.068,39</b>	<b>VND</b>	<b>620.013.102,77</b>

### Appendix 9. 3 Years Estimated Cashflow Statement

<b>Cashflow Statement</b>		<b>Y1</b>		<b>Y2</b>		<b>Y3</b>
<b>Net Income</b>	VND	<b>544.108.418,84-</b>	VND	<b>97.803.068,39</b>	VND	<b>620.013.102,77</b>
Increase of AR	VND	134.910.751,32	VND	378.660.751,27	VND	637.683.638,17
Increase of AP	VND	122.272.112,11	VND	178.526.474,09	VND	250.056.103,87
Depreciation Machinery	VND	30.000.000,00	VND	22.500.000,00	VND	16.875.000,00
<b>Net Cash from Business Operation</b>	<b>VND</b>	<b>526.747.058,06-</b>	<b>VND</b>	<b>79.831.208,79-</b>	<b>VND</b>	<b>249.260.568,47</b>
Net Cash from Investing	VND	120.000.000,00-				
Net Cash from Financing	VND	800.000.000,00				
Repayments	VND	69.556.277,78-	VND	74.425.217,22-	VND	79.634.982,43-
<b>Cash flow to owner</b>	<b>VND</b>	<b>596.303.335,84-</b>	<b>VND</b>	<b>154.256.426,01-</b>	<b>VND</b>	<b>169.625.586,04</b>
Accrued cash flow	VND	83.696.664,16	VND	19.205.708,79	VND	27.424.773,08

### Appendix 10. 3 Years Estimated Balance Sheet

<b>Balance Sheet</b>	<b>Y1</b>		<b>Y2</b>		<b>Y3</b>	
<b>Assets</b>						
Cash	VND	83.696.664,16	VND	19.205.708,79	VND	27.424.773,08
Accounts receivable	VND	134.910.751,32	VND	378.660.751,27	VND	637.683.638,17
Current Assets	VND	218.607.415,48	VND	397.866.460,06	VND	665.108.411,25
Non-current Assets	VND	120.000.000,00	VND	90.000.000,00	VND	67.500.000,00
Acc Depreciation	VND	30.000.000,00	VND	22.500.000,00	VND	16.875.000,00
Non-current Assets, net	VND	90.000.000,00	VND	67.500.000,00	VND	50.625.000,00
<b>Total Assets</b>	<b>VND</b>	<b>308.607.415,48</b>	<b>VND</b>	<b>465.366.460,06</b>	<b>VND</b>	<b>715.733.411,25</b>
<b>Liabilities and Equity</b>						
Current Liabilities / Account Payables	VND	122.272.112,11	VND	178.526.474,09	VND	250.056.103,87
Non-current Liabilities	VND	330.443.722,22	VND	256.018.505,00	VND	176.383.522,58
Total Liabilities	VND	452.715.834,33	VND	434.544.979,09	VND	426.439.626,44
Equity	VND	400.000.000,00	VND	30.821.480,96	VND	289.293.784,80
Retained surplus (deficit)	VND	544.108.418,84				
<b>Total Liabilities and Equity</b>	<b>VND</b>	<b>308.607.415,48</b>	<b>VND</b>	<b>465.366.460,06</b>	<b>VND</b>	<b>715.733.411,25</b>
Assets - (Liabilities & Equity)	VND	-	VND	-	VND	-