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Business plan for a start-up mushroom supply- ing company

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Business plan for a start-up mushroom supplying company

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Currently, in Finland, with the development of healthy eating, being a vegan or vegetarian trend, people are more and more preferring vegetables containing much vitamin and protein to other meat food. In all kinds of vegetables, it can be said that mushrooms are a kind of vegetables containing much protein and vitamins. Mushrooms are popular in Finland but there are not many manufacturers in the country. From that observation, the idea of opening a local mushroom farm in Helsinki was created.

The objective of this thesis is to establish a practical business plan for a future start-up producing and supplying mushrooms to retailers in Uusimaa region. The plan is intended to provide a framework for running the concept smoothly in reality, as well as offering material to help when attracting investment.

The thesis examines theories about a business plan, Business Model Canvas(BMC), marketing plan and then applying them to the empirical plan, which shows BMC analysis, the key strategies in marketing and SWOT analysis. Moreover, information and statistics are collected and gathered via internet sources like websites, published writing and published books. Also, the primary data is collected by interviewing the agent of K-city and S market and survey B2C questions with 95 responses used in this study.

The result of this idea is given positive and profitable in the 2nd year through the basic financial plan. The priorities of the business plan are a premium quality mushroom product and superior customer services.

Keywords: business plan, marketing plan, mushroom, Business Model Canvas

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1 Introduction

Nowadays, with the development of healthy eating, being a vegan or vegetarian trend, people are more and more preferring vegetables containing much vitamin and protein to other meat food. This is happening in all the world, Finland is also not an exception (in 2015, 6% of the population, or 329,000 people, did not eat meat). (Vegetarianism by the country - Wikipedia) In all kinds of vegetables, it can be said that mushrooms are a kind of vegetables containing much protein and vitamins. However, in Finland, an analysis of Statistic Finland has shown 94% amount of mushroom food is imported, only 06% is a domestic product. (Appendix 3) Despite the importing products are much cheaper than Finnish mushrooms, Finns are still willing to support and buy the local ones. (According to the result of the question 7 and 8 in the survey B2C) This is the reason that this thesis's topic is "Business plan for a start-up mushroom supplying company in Finland".

1.1 Purpose of thesis and research questions

The purpose of the thesis is to develop the functional strategic business plan for company X that is a mushroom supplier in Uusimaa area in Finland, based on the theory related to Business Management and Marketing that it will be presented in the theory part. In addition, the plan is a foundation to run the concept smoothly in reality as well as a good material to convince the investors. Besides that, the plan aims to research the target customers in a target market to have a stable customer amount using products regularly. Last but not least, it helps the author to acknowledge basic requirements when starting a business including initial procedures, market research, marketing plan, and financial plan.

In order to achieve the goals through the business plan, main ideas are examined in this following research question:

- How to develop a good business plan for a mushroom product?

1.2 Delimitations

The goal of this thesis is to illustrate the idea into a form of a practical business plan including the important aspects such as BMC analysis, competitor analysis including Porter's four corner analysis, operation, marketing, risks, and finance. More importantly, this project focuses on BMC analysis, marketing plan, and the estimated expense cost for the 1st year. A broader and more detailed information about the proposition of product production, product development, risk management, branding, and personnel is not mentioned specifically in the scope of this project.

1.3 Research approach

In this thesis, the business plan uses both research methods including qualitative and quantitative methods. Clearly, the author uses structured interview and survey method. Because the targeted customers are retailers (K-city market and S market). However, major customers of retailers are individual users. So, the final users of the company's products are individual users. The interview is to identify retailers' opinions. The B2C questionnaire is to identify final users' opinions. If the firm wants to sell mushroom products to retailers, they must understand final consumers.

The advantage of researching a case study is its capability to solve a complicated economic problem by simplifying it then demonstrate in a realistic term. Moreover, the diversification of data collection based on different techniques (interview, survey and documentary analysis) will create limitless sources for the researcher to investigate.

1.4 Theoretical approach

The theoretical background of this thesis supports the important knowledge about the business plan, SWOT analysis, outbound marketing as well as financial plan. Specifically, the business plan offers information about how the business is conducted and operated and how to get the goal successfully. Besides that, regarding the product, there is knowledge about price, distribution, SWOT analysis, sale and promotion strategy discussed in this paper. In addition, in the empirical part, the business plan is developed by Business Model Canvas (BMC). So BMC is an essential matter in this study to determine the business's strengths and weaknesses, opportunities, and threats, as well as make a clear point the core value it offers. The theory is information and knowledge recorded by experts and experienced people, it definitely supports the author in developing a logical business plan. Hence, the theoretical approach concentrates on factors that support the need and components of an adequate business plan.

1.5 Thesis framework

The thesis is indicated and presented in three main sectors: the theoretical background, the research approaches, and the empirical background.

The theoretical background provides the vital literature about the business plan, Business Model Canvas (BMC), SWOT analysis, and marketing with its opponents. Furthermore, BMC and SWOT analysis are to analyze and understand the strength and weakness of a firm. It also helps to evaluate opportunities and threats influencing enterprise when it enters the market.

The research approaches category gives a definition of kinds of the research methods. From that, the author made the decision for the interview and survey methods used in this study. In addition, data collection is conducted and shows the result got from research methods. Besides that, ethical issues are also discussed and considered as well as ensure the reliability and validity for the thesis.

The empirical part is the most important sector in this paper, which examines the project plan and its performance in details. Clearly, the plan introduces the company, vision and goals, and key services. BMC is a visual and practical way to describe a new business through nine basic building blocks that indicate how a company plans to earn money logically. Moreover, the marketing plan is very vital and is analyzed and presented carefully in this study through target market, product strategy, price strategy, competitor analysis, and advertising strategy. The next one is risk management part for analyzing strengths, weaknesses as well as risks happening just in case. The final part is financial plan showing the estimates cost for establishing and operating a -start-up mushroom producing company.



Table 1: Structure of thesis

2 Theoretical framework

2.1 Business plan

2.1.1 Definition

A business plan generally is a written document showing all the business idea, product and service will be processed and applied in order to become a practical commerce (Finch 2013).

Because of different aims of each business plan, it is very vital to understand well the characters of the readers of it.

As stated by Finch (Finch 2013, 2), there are essentially 6 points that can be asked to know the appropriate audiences:

- The reader wants to be investor of the business idea
- The reader wants to purchase the business
- The reader wants to be co-venture
- The reader (authority) wants to approve the business idea
- The reader wants to improve his(her) own business

For example, if someone wants to invest in a new business concept, he or she would focus on strategic or financial aspects to get high profit whilst considering the business plan (Finch 2013, 2).

According to Kotler theory, the business plan has different types of plans including annual plan, long-range plan, and strategic plan. (Kotler et al. 2008, 128-129)

- The annual plan is a momentary term plan that describes the ongoing circumstance, company's aims and tactics for the near future, acting program, financial plan for the incoming year and mastery. (Kotler et al. 2008, 128-129)
- Long range planning: strongly emphasize on the direction progress of operating system in the future following "linear model", mention all the substantial elements influence on the organizations along with long-term goals. (Kotler et al. 2008, 128-129)
- **Strategic planning** is an organization's process of characterizing its strategy, or direction, and making decisions on allocating its resources to pursue this strategy. It may also extend to control mechanisms for guiding the implementation of the strategy. (Kotler et al. 2008, 128-129)

2.1.2 Purpose of business plan

A business plan has many intentions, some of them are to support and orient the firm to head the right way in future. Foremost, business plan plays a supportive role in order to guard organization's shape of financing. Clearly, financial aspects can easily be understood as start-up costs, business enlargement, R&D, new product development and operational costs (Friend, 2004). Thanks to that, it can clarify itself the potentials and risks of the business.

In addition, the business plan should also demonstrate the basic business evolution, operational administration, allocating. Particularly, this one can be used as a comparison to audit and assess the performance of the business. Besides, a business plan will likewise ensure the working system and guarantee the decisions are right. With the intensive discussions, a business plan is a guiding line to collate and ease with the stakeholders.

2.1.3 Business plan components

These aspects are the main contents of a business plan: Business idea, summary, introduction, business background, the product and service, the market, operation, management, proposal, financial background, risks, and conclusions. Besides that, people have to collect data from plenty of sources from books or the internet such as government statistics, market research, website, etc. to head to the implementation plan. However, based on what and how the project is, there can be more or fewer sections. The figure 1 below illustrates the basic steps in a business plan. (Finch 2013)

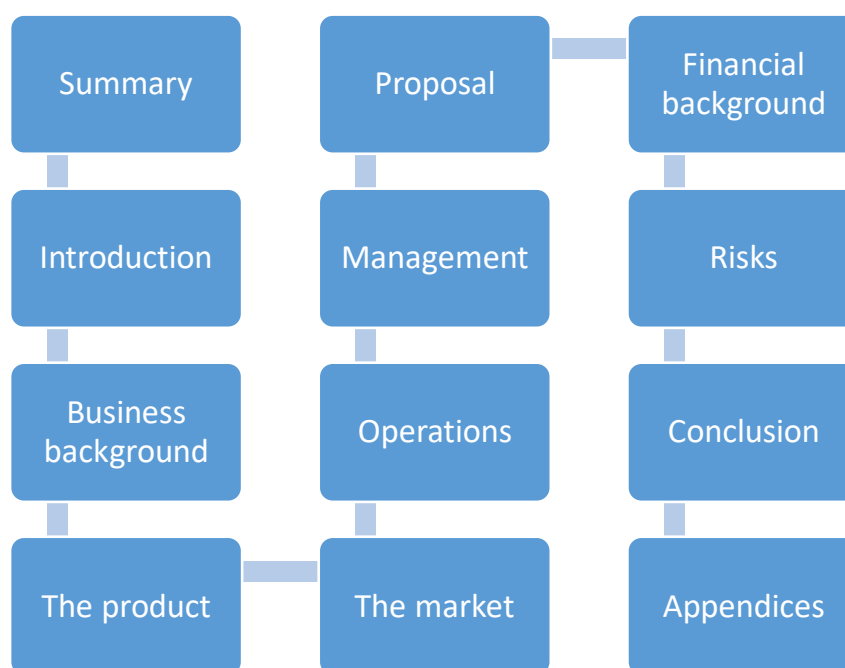


Figure 1: The business plan structure.

Generation book, in order to have a right decision on a good customer relationship, the company can refer some categories of customer relationship such as personal assistance, dedicated personal assistance, self-service, automated services, and communities. (Osterwalder, 2008)

Channels: This is a way the company will connect with and access the customer segment to deliver a Value position. Here, people will have a look which one works best and cost-efficient. Channel gives many functions, including: (Osterwalder, 2008)

- Raising customer's awareness about products and services
- Create a condition for customer to evaluate the value proposition
- Acknowledge to buy the products and services
- Delivering value
- After sale supports

2.2.2 Offering

Value propositions: This block plays a vital role in customer experience, it is values, benefits that the firm wants to deliver to each customer segment. Besides that, it is the way to solve the problems reasonably and fulfill customer's needs to make them always turn to one company over another. Furthermore, there are some alternative ways to create values such as newness, uniqueness, performance, customization, design, brand, status, price, cost savings, risk reduction, accessibility, convenience, and usability. (Osterwalder, 2008)

2.2.3 Infrastructure

Key resources: Key resources are the most valuable assets can help the enterprise offer values and keep a good relationship with customers to make money. There are different main resources but depends on the type of business model, a company will have a right decision on this. In addition, key resources can be physical (manufacturing, buildings, vehicles, systems, and distribution network), intellectual (knowledge, brands, patents, copyrights, and partnerships), human (people) and financial (cash, credit). (Osterwalder, 2008)

Key activities: It is the same as key resources, which is to create values, maintain customer relationship, and get high revenue. Generally, these are important actions related to production, problem solving and platform to make the company runs business successfully. (Osterwalder, 2008)

Key Partnerships: the network of suppliers and partners who support and enhance the company's value production. Based on Business Model Generation book, there are four dissimilar

kinds of partnerships mentioned as following: strategic alliances, competition, joint venture, and buyer-supplier relationships. (Osterwalder, 2008)

2.2.4 Financial Viability

Revenue streams: this block shows money flow that the firm will produce from each customer segment, which means that the company has to know what value the customer is willing to pay. Furthermore, there are the various different type of revenue streams included Asser sale, Usage fee, Subscription fee, Lending/Renting/Leasing, Licensing, Brokerage fee, Advertising. In addition to this, each revenue streams can have different pricing mechanisms (fixed and dynamic pricing). (Osterwalder, 2008)

Cost structure: This means almost important costs happened inherently to run a business. Cost can be calculated logically after determining key resources, key activities, and key partnerships. Moreover, cost structure has two types that a company should know to minimize cost for a business model. Firstly, it is a cost-driven and value-driven business. Secondly, it is cost structure included fixed and variable costs, economies of scale and scope. (Osterwalder, 2008)

2.3 SWOT analysis

SWOT, this is a popular model which has been used widely in business companies to analyze and understand the strength and weakness of a firm. It also helps to evaluate opportunities and threats influencing enterprise when it enters the market. Its approach analysis is by achieving the data from a circumstantial study and dividing its internal (strengths and weaknesses) and external (opportunities and threats) issues. (Kokemuller 2013), (Renault 2013).

Another objective of SWOT is to indicate the contemporary circumstance of an association. Besides, the company should have strategic visions and full awareness of all the factors to have a better performance. It also can be understood as an analytical structure that helps the business realize its obstacles and discovers its most auspicious new markets.

The primary intention of a SWOT is to give an overall view of position where the firm is staying based on four important strategic extents to decide wisely the movements appropriate with current situations. SWOT analysis aims attention absolutely at four essential features: Strengths, Weaknesses, Opportunities, and Threats as the acronym show out.

Strengths

- In-depth industry experience and insight
- Creative, yet practical product designers

- The use of a highly efficient, flexible business model utilizing direct customer sales and distribution

Weaknesses

- The reliance on outside capital necessary to grow the business
- A lack of retailers who can work face-to-face with the customer to generate brand and product awareness
- The difficulty of developing brand awareness as a start-up company

Opportunities

- Participation within a growing industry
- Decreased product costs through economy of scale
- The ability to leverage other industry participants' marketing efforts to help grow the general market

Threats

- Future/potential competition from an already established market participant
- A slump in the economy that could have a negative effect on people's spending of discretionary income on fitness/ recreational products
- The release of a study that calls into question the safety of skating or the inability to prevent major statin-induced traumas.

2.4 Marketing plan

This information is about what the typical areas are covered in a business plan.

2.4.1 Target market

The target market is understood as a specific group of customers willing to buy products and use services that a company offers. In order to make a right decision on the target market, the firm usually divides the retail market into different segments based on demographic, psychographic, and behavioral differences among buyers.

In addition to that, market targeting is a way to understand the customers' needs and know where the enterprise is standing in current marketing market. From that, the company will have strategies to develop products and services satisfy consumers over other competitors. The better a firm is at identifying their potential consumers; the more successful they will be in delivering products and services that are in demand. (Kotler & Armstrong 2008).

2.4.2 Competitor analysis

In order to have a persuasive marketing strategy, understanding the customers' needs is not enough, a company needs to research about competitors. Moreover, the firm has a detailed profile of competitors; it helps them having a wise business strategy to satisfy their customers and building profitable customer relationships more than other opponents do. As Kotler & Armstrong (2008) discusses that it is vital for today businesses to “evaluate competitors and continuously develop competitive marketing strategies that position effectively against competitors and having the strongest possible competitive advantage” (Kotler & Armstrong 2008).

According to Kotler & Armstrong (2008), competitor analysis includes many steps to make it effective. Clearly, the first step is “identifying the company’s major competitors”. Secondly, it is “gathering information on competitors’ objectives, strategies, strengths and weaknesses, and reaction patterns”. Lastly, it is “selecting which competitors to avoid or attack”.

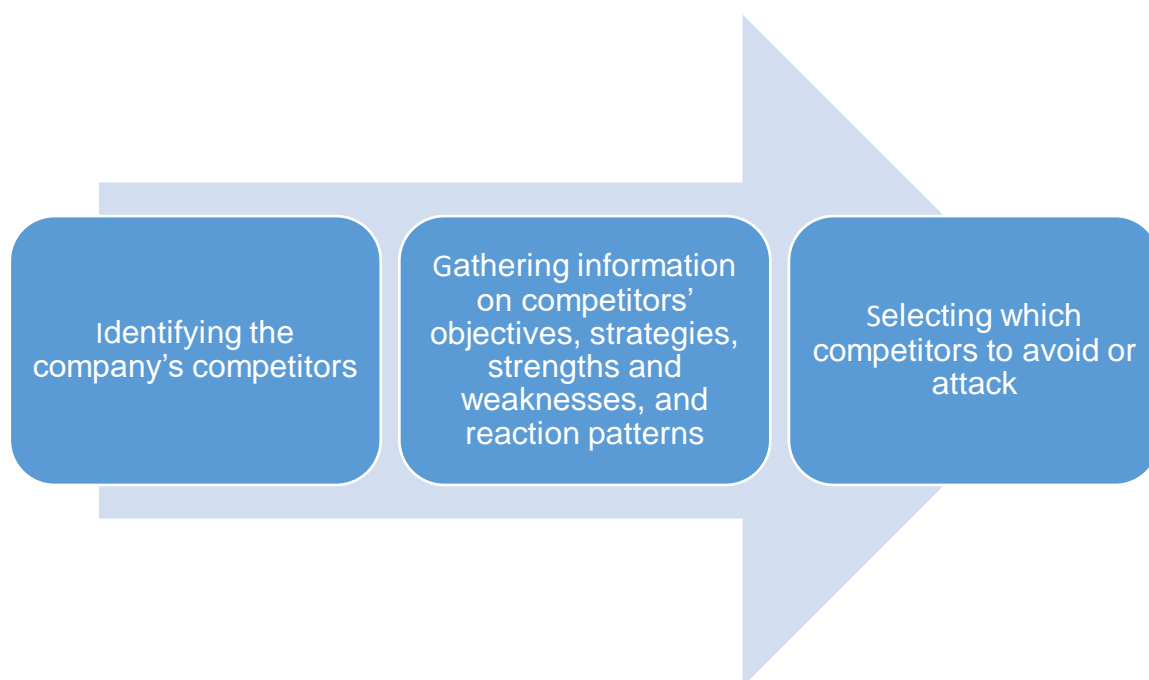


Figure 3: Steps in analyzing competitors (modified from Kotler & Armstrong 2008,461)

In another source from Michael Porter, he explains about competitor analysis in another framework. This framework works based on the following for key factors of a competitor in figure 3.

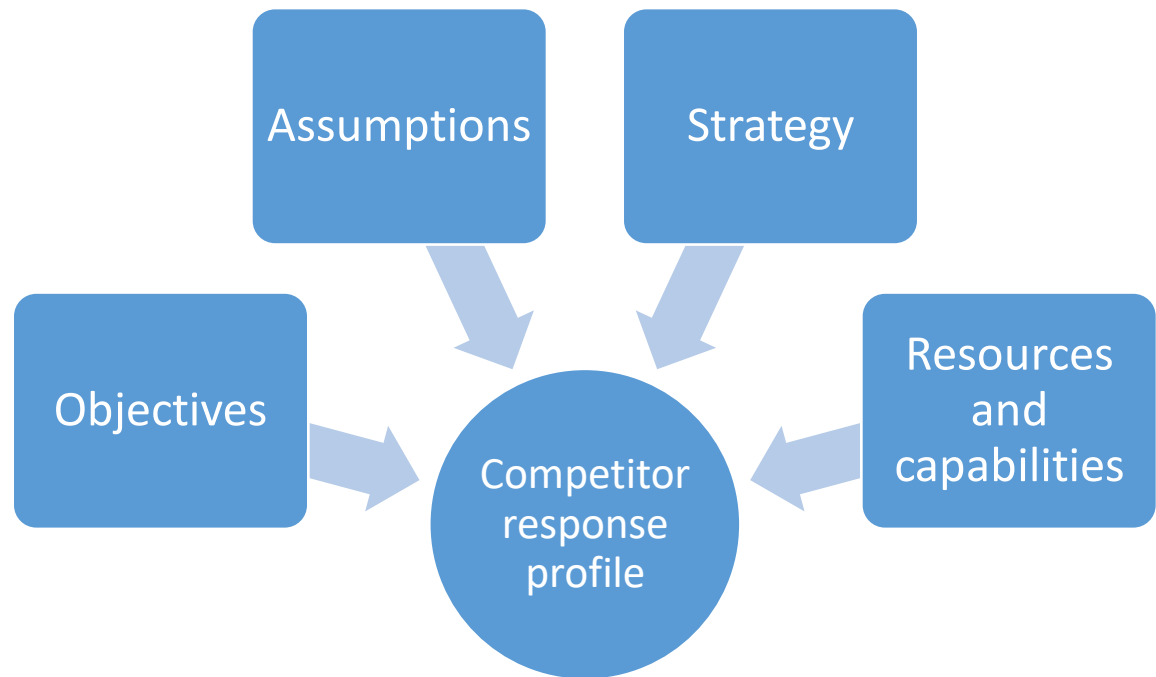


Figure 4: Porter's four corner analysis (Modified from Business Knowledge Center, n.d.)

Objectives and assumptions are what drive the competitor, and strategy and capabilities are what the competitor is doing or is able to do. In more details, objectives and assumptions show competitors' moves and changes and then the firm can predict their future action related to financial goals, corporate culture, philosophy, competitive position, organizational value and regional factors.

Information about competitor's objectives and assumptions create an evaluation of competitor's strategy, resources, and capabilities. Importantly, an assessment of competitor's resources and capabilities help firms to guess the competitors' capability to begin to solve external problems and strategy will help the enterprise know how it performs in the market.

Four primary elements draw up a response profile in which marketers have a clear view of potential offensive and defensive moves. This process helps managers to adapt and react to any possible changes based on firm's competitive advantage.

2.4.3 The product and service strategy

According to Kotler (2008), goods and services are combined into products that the firm wants to serve to the target market and target customer segment to please the customers' needs. In order to do that efficiently, the company has to have the right product to offer to the right customer based on three levels of product (Figure 4).

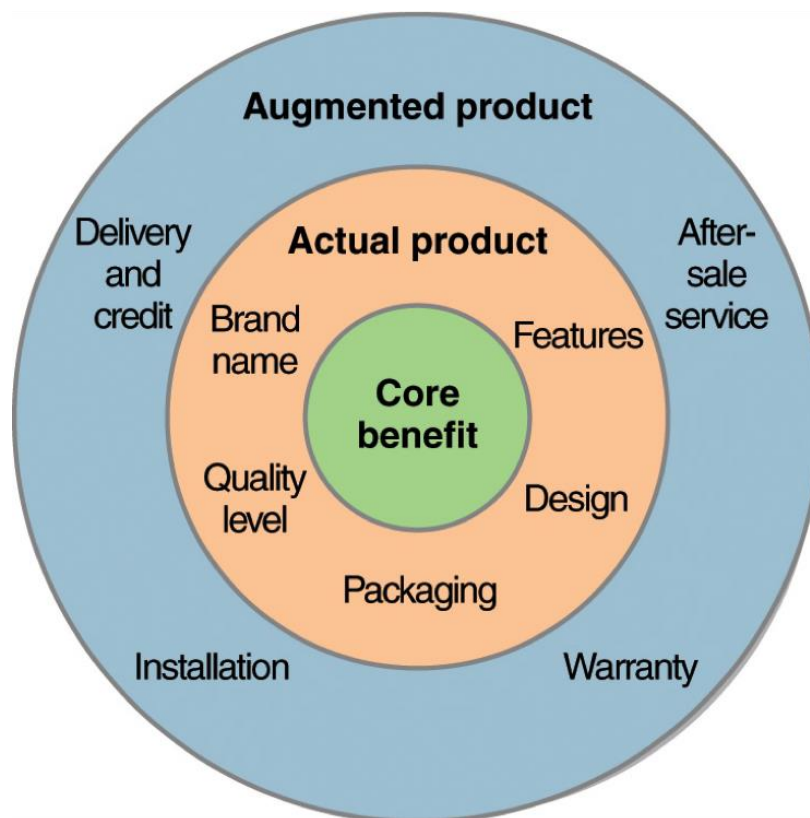


Figure 5: Three levels of product, source: studyblue.com

The first basic level is core benefit product, which means the enterprise should find out the customers' need, value and then identify the advantage, solved needed problems and service to offer to the customer. From core benefit, product partners can create the actual product related to features, design, a quality level, a brand name, and packaging. Finally, they must develop an augmented product form on the core product and the actual product to satisfy customers' experience. (Kotler & Armstrong 2008, 226)

Furthermore, to be a successful business, the firm has to provide products and services that show up premium benefits when the customer compares them to the benefit offered by the competitors' products and services. This means their products and services must be differentiated and positioned for each selected segment. According to Kotler, developing a product or service contains benefits about product attributes (product quality, product features, and product style and design), branding, packaging, labeling, and product support and services (product line decisions, product mix decisions).

Besides that, the company should pay attention to service marketing through key characteristics (intangibility, inseparability, variability, and perishability) because these indicate problems and marketing requirements that marketers need to know to satisfy customers' demands. Moreover, the enterprise takes care both external marketing and internal marketing

to motivate employees working hard and loyal. From that, developing interactive marketing creates service delivery skills among service providers. To succeed, service marketers must create competitive differentiation, offer high service quality, and find ways to increase service productivity. (Kotler, 2008, chapter 8, 253)

2.4.4 Branding strategy

There are some specialists consider trademarks as the crucial permanent property of a firm. The brand is so far beyond than just a label or badge; it expresses entirety of all connotations that the goods or the services bring to customers. Brand equity is the certain exclusive distinction made from the consumers' feedbacks to that product or service. A company has a stable brand equity is an absolutely beneficial advantage. (Kotler & Armstrong 2008)

In branding construction, organizations or corporations demand to make determinations about brand positioning, brand name selection, brand sponsorship and brand development. The best brand positioning forms from steady customers' faiths and worth. Brand name selection concerns finding the most appropriate title depending on a prudent analysis of product benefits aimed market and expected marketing approaches. Brand sponsorship has some options such as national brand. The private brand created and owned by a reseller of a product service. authorized brands or corporate with another company to co-brand the same product. (Kotler & Armstrong 2008)

The brand is one of the most important factors in business success. To make that easily, the firm must keep communicating with customers and make a good customers' brand experience. Customers aware the brand through an expansive connection and interaction. Besides that, the company also manages its ads and periodically check brands' strengths and weakness. (Kotler & Armstrong 2008)

2.4.5 Pricing strategy

Pricing is defined as an amount of money or value that the customers are willing to pay to get the benefit and possessing of products or services. Furthermore, pricing is an important element of product mix in producing revenue and create profit for a company. That is why the firm must have a good pricing strategy. (Kotler & Armstrong 2008)

There are two strategies for pricing innovative new products. Firstly, it is market-skimming pricing, which means the enterprise will set the started price highly to "skim" the biggest amount of profits from many market segments. Secondly, it can use market-penetrating pricing by setting a low price at the beginning to enter market widely and deeply and then obtain

the large market share. And it is certainly having plenty of other factors and conditions affecting the price. (Kotler 2008, 314-315)

Moreover, there are three methods to maximize the profits as following

- Product line pricing means the firm will set up the price step for the whole line product.
- Optional-product pricing, this is the price for optional and accessory go along with the main product that the customer can have a selection for that.
- Captive product pricing, it is for products compulsory with the main product.
- By-product pricing means waste or residual products produced when making the main product.
- Product bundle pricing is the reduced price for the whole promotion package with many product combinations. (Kotler 2008, 315-319)

According to Kotler (2008), setting the base price for a product is not enough. The firm must adjust the price to realize the customers' difference and changes. This is showed in table 2.

Strategy	Description
Discount and allowance pricing	Reducing prices to reward customer responses such as paying early or promoting the product
Segmented pricing	Adjusting prices to allow for differences in customers, products, or locations
Psychological pricing	Adjusting prices for psychological effect
Promotional pricing	Temporarily reducing prices to increase short-run sales
Geographical pricing	Adjusting prices to account for the geographic location of customers
Dynamic pricing	Adjusting prices continually to meet the characteristics and needs of individual customers and situations
International pricing	Adjusting prices for international markets

Table 2: Price Adjustments (Kotler 2008, 319)

Lastly, the company should be careful in changing the price. They have to monitor customers and competitors' reactions. In addition to that, the firm also knows clearly about competitors' future pricing plan as well as challenge and impact of the pricing change. From that,

they can find the best solutions for this. As Kotler discuss, when the enterprise faces competitor's price change, they might sit tight, reduce its own price, raise perceived quality, improve quality and raise the price, or launch a fighting brand.

2.4.6 Distribution strategy

Distribution strategy is vital in delivering the product to target customers. To make it effective, the company should build up a long-term profitable relationship with partners, suppliers, and intermediaries. Nowadays, almost firms use marketing channels to improve distribution strategy. Kotler (2008) defines it as a set of interdependent organizations take part in the process of making a product or service available to the final customer.

Marketing channels support the business a lot through various key tasks such as completing the transaction, developing communications with both internal and external parties, shaping and fitting the offer to the buyer's needs, entering into negotiations to have an agreement about price or something related to benefits for both sides, and financial consultancy. Besides that, future changes are inevitable, so marketing channels should be adapted to new continuous changes based on three important trends that are the growth of vertical, horizontal, and multichannel marketing systems. These trends affect channel cooperation, conflict, and competition. (Kotler 2008)

In another study about channel selections, Histrich et al. (2010) identified major considerations illustrated in Table 3, when selecting the distribution channel.

<p>Degree of directness of channel</p> <ul style="list-style-type: none"> • Market conditions - Concerned whether end users are concentrated (direct) or dispersed (indirect) in market • Product attributes - concerned with whether product is large or small, bulky, perishable, hazardous or expensive • Cost benefits - Considers the cost benefits in selection of channel member; many benefits minimal or no benefits • Venture attributes - Considers financial strength, size, channel experience, and marketing strategy of venture
<p>Number of channel members</p> <ul style="list-style-type: none"> • Intensive - selection of as many retailers and/or wholesalers as possible • Selective - choose only small number of channel members based on some set of criteria or requirements • Exclusive - select only one wholesaler and/or retailer

Criteria for selection of channel members <ul style="list-style-type: none"> • Reputation • Services provided
Number of channels <ul style="list-style-type: none"> • One channel for one target market or multiple target markets • Multiple channels for one target market or multiple target markets

Table 3: Major considerations in channel selection (Histrich, Peters & Shepherd 2010)

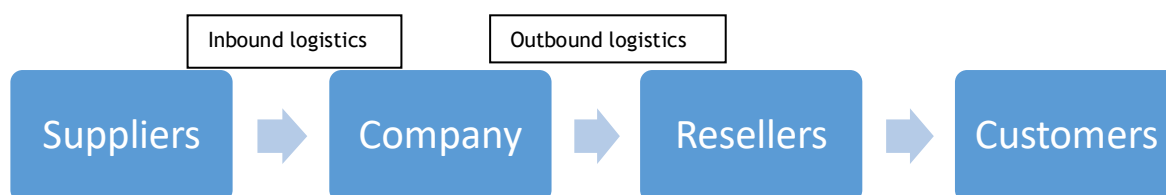


Figure 6: Physical distribution structure (Kotler, 2008).

Marketing logistics (or physical distribution) is an area of potentially high-cost savings and improved customer satisfaction. Marketing logistics addresses not only outbound distribution but also inbound distribution and reverse distribution. That is, it involves the entire supply chain management—managing value-added flows between suppliers, the company, resellers, and final users.

Today, some companies are outsourcing their logistics functions to third-party logistics (3PL) providers to save costs, increase efficiency, and gain faster and more effective access to global markets. (Kotler, 2008)

2.4.7 Sales promotion strategy

Sales promotion includes a wide assortment of tools—coupons, contests, cents-off deals, premiums, and others—all of which have many unique qualities. They attract consumer attention, offer strong incentives to purchase, and can be used to dramatize product offers and boost sagging sales. Sales promotions invite and reward quick response. Whereas advertising says, “Buy our product,” sales promotion says, “Buy it now.” Sales promotion effects are often short-lived, however, and often are not as effective as advertising or personal selling in building long-run brand preference and customer relationships. (Kotler & Armstrong 2008)

Sales promotion campaigns call for setting sales promotions objectives (in general, sales promotions should be consumer relationship building); selecting tools; and developing and implementing the sales promotion program by using consumer promotion tools (from coupons, refunds, premiums, and point-of-purchase promotions to contests, sweepstakes, and events), trade promotion tools (from discounts and allowances to free goods and push money), and business promotion tools (conventions, trade shows, and sales contests), as well as determining such things as the size of the incentive, the conditions for participation, how to promote and distribute the promotion package, and the length of the promotion. After this process is completed, the company must evaluate its sales promotion results. (Kotler & Armstrong 2008)

2.4.8 Advertising and public relations

Advertising is a good way to inform, persuade and remind consumers about its products or its organization. In another saying, it is a tool to deliver and communicate product benefits the advertising maker want to create to target customers.

According to Kotler (2008), marketing management must make four important decisions when developing an advertising program (see Figure 6).

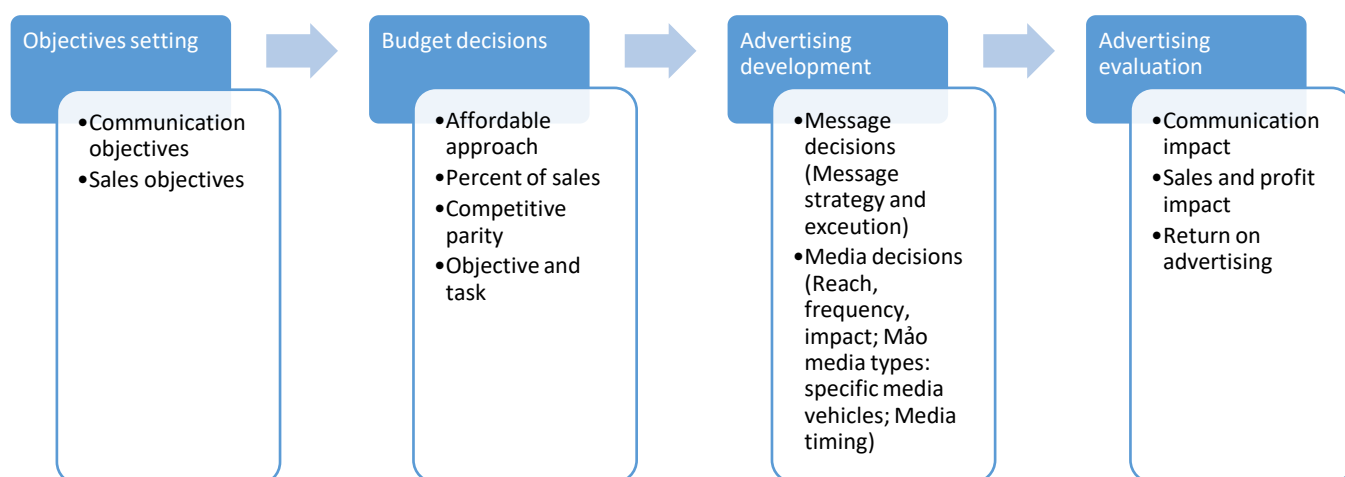


Figure 7: Major advertising decisions (Kotler 2008, 437)

In the process, advertising strategy includes two key factors: creating advertising messages and selecting advertising media. The advertising message is very valuable in advertising envi-

ronment nowadays because good content will gain attention and communicate well with customers. From advertising message, planners will make the right decision on choosing media to deliver content to target audiences.

Public Relations (PR) is used to promote products, people, places, ideas, activities, organizations, and even nations. Companies use PR to build good relationships with consumers, investors, the media, and their communities as well as create consumer awareness. Although PR does not cost much, it plays a vital role in building a brand for a business. PR professionals usually tool such as news, speeches, and special events to get the good result for PR plans and goals. Besides that, other ways including Web sites, blogs, and social networks are very valuable for PR channel to approach more people. (Kotler 2008, 454-457)

2.4.9 Budgeting

To improve revenues and make the plan realistic, the budget is one of the most important parts contribute to success. In reality, there are many companies overspend for marketing channels but not get profits and limit communication with buyers. According to Lavinsky (Forbes 2013), companies should refer three main following steps before conduct marketing plan.

- Organize financial information: the company has to know the current financial information and situation to collect and systematize logically. From that, it will develop the solid marketing budget with reliable revenue and monthly expense. Reliable money is the minimum amount of money that the firm estimated to earn every month. Then, it is easy to know where the money flow is going on and achieve the goal.
- Manage marketing funds: the company needed know how to spend marketing funds effectively through three key factors including the budget size, past experiences, and where you can reach the right audience. If the business has the limited budget, it can burn low-cost for marketing channels such as small print ads, online ads, social media and email advertising to bring in right clients. In the opposite side, with a strong finance, the firm can use radio and television ads to reach a wider range of audiences. However, it is important to test new marketing channels first to avoid troubles and eliminate the inapt marketing channel.
- Assess data and appropriate adjustments: the plan should be evaluated by comparing past performance to the performance after marketing the product or services to check whether the strategy runs well or not.

According to Kotler (2008), return on marketing investment (marketing ROI) measures the profits generated by investments in marketing activities and help companies achieving better data controls.

2.5 Summary

From the theory, the author can learn plenty of knowledge to develop a good business plan. In details, the Business Model Canvas is a visual and practical framework to drive the business plan into the right way. Besides that, SWOT model is analyzed to help the managers realize the strength, the weakness, the opportunity and the threat. In addition, main factors of marketing plan indicated in pricing, sales promotion, product and service development, as well as distribution strategy and budget, which is aimed to support and make the concept clearly. Moreover, information in internal and external factors combined by target market and competitor analysis is emphasized in detail because it is one of important elements influence on the business.

3 Research approach

Research can be understood as a process of collecting, explaining, understanding and analyzing data to enhance information (Saunders et al., 2009). The research methods and approaches are illustrated in Figure 7.

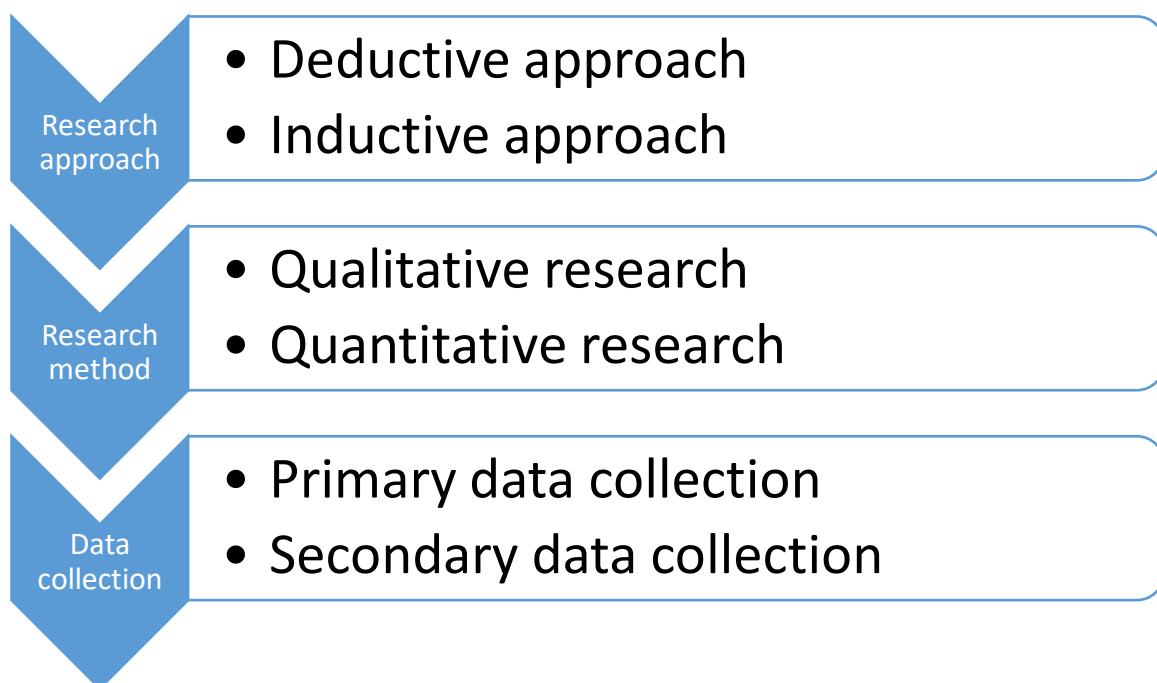


Figure 8: The chosen research methods (Saunders et al., 2009)

3.1 Research methods

There are two types of research methods: quantitative research and qualitative research. The difference between two methods based on the aims and the way to collect data is examined through definition.

“Qualitative research focuses on the gathering of mainly verbal data and then analyzed in an informative manner, subjective or even diagnostic” (Explorable 2009). In another study, to approach the data deeper and detail, people use qualitative research method by answering “why” and “how” questions (Etuaro, 2014, p. 386). In fact, qualitative research is simply describing the material and the analyses in a non-numerical way of description. Furthermore, there are three main methods using popularly in qualitative data, including:

- Individual interviews: Unstructured (in-depth interviews), semi-structured (called focus interview), and structured (asks the respondent the same questions in the same way)
- Focus groups: is sometimes used when it is better to obtain information from a group rather than individuals.

Observations: is used in natural settings and involve the researcher taking lengthy and descriptive notes of what is happening.

In contrast, quantitative research method is different from the qualitative one. This method is a logical approach, which emphasizes a measure of social phenomena from statistical, mathematical, or numerical analysis of data. Furthermore, data can be collected through polls, questionnaires, simulation, and surveys or experiments and statistical analysis.

In this thesis, the business plan uses both research methods. Clearly, the author uses structured interview and survey method. Because the targeted customers are retailers (K-city market and S market). However, major customers of retailers are individual users. So, the final users of X’s products are individual users. The interview is to identify retailers’ opinions. The B2C questionnaire is to identify final users’ opinions. If the firm wants to sell mushroom products to retailers, they must understand final consumers.

3.2 Data collection

Data collection can be understood as a process of compiling information then forming them methodically in order to serve an objective and assess the outcoming results. Data will be taken from various channels such as interviews, documents or simply as observations. This process is to collect people’s opinions and mindsets with respect to particular issues, observe their performance on that field and revise the existing understanding from the previous

people. The whole process happens every day as a normal action, which is quite hard to realize. Hence, the analyst needs to be very careful while collecting information and tackle them as research data. Overall, out of these three channels, the interview is the most popular approaching way to collect data. (Patton 2002, 35-40.)

As mentioned above, the author conducted a structured interview and survey to discover the retailers' demand as well as final consumers' opinions and purchasing habit towards *Agaricus Bisporus* mushroom. So this part will examine the data collected from the research methods.

3.2.1 Data collected from survey B2C.

The author used eight questions in this survey to find out about the final users' mushroom shopping habit. All these questions had been discussed and researched carefully in order to obtain their favorite shopping markets, how often they eat mushroom, acceptable price range they want to be offered and how people prefer consuming domestic mushroom to others. From that, it would reveal how potential the idea was and what target customer should be as well as easier for determining the price and the quality of mushroom needs to reach.

This survey has been conducted within one month by approaching strangers in festival, going to K or S markets to ask the customers directly and asking through out some personal social sources like friends and colleagues. Eventually, the result was 95 responses and has been analysed from Google Analytics, the final data is shown as below:

Gender

95 responses

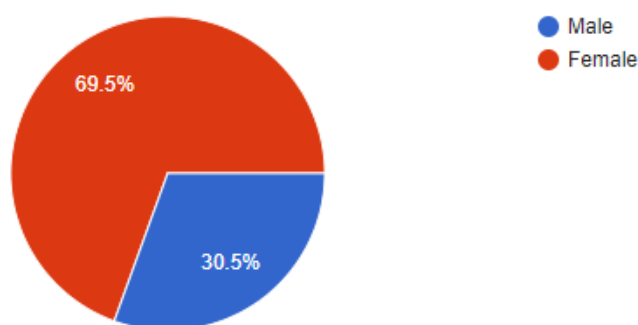


Figure 9: Response to the question 1 (Survey B2C).

- 69.5% of the respondents are female.

Age

95 responses

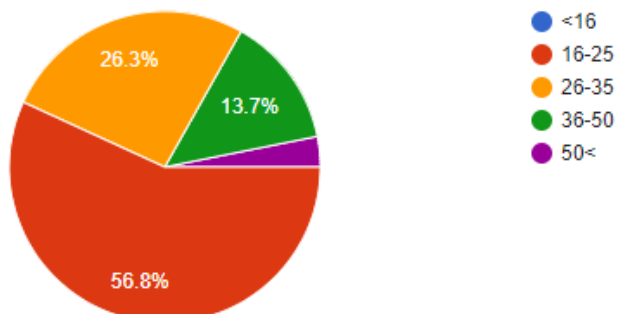


Figure 10: Response to the question 2 (Survey B2C).

- The age of respondents from 16 to 25 takes the biggest part in the survey (56.8%). Next group is from 26 to 35 (26.3%).

How many times do you eat mushroom per week?

95 responses

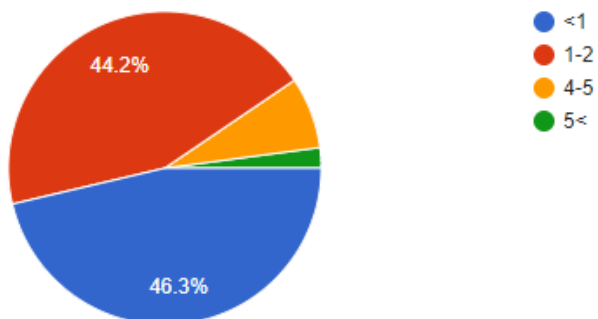


Figure 11: Response to the question 3 (Survey B2C).

- People mostly eat mushrooms at least once per week (46.3%).

If you use less than 1 time/week, why don't you usually consume mushroom?

85 responses

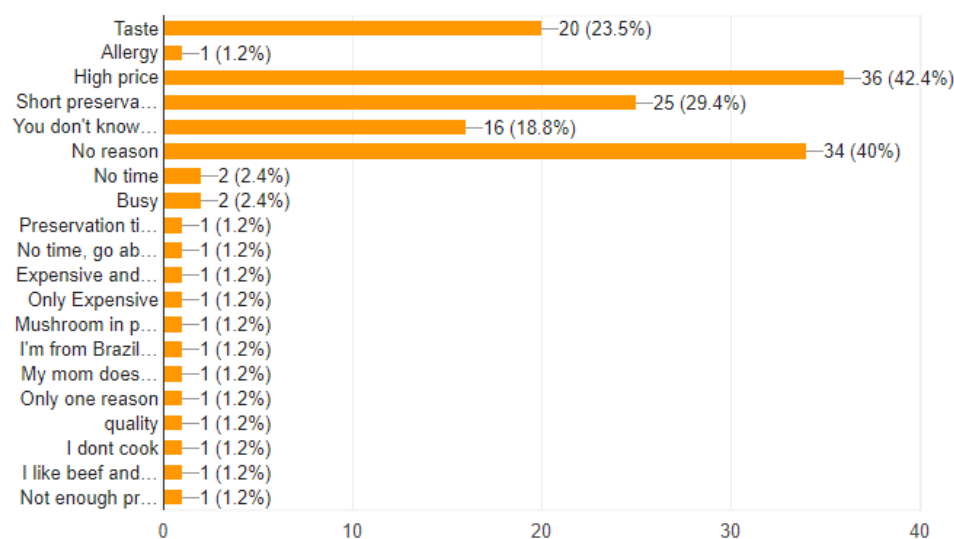


Figure 12: Response to the question 4 (Survey B2C).

- The most reason makes people do not consume mushrooms is high price (42.4%). The secondary reasons are short preservation and taste.

Where do you usually buy mushroom?

95 responses

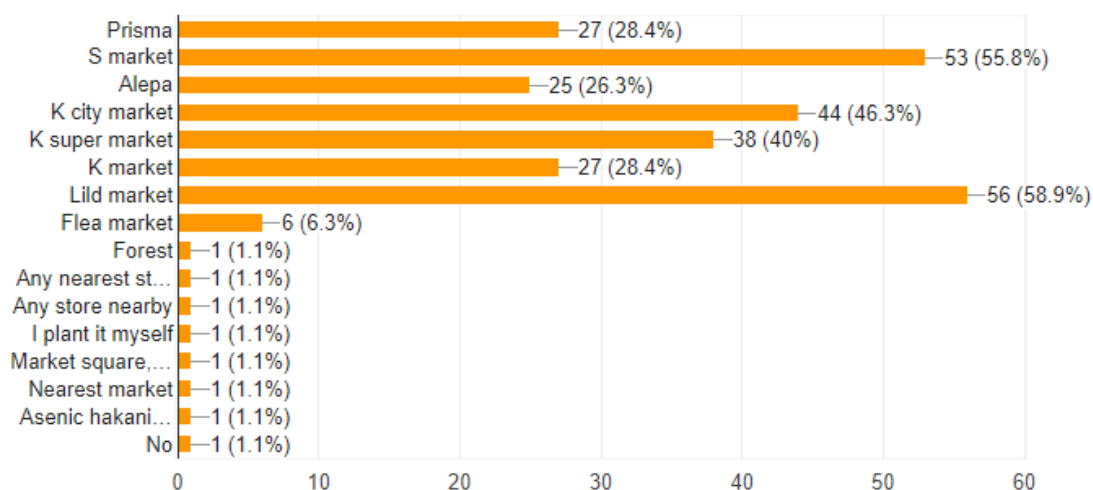


Figure 13: Response to the question 5 (Survey B2C).

- People usually go to S market (55.8%) and K-city market (46.3%) to buy mushrooms. Because Lild does not sell the local mushrooms, so Lild is not mentioned in this situation.

How important are following factors in your choice of mushrooms?

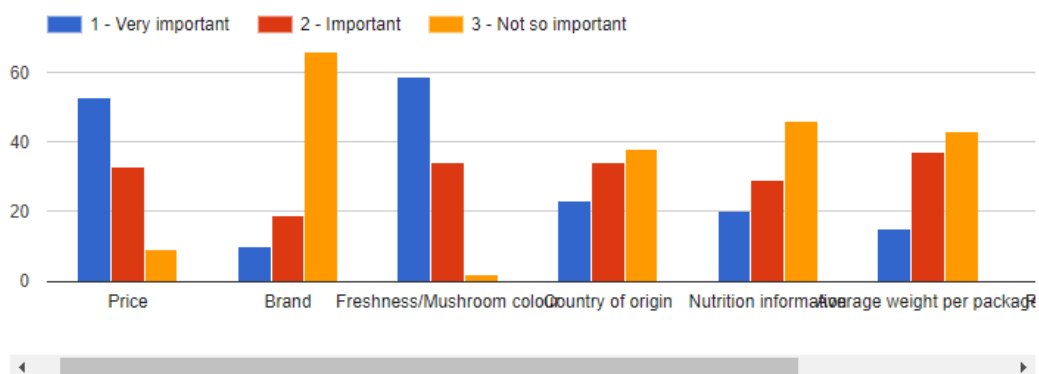


Figure 14: Response to the question 6 (Survey B2C).

- People care the mushroom freshness firstly. Secondly, that is price and finally is the country of origin.

At which price would you buy a pack of 200gr Agaricus Bisporus mushroom?

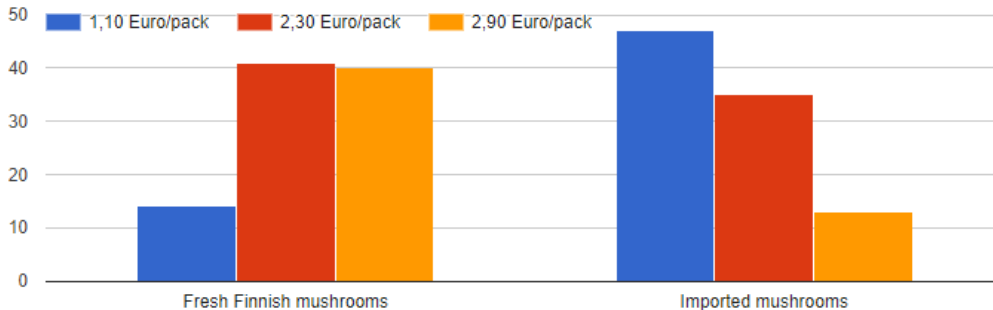


Figure 15: Response to the question 7 (Survey B2C).

- The consumers are willing to pay the higher price for the fresh Finnish mushroom (from 2.3 to 2.7 euros for a pack of 200g).

How important is it to you that the mushroom product is from Finland ?

95 responses

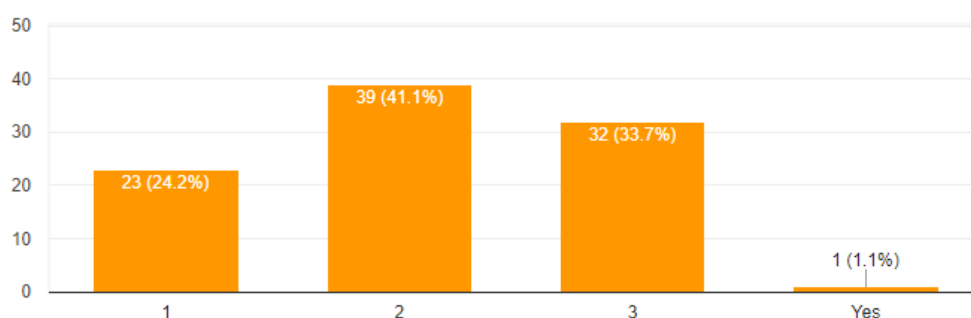


Figure 16: Response to the question 8 (Survey B2C).

- With the consumers, the Finnish products are completely appreciated well and important.

From 95 responses, these are the key factors affecting the habit and purchasing decision to the white button mushrooms:

- Most people eat mushrooms at least once or twice per week.
- People usually buy mushrooms in S market and K-city market (based on Finnish markets).
- People care the mushroom freshness firstly. Secondly, that is price and finally is the country of origin.
- Between the local products and the imported products, people are happy to choose the domestic ones and willing to pay a higher price.
- With them, the Finnish products are completely appreciated well and important.

3.2.2 Research data from the interviews

Based on the target customer strategy, S market in City Center and K-city market in Sello are chosen to be the case interview for this thesis. The purpose of these interviews is to understand deeply the retailers' demand and requirement as well as the process of selling vegetable products. The author had a good conversation with the agent of S market and K-city market. Since the information of the company is not published, therefore, the information provided by them will be kept for the thesis purpose only and changed the number of the price here. The interview questions are shown in Appendix 1.

Through two interviews, it can be summarized their answers as follows:

- The average white button mushroom amount sold every week is around 80kg in Summer, and about 40-50kg in the rest of seasons.

- The average purchasing price from the supplier (Champ belongs to Mykora Oy) is from 2,7 to 3,4 euros/kg.
- The most important factors influence on their purchasing decision is the mushroom freshness, good quality, the size, and preservation time. Besides that, the product has to meet the requirements of the Hyvää Suomesta label and the Sirkkalehti label for the Finnish origin of products and are produced in Finland.
- They said, the final users likely use the Finnish mushrooms. That is why the imported ones are sold very slowly.
- To serve the consumer better and satisfy the users' demand, every morning, the employees in the market check the products and kick the bad quality ones out. This is the good point for suppliers, they do not worry too much about the product quality when on the final users' hands. However, if the customer feels unsatisfied about the quality of the product, he/she can come back and complain directly the responsible department or call to Customer Service.
- S markets and K-city markets do not have so much marketing for new products. They usually put the sign "UUSI" and then the customers can know this is a new one, they automatically buy and try it because the Finnish people love new things, good things and always welcome "Kotimainen" products. But sometimes, they also put some advertisements on their own magazines or website to introduce new products to customers.
- According to interviewees' opinions, eating healthy food has become more and more popular worldwide. There are lots of products focusing on low fat, low sugar, high protein and so on. Moreover, mushrooms are real natural products, so it will be potential and the good choice for customers now and in future.
- Finally, they said, the mushroom is the essential food, demand for them will be increasing. However, as a supplier, the mushroom freshness and food safety are always the first options in operation and manufacturing. This is also the customers' requirements.

3.3 Validity and reliability of the study

Reliability is defined as "the extent to which a measure, procedure or instrument yields the same result on repeated trials" (Eriksson & Kovalainen 2008, 292).

Validity is demonstrated as "the extent to which conclusions drawn in research give an accurate description or explanation of what happened" (Eriksson & Kovalainen 2008, 292).

In this study, the author used interview method and survey methods entirely in order to investigate customers' demand and their buying habit. In general, these research methods are considered valid and reliable because of all the required information were achieved. The questions being asked were related to the business concept, while the identification of

interviewees was carefully selected. The findings were evaluated and elected in order to eliminate any errors. Obviously, all the earning data has helped the business to have a good strategy on product quality, price as well as target customers.

4 Empirical study

4.1 Executive summary

In a business plan, an executive summary presents information on profile company, vision, and goal, product and service.

Name: Company X

Legal form: General partnership

Business line: Food production

Location: Läkkipäntie 3, Metsälä, Helsinki.

Operation area: Uusimaa region (Helsinki, Espoo, Vantaa)

Company X is a supplier of *Agaricus Bisporus* mushrooms in Uusimaa region that generated from the idea of providing a new premium-quality mushroom to customers who prefer natural ingredients and have a healthy diet. The target customers are retailers included K-city and S markets, who plays the intermediary role to offer the firm's mushrooms closer to final purchasers. The company will be located in Läkkipäntie 3, Metsälä, Helsinki, where can be accessed easily by vans and trucks.

4.1.1 Value and goals

The core values are:

- To provide the target customer fresh, high quality, Finnish standard mushrooms produced by modern and professional technique.
- Operating in ethical and environmental business standards.
- To offer a competitive price for customers.
- Honest operation and product in high quality is the starting point for everything.

The strategic goals:

- Optimizing purchasing process
- Increasing the business's profitability and market share after the first year
- Superior customer service by improving customer's value
- Reaching 20% of market share in the first two years

4.1.2 Vision

Company X's product is the customers' choice and is the leader in supplying mushroom in Uusimaa region in near future.

4.1.3 Product and service description

Company X's portfolio is to produce and offer the fresh and premium- quality Agaricus Bisporus mushrooms (or called white button mushroom) to customers. Agaricus Bisporus mushroom contains vitamin B, D, selenium, potassium, and water. Scientists proved that Agaricus Bisporus mushroom can be used in treatment for cancer, high cholesterol, ongoing liver disease and digestive problems. It also prevents heart disease, weakened bones and controls stress. So this mushroom is very good food for a healthy life, this is also the firm's mission.



Figure 17: Agaricus Bisporus mushroom. Source: Internet.

Finland is one of the top countries having good services and always satisfying the strict customers. Hence, the company X's key services include:

- Ordering and shopping assistance: Company X offers good deals for long-term partnerships as well as creates good conditions for flexible pre-order time for customers.
- Payment methods: Customer can pay their orders by online bank payments, wire transfer or cash-on-delivery services.
- Delivery: The firm will cooperate with a logistic company to have a short delivery time and the modern trucks to storage mushroom in the right temperature.
- Feedbacks: Customers are welcomed to provide feedbacks via website or service department of the company, all problems and complaints will be solved in 24 hours.

4.1.4 Production process

Company X's production process produces its customers high-quality *Agaricus Bisporus* white mushrooms (or called white button mushroom). The production process must meet the corporate customers, private businesses industry, and consumer's demands.

Production takes into account the food requirements for the product. Production produces a bundle of crops whose quantities are designed based on market conditions. Mushrooms are produced throughout the year, with the volume demanded by the market situation. The production process begins with the production of the substrate and ends with the picking. The medium growth is made of the best raw materials and the fibers are chosen carefully for the best species of production.

- Picking

Detailed and accurate picking instructions correspond to the company's timely harvest and are the first step in the sorting of the picked product. Mushrooms are picked weekly directly into customer's packaging. Individuals not eligible for product specifications are not included in the packaging. The picking process ends with the cooling of the products. Clearly, the mushrooms are cooled quickly after picking and the cold chain is maintained to trade and to consumers to maintain good quality. (<http://tiepthinongnghiep.com/>, 2017)


- Packing

Daily operations are based on the determination of inventory and day counts, scheduling of packaging orders, and the reception of subcontractor products and arranging of broadcasting.

The basic idea behind packing operations is that the packaged product is treated hygienically, cooled in storage with standard temperature and packaged in food-approved materials. The packaging takes account customers' wishes and product handling. The outbound product acts as a corporate image and the packing process ensures that the product is delivered to customers at the right time. (<http://tiepthinongnghiep.com/>, 2017)


HOW MUSHROOMS ARE GROWN

Grown indoors on a year round cycle, mushrooms always pack a nutritious punch into your favorite meals. Before making their way to your plate, mushrooms go through a growing process in a highly controlled environment unlike that of any other produce. Get a behind-the-scenes look into the journey of the incredible fungi.




RAW MATERIALS

The substrate provides a nutritional balance of organic material to serve as a growth medium for mushrooms.




SPAWNING

Mushroom spawn, purchased from commercial labs, is mixed with the substrate.




BEDDING

The mushroom spawn mixture is transferred to several hundred beds or trays.



CASING AND PINNING

Casing, made of peat moss, is spread over the mushroom bed serving as a reservoir to hold in moisture. During the pinning stage, "pins" of mushrooms push up through the casing.



HARVESTING

Mushrooms are harvested by hand throughout a 16-35 day cycle.

Figure 18: How mushrooms are grown. Source: Pinterest.

4.2 BMC model

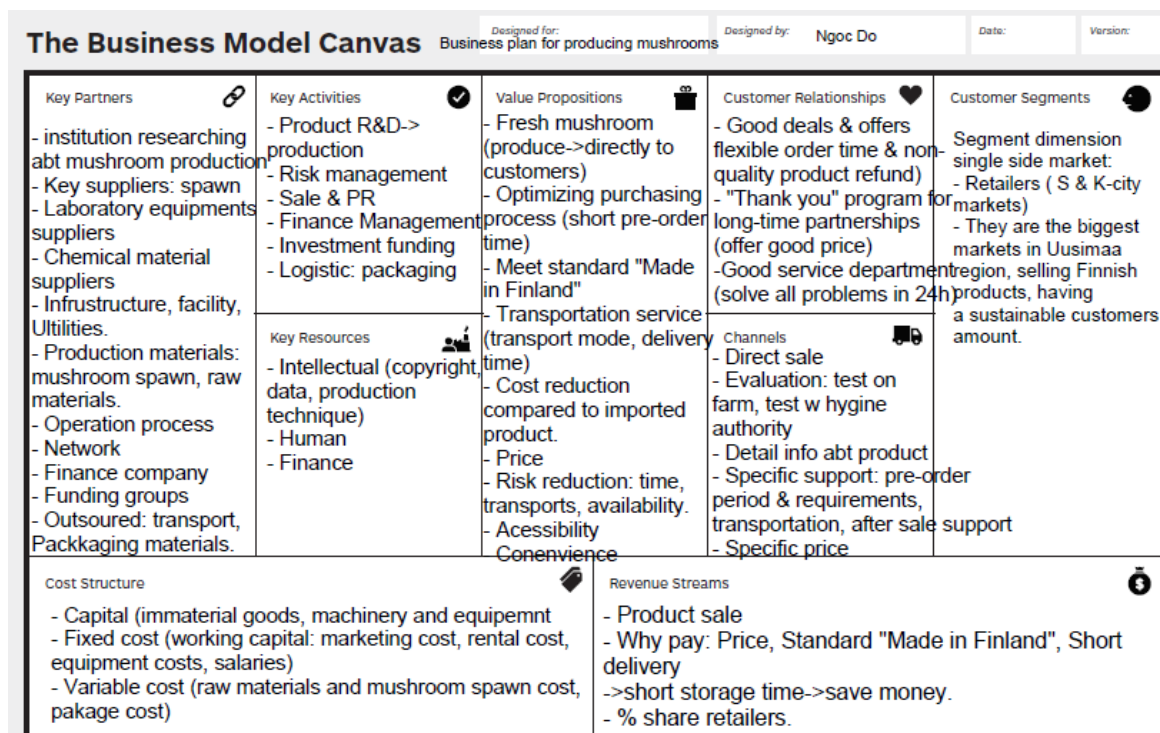


Figure 19: Business Model Canvas of company X

4.2.1 Customer segment

At the beginning, because of the start-up company, the key customer segment is retailers in Uusimaa region, clearly is S-market and K-city market. K-city and S markets are very biggest retailers in food store department in Finland. According to annual report 2016 from Kesko group, in food trade of market shares 2016, S group was 47.2% and K group was 37.7%, then was Lild with 8.8%. Besides that, approximately 1.2 million customers visiting K group's food stores and S-group also has the competitive amount, which proves that these retailers need to have a big volume of mushrooms to serving a sustainable customer quantity.

One sub-segment could be categorized as Finnish origin of the product. Product traceability and knowing the origin of products are important to customers. Customers increasingly value domestic food production and local food. S Group's grocery trade responded to customers' wishes for more affordable and easy to purchase Finnish food by introducing the new Kotimaista ('Finnish origin') product line. Nearly 96% of the fresh meat sold in S Group's grocery stores is also of Finnish origin (Report of S-group 2015). Furthermore, in K-city market, there is approximately 80% of the product selections are Finnish (Competitive advantages of the grocery trade of K-group). One more important thing recorded from the survey, Finish people like eating Finnish product and are willing to buy them even though they are a little bit more expensive than imported products.

That is why the company targets to S and K-city markets because only they offer Finnish products while Lidl does not. Finally, they are the most popular retailers in Finland and have a stable visiting customers amount.

4.2.2 Value propositions

The value proposition can be seen as the most important factor in management strategy. 'Value propositions describe the bundles of products and services that create value for a specific customer segment' (Osterwalder and Pigneur, 2008, 22). The first value that the company will pay attention is mushroom freshness. This means after producing mushroom, the staff in the farm will test it and check it carefully before being packaged and then deliver directly to customers. From that, the purchaser can get the fresh and new mushroom early and will have a longer preservation time. Those above things also depend on transportation service. Company X will try the best to have a short delivery time and the modern trucks to storage mushroom in the right temperature. Everything for a high-quality Agaricus Bisporus mushrooms.

The second thing is to optimize the purchasing process. Clearly, retailers will have short pre-order time in 3 weeks before getting the final products. Besides that, the mushroom products always meet the requirements of the Hyvää Suomesta label and the Sirkkalehti label for the Finnish origin of products and are produced in Finland. As mentioned above, local products are an increasingly important part of the product ranges and Finish people always support domestic products. (S Group report)

Furthermore, the enterprise tries to reduce the cost in order to create good conditions for users closer to Finish mushrooms as well as have a competitive price with imported ones. Moreover, X will have risk reductions such as mushroom quality test carefully before being packaged and delivered to customers, modern transport and quick delivery, and long-time product availability. Finally, the firm always builds up the most convenient conditions for itself and its customers.

4.2.3 Channels

The firm will introduce and sell the product directly to customers. In details, a sale department sends email or calls to the person in charge of purchasing vegetable products and ask for an appointment to present the company, the product, and service and the process of producing the Agaricus Bisporus mushrooms to raise customer's awareness about products and services.

In order to create a condition for the customer to evaluate the value proposition, the company will organize “a farm tour”. It means that the customers can test mushroom’s freshness on the farm, how to produce them with hygiene authority. From that, it is convenient to listen to the feedback from them for the better products. Besides that, all detailed information about nutrition, freshness, preservation time about the product is given clearly to customers, which makes them understand and trust products’ quality.

In addition, the enterprise delivers value through specific supports such as pre-order period (3 weeks before) and requirements (freshness, size, color, preservation time, etc.), transportation (modern vehicle, store mushroom in 5-8°C, and delivery quickly after harvesting), after sale supports (bad quality mushrooms will be returned and get refund, etc.) and specific price.

4.2.4 Customer relationships

In order to have the regular orders from partners, the company should have a good relationship with them. So the firm creates many good deals and offers for them such as flexible order time for new product and refund for non-quality ones. Besides, there will be “Thank you” program for long-time partnership, maybe offer a good price when purchasing products.

Moreover, the firm will have service department in charge of solving all problems and complaints from customers in 24 hours to have the best solution for both parties as well as keep the reputation for both.

4.2.5 Revenue stream

Because of the start-up company, almost the revenue stream is directly from selling the product. The customers feel satisfied for spending money due to the Finnish freshness products thanks to quick processing time and the mushrooms come to customer sooner and have a longer preservation time, which leads to eating longer, saving more money.

4.2.6 Key resources

Because this is a mushroom producing company, there are many things related to intellectual resources such as copyright, data, modern production technique, or human resource and financial resource.

Everything related to the intellectual resource such as mushroom technique or business name will be registered and maintained by the National Board of Patents and Registration. This can

protect the company from copying technique or fake products, reinforce the firm's power and product standard as well as building customers' sustainable relationship.

It can be said that human capital is the most important factor in a business's operation. If there are not skilled employees, the business cannot be successful. Hence, the firm really takes care them with supporting policies. Firstly, company values work and those who perform it well. Secondly, that is to create prerequisites for continuous learning and renewal. Thirdly, we support personnel's working ability and ensure productivity of work. Finally, all employees get the salary and insurance according to Finnish collective agreements to guarantee everyone has a good working environment. Besides that, there will be not the distance between management department or supervisor with workers, all will be friendly and always help each other to develop better together.

Finance is a key factor in establishing the new company. Without money, it is very difficult to do any things. Hence, at the beginning, the private entrepreneurs of the firm X will share the expense together (about 80,000 euros/ person) for expenses in the first year. If there are some problems or business expansion, the business can ask for a loan from a bank or call for investment later.

4.2.7 Key activities

Key activities in the business model are described as main actions to sustain customer relationship, to support value propositions and to increase turnovers. Key activities are also different based on types of corporations and their businesses. There are 3 groups of key activities: production, problem solving and Platform/ Network. (Osterwalder and Pigneur, 2008)

Production group includes designing, producing and distributing the products in exceptional methods (Osterwalder and Pigneur, 2008). The main activity of the firm is naturally mushroom production. Another key activity is sale and PR, which helps the company transferring message and good image to customers (Kotler).

Also, the company X needs to have to manage risks well for problems such as production is not on time, the quality is not good, delivery is late, etc. Besides that, finance management is also important since this factor is considered as a strong base for business to attract the investors.

4.2.8 Key partners

Table 4 enumerates a list of companies and organizations which can be a business partner with company X in the future. The list includes different aspects of the business such as mushroom spawn, mushroom equipment, logistics, finance, and personnel. Most of the vendors are collected through researching and contacting the partners directly to discuss price.

CATEGORIES	NAME OF PARTNERSHIPS
Mushroom spawn and raw materials	<ul style="list-style-type: none"> • Hollander Spawn • Glueckspilze company
Mushroom equipment	<ul style="list-style-type: none"> • Zhengzhou Satrise Industry Co., Ltd. • Glueckspilze company
Banking and accounting	<ul style="list-style-type: none"> • Nordea bank • Card machinery • Book-keeping • Auditing • Finnvera • Accountant companies
Logistics	<ul style="list-style-type: none"> • Postnord/ Havi logistic company • LD Packing Printing Corp., Ltd.
Employees	<ul style="list-style-type: none"> • Staff Point • Staff plus • Work power • Personal network
Key partners	<ul style="list-style-type: none"> • K-city market • S market

Table 4: Partners of company X

4.2.9 Cost structure

Cost structure means almost important costs happened inherently to run a business including fixed and variable costs, economies of scale and scope. Table 5 will show the essential costs to run a start-up company producing mushrooms.

CAPITAL	
Immaterial goods	Registration costs
	Other licenses to open a company
Machinery and equipment	IT
	Production equipment acquirements
	Assets, in kind
	Furniture
	Phone/fax/Internet including installation
	Installations of machines and equipment
	Renovation of business premises
FIXED COST	
Working capital (1 year)	Initial marketing
Cost of the premise	Rent and rent deposit
Equipment costs	Equipment rental/leasing
VARIABLE COST	
Production cost	Personnel costs
	Raw materials supplies
	Mushroom spawn supplies
	Package supplies

Table 5: Cost structure of company X

4.3 Marketing plan

4.3.1 Target market

Because the company X is a new start-up enterprise producing mushroom in Finland, there is definitely plenty of challenges and problems in branding awareness, building up product quality as well as create customers' trust. Hence, at the beginning, the company X's target market is retailers in Uusimaa region, clearly is S-market and K-city market. K-city and S markets are very biggest retailers in food store department in Finland. According to annual report 2016 from Kesko group, in food trade of market shares 2016, S group was 47.2% and K group was 37.7%, then was Lild with 8.8%. Besides that, approximately 1.2 million customers visiting K group's food stores and S-group also has the competitive amount, which proves that these retailers need to have a big volume of mushrooms to serving a sustainable customer quantity.

Moreover, with the development of healthy eating, being a vegan or vegetarian (6% of the population, or 329,000 people, did not eat meat), Helsinki - the capital is at the forefront of much of this. This proves that the target market is Ussimaa region but especially in Helsinki will be a logical choice for the firm. (Vegetarianism by the country - Wikipedia)

4.3.2 Competitor analysis

According to the survey result, the number of consumption of mushroom is increasing gradually. For instance, Finns would like to eat mushroom at least once a week. Besides, thanks to eating a healthy diet- trend, people are more and more preferring vegetables containing much vitamin and protein to other meat food. However, in Finland, an analysis has shown 94% amount of mushroom food is imported, only 06% is a domestic product. (Appendix 3) Despite the importing products are much cheaper than Finnish mushrooms, Finns are still willing to support and buy the local ones.

As mentioned above, only 05% of total mushrooms is a local product, it means there are not many mushroom manufacturers here. Especially, in Agaricus Bisporus mushrooms, there is only Mykora Oy producing them. So the company X does not have many competitors but the only Mykora Oy is the biggest and challenged one.

Mykora Oy

Mykora Oy is a leading Nordic food production company with mushroom brand name Champ. Mykora produces white and brown mushrooms and portobellos. Mykora started its operations in 1990, nowadays it produces about 1.6 million kilograms of mushrooms for retailers, restaurants, kitchens and the food industry. Mykora's net sales are approximately EUR 7 million. There are about 75 official employees in the company.

Mykora Oy grows and sells its own, both cooperative and subcontractors' products to domestic retailers and private wholesalers. Through these customers, the products are exported, for example, to retailers, catering kitchens and consumers. In addition, mushrooms are delivered to the industry for further processing and to foreign markets.

In short, almost Finnish mushrooms in the Finnish market are from Mykora Oy, so it can be seen that Mykora Oy holds over 90% of total market share. This is a challenge for the company X but still, have a big opportunity for entering the market and reaching customers because of the support policy from Finnish Government as well as new product welcome from the businesses.

4.3.3 Product and service strategy

According to Kotler's model, the product and service of a company have 03 levels including core product values, actual products, and augmented products.

Core product's values

- The core product of company X is fresh, high quality, Finnish standard mushrooms and the good choice for diet and health conscious customer.

Actual product

The actual product is the fresh *Agaricus Bisporus* mushroom, medium size, smooth, extremely dense white mushroom with a diameter of the cap of 3 to 6 cm. The mushroom's spawn is Intermediate Hybrid F599 from Hollander Spawn.

Branding and Packaging

The products will be stored in food- approved-material boxes. In addition, the logo and label of the company will be printed on its surface. The authentic tagline "The highest quality and care" is chosen to be Company X's official slogan. The slogan is designed and printed along with the brand and contact information on every product. Example:

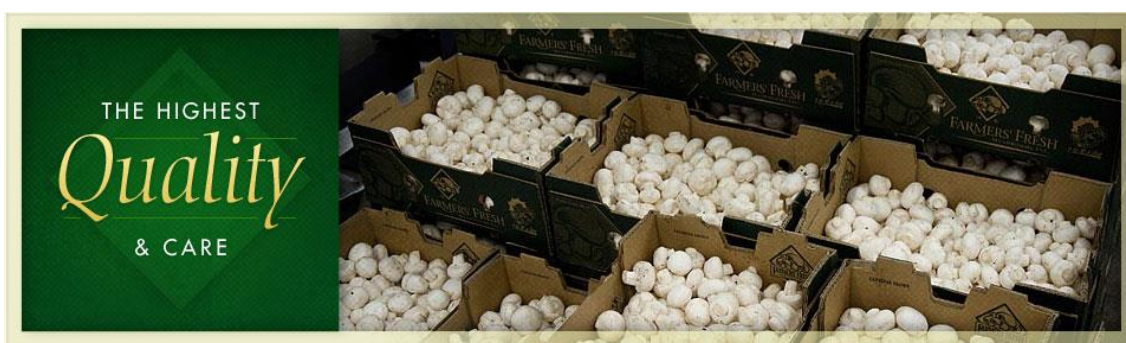


Figure 20: Mushroom delivery boxes, source: Internet.

Augmented product

As the initial idea is customer-oriented service, Company X strives for customer's satisfaction and capture that profitable value in return.

- Delivery: the firm X corporates with a logistic company to deliver the mushrooms to customers. The clients will receive the orders within 1-2 days to get the freshest products as soon as possible.
- Credit: Customer can pay their orders by online bank payments, wire transfer or cash-on-delivery services.
- Warranty: the enterprise guarantees the freshness of the product for customers, if there are any troubles with mushroom such as spoil mushrooms, the customers can refund or get a discount for the next time orders.
- Royal customers: To be grateful to frequent customers, the company will organize the "Thank you" campaign once a year. Maybe there will be a "Thank you" party or a "Big discount" event for the last order in December or a very meaningful gift to the loyal customers.
- After sales service: Customers are welcomed to provide feedback via website or service department of the company, all problems and complaints will be solved in 24 hours.

4.3.4 Pricing strategy

Among various pricing strategies with different features, the business idea will apply cost-based pricing in the initial stage as it represents the company's philosophy and customer approach. Specifically, the pricing strategy is set based on "the costs of producing, distributing and selling the product plus a fair rate of return for effort and risk" (Kotler 2008).

Because of the new start-up company in Finnish mushroom market, to get used to the market, to advance the technique, and there are lots of costs for the 1st year, the firm expects to produce about 55,000kg mushrooms per year. Price of Company X's products is calculated by adding 12.6% of profit margin to the costs of a product.

Variable cost (kg)	€1.02
Fixed cost (kg)	€1.29
Expected unit sales (kg/year)	55,000

Table 6: Cost for 1kg and expected sales in the 1st year

Manufacturer's cost of 1kg mushroom is calculated based on the data from table 6:

$$\text{Unit cost} = \text{Variable cost} + \text{Fix costs} = €1.02 + €1.29 = €2.31$$

Supposing that Company X set 12.6% profit margin on sales. The markup prices will be:

$$\text{Markup price} = \text{Unit cost} + (0.126 \times \text{unit cost}) = €2.31 + (0.126 \times €2.31) = €2.6$$

However, after one year, the enterprise will increase producing the amount mushrooms. It is estimated about 62,000kg mushrooms per year. Hence, Price of Company X's products is calculated by adding 27.5% of profit margin to the costs of a product.

Variable cost (kg)	€0.9
Fixed cost (kg)	€1.14
Expected unit sales (kg/year)	62,000

Table 7: Cost for 1kg and expected sales in the 2nd year

Manufacturer's cost of 1kg mushroom is calculated based on the data from table 7:

$$\text{Unit cost} = \text{Variable cost} + \text{Fix costs} = €0.9 + €1.14 = €2.04$$

Supposing that Company X set 27.5% profit margin on sales. The markup prices will be:

$$\text{Markup price} = \text{Unit cost} + (0.275 \times \text{unit cost}) = €2.04 + (0.275 \times €2.04) = €2.6$$

4.3.5 Branding and Advertising strategy

The company will combine marketing and advertisement into one step in order to save the overheads of its early period. This is also a way to build the brand effectively. With the development of information technology in this era, there are plenty of approaches to achieve significant marketing impression. Besides, marketing strategy is very important to propose firm's products to customers and to send a message to the final consumers (Kotler, 2000). Hence, the firm needs to consider and select the best marketing channels which are most appropriate to its objectives.

The company X's business model is B2B, so its marketing will be driven by the B2B method. Therefore, the firm does not need that many activities such as advertising than in the B2C marketing. Its marketing communication plan includes participation at trade fairs, emails to potential customers (K and S market) and special events like Agricultural exchange days. The enterprise will focus on personal direct sales and its customized solutions ensure company's good quality service concept as well as customer experience. Face to face meetings is the key to company's success. To maintain this long-term relationship, the company X invites the customers to customer lunch meetings, concerts or other events. The business's biggest aim is to have this long-term relationship.

Furthermore, the organization will also utilize Mass media to make the products reach people quickly.

Newspaper advertisement: We will have ads placed in local newspapers and especially in S and K market magazines because all the firm's products will be sold here. They can be a charged newspaper such as *Keskisuomalainen* or a free newspaper in buses and trains such as *Metro* and *City*. *Keskisuomalainen* is the country's fifth most-read seven days (Ksml.fi) and *Metro* has more than 300 000 active readers in Finland (metro.fi).

Website: The website of the company X will be rather simple and easy to use. The website gives information about the business concept, offered values, some background information, detailed product, business partnership, contact information, location and blogs about "How to cook with mushroom".

The website will be submitted to several search engines on the Internet, and the site's address will also be displayed on newspaper advertisements and business cards.

The X company will cooperate with the biggest retailer systems in Finland, such as S-market, K-markets, ... to popularize the brand's logo image as well as the brand name image of X to the citizens through some traditional or digital channels, for example like: banner on their websites, banner on their market's doors.

Social media

As mentioned above, the company will not really focus on digital marketing due to this is only a B2B strategy. However, a study from Buzzador has found that 82% of Finland's online people visited Facebook at least once every day and 15% of interviewed audiences were frequent users of Instagram, so, it would be wise if X should spend a small budget to run advertisement on Facebook and Instagram to attract and reach to a large number of potential customers.

4.3.6 Distribution strategy

Distribution strategy is vital in delivering the product to target customers. To make it effective, the company should build up a long-term profitable relationship with partners, suppliers, and intermediaries.

The below figure illustrates the value delivery network of Company X, from producing the product to delivering it to end-customers

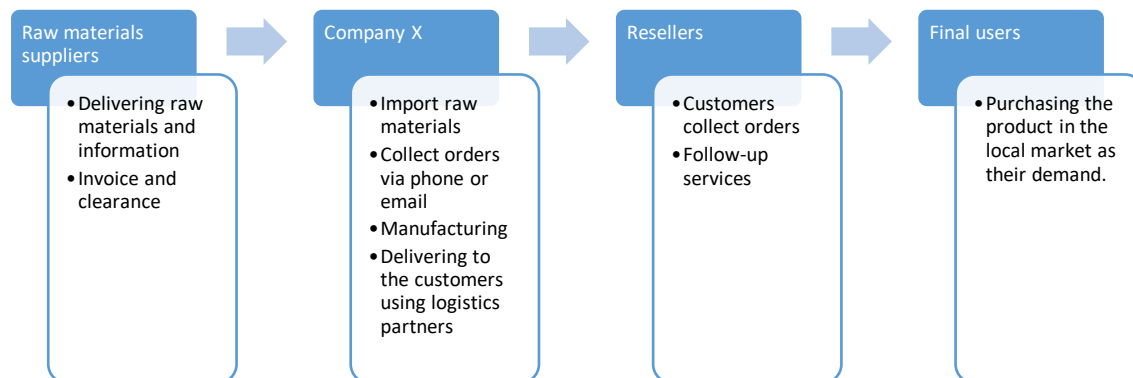


Figure 21: Value delivery network of Company X

X will order high-quality mushroom's spawn from the supplier Hollanders and the company will have perhaps two or three refrigerators to keep it in good condition for a long time.

Company X will be outsourcing its logistics functions to third-party logistics (3PL) providers to save costs, increase efficiency, and gain faster and more effective access to target markets. X will associate with the logistic company to take care the package, packing, warehousing and

transportation. After the harvesting mushroom step, the logistics firm will be responsible for the rest including all the mentioned actions above. There will be two options for the logistic company to proceed, one is to ship the packages to the customer directly. On the other hand, they will carry products and store them in the inventory in right conditions and then deliver them to customers as the order lists.

X company's website will be designed simple and clear, the customers can easily find the information to contact with firm's staff to order mushrooms or via emails and phone calls as long as it is convenient for customers. Besides that, to make the transaction stage be more reliable, X will attach special importance to the safety and payment policy, offer the clients best options when checking out their orders such as a digital receipt or bank transfer bill.

Eventually, K-market and S-market groups will be the ones who take into account for mushroom preservation and sell it to the final consumers.

4.3.7 Sale promotion strategy

The company X will provide its customers different sales approaches to every customer segment. The special sales programs are as follows:

- 20% discount on the total bill for the first 10 orders.
- Loyalty program: there will be a "Thank you" party or a "Big discount" event for the last order in December or a very meaningful gift to the loyal customers.

The promotion strategy of the X firm will focus on offline channel and sometimes on social media in retail shops in the beginning. The promotion strategies as follows:

- Active social media pages: Facebook, Instagram.
- Banner, the poster is showed off in the retail shops belongs to S and K markets.
- Videos are also a great tool to promote the brand. Short videos about products, selected recipes, and special events can be recorded in high quality. Promotion channels such as website, blogs and social media accounts are the main ways to improve customer awareness. Videos provide unique content and are expected to be viewed and shared among customers. Videos posted on YouTube channel allow the marketer to see how many times it was viewed, where it was viewed and how many subscribers the page currently has.
- X will organize some promotion revolution to popularize their food products to inhabitants in every small residential quarter by building stand before the entrance or inside K and S markets.

4.3.8 Budget

As mentioned above, because of B2B business, the firm will not focus on a lot of activities for advertisement. Table 5 below shows the estimated marketing budget that the company will spend for the first year.

Marketing programs budget		Monthly	Yearly
Facebook page		20	240
Search engine		50	600
Advertisement on newspaper	740		740
Blogs on website		100	1200
Videos	1200		1200
Total			3980

Table 8: Estimated marketing budget of company X for the first year

4.4 Risk management

4.4.1 SWOT analysis

SWOT-analyze comes from the words strengths, weaknesses, opportunities and threats. It can also be divided into two groups: inner factors and outside factors. X company's inner factors include strengths and weaknesses, which describe all the good things for the firm and the things that need to be taken into consideration. The outside factors describe X's opportunities and threats. The idea is to get a better picture about X's current situation to back up the possible future plans and decisions.

Strengths <ul style="list-style-type: none"> • High-quality product (freshness, standard size) • Made in Finland • Competitive advantage of adaptability to all special occasions, trends and customer needs • Having personnel that is friendly, responsible, skillful and professional. • Food hygiene and safety management. 	Weaknesses <ul style="list-style-type: none"> • First business venture for owners • Production costs are estimated • High start-up costs and overheads • High customer expectation as a new player in the market • Network and experience • Finnish laws and legislation
Opportunities	Threats

<ul style="list-style-type: none"> • Adapt to the modern trend of healthy diet • Less competitor producing mushroom in Finland • Possibilities of expanding business 	<ul style="list-style-type: none"> • High corporate tax in Finland • Customer awareness is a challenge in the beginning • Economic crisis could affect the business in long-term
---	---

Table 9: SWOT analysis of company X

4.4.2 Risk analysis

Risk description	Evaluation	Impact	Solution
Risks from property-owning and renting	Medium	Equipment and surroundings are at risk of fire or electrical hazard	Operating in clean and clear environment with required equipment. Proper insurance on mushroom equipment properties
Food hygiene and safety management	High	Company's reputation, direct and indirect sales	Testing every harvest from Evira to assure the product quality.
Auto risks: vehicles could be broken by accidents on the delivery way	Low	Direct sales, company's reputation	Car insurance company as well as exchange and refund policy
Environmental risks: growing up temperature control, moisture.	Medium	Direct sales, company's reputation	Refund policy
Fraud from suppliers	Low	The quality of mushroom quality.	Choosing well-known organic suppliers.

Table 10: Risk analysis of company X

4.5 Financial plan

4.5.1 Cost structure and expense

The tables 11 below shows in detail the needed capital to open the company and make it completely operate. It is estimated the required capital is approximately €150,420 shared by two owners (€80,000 each person). At the beginning, the owners do not have the plan to ask for a loan from a bank, however, in the near future, if the company expands the business,

they will ask for a loan or call for an investment. The profit will be divided equally for owners basing on investment percentage.

CAPITAL REQUIREMENTS		
INVESTMENTS		
Immaterial goods	Registration costs	380
	Other licenses to open a company	1500
Machinery and equipment	IT	0
	Production equipment acquirements	11000
	Assets, in kind	0
	Furniture	1500
	Phone/fax/Internet including installation	200
	Installations of machines and equipment	200
	Renovation of business premises	6500
Movables of the company	Office supplies	0
	Other devices	0
Working capital (1 year)		
	Marketing	3980
Cost of the premise	Rent and rent deposit	66000
Equipment costs	Equipment rental/leasing	0
Sales and financial assets	Initial inventory	1800
	Cash reserve	1200
Production cost	Raw materials supplies	4410
	Mushroom spawn supplies	3560
	Personnel costs	46490
	Package supplies	1700
CAPITAL REQUIREMENTS IN TOTAL		150420
CAPITAL SOURCES		
Equity	Share capital	
	Ngoc Pham	80000
	Bao Pham	80000
SOURCE OF CAPITAL IN TOTAL		160000

Table 11: Estimated start-up capital

4.5.2 Break-even analysis

	1st year	2nd year	3rd year	4th year
Contribution per kg	1.58	1.7	1.7	1.7
Contribution margin ratio	61%	65%	65%	65%
Break-even point (in kg)	45050.63	41870.59	41870.59	41870.59
Sales at break-even	117131.6	108863.5	108863.5	108863.5
Variables at break-even	45951.65	37683.53	37683.53	37683.53
Fixed costs at break-even	58115.32	47732.47	47732.47	47732.47

Table 12: Break-even analysis

The break-even point in sales in the 1st year is €117131.6, and the budgeted sales are €143000, therefore X reached the break-even point and is predicted to make a profit in the 1st year. Nextly, in the 2nd year and the 3rd and 4th year, the sale will increase due to changes in production amount, which change the amount of break-even point in sales and still make a good profit.

Table 13 illustrates the profits and loss calculation of the company through the first four years operating. In this table, it is contemporary to set up the fixed cost and variable cost the same through years to have a basic look at the positive result and the potential business. However, because of the start-up company, the owners also want to minimize all costs, so variable costs will not change a lot. Generally, the business will make a loss in the 1st year because of the initial capital, but then it will get profits from the 2nd year.

	year 1	year 2	year 3	year 4
Revenue	143000	161200	161200	161200
Variable costs	56160	56160	56160	56160
Fixed cost	71180	71180	71180	71180
Profit before tax	15660	33860	33860	33860
Tax rate	20%	20%	20%	20%
Tax liability	3132	6772	6772	6772
Initial capital	23080	10552	0	0
After tax profit	-10552	16536	27088	27088

Table 13: Profit and loss calculation in the first four-year

5 Conclusion

This business plan somehow has many limitations since the real numbers in financial plan would depend on the situation in real time. However, it mostly goes through all good knowledge points, detail research about target customers in the target market. From that, it gives an explanation on product development, marketing strategies to make the operation works well as well as a basic look at estimated finance budget, which must be pointed out that this idea can become true and successfully.

Thanks to this business plan, the investors in the Finnish agriculture can consider a new field in order to enter the food market. Besides, this assists people in deeply understanding the opportunity of ideas in the market. In addition, it reduces risks and distance between idea and reality, it can help the entrepreneurs avoid the bad situations and have a logical strategy for the business.

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Appendix 1: Interview

CASE INTERVIEW

Date: 20 June 2017

Case: S market and K-city market

QUESTIONNAIRES

1. How many kgs of mushrooms do you sell every week?
2. What is the average purchasing price from suppliers with this product?
3. Which factors have the most influence on your purchasing decision?
(environmental registration, quality registration, registration of origin, procedure management, quality certificate (FAO/WHO, Codex Alimentarius or OECD), environmental system certificate ISO14001, social responsibility, the BSCI Code of Conduct, product freshness, storage time and method, packaging, pre-order period and delivery service, payment process).
Can you evaluate them? *(1. Very important, 2. Important, 3. Not important)*
4. Do you think Finnish consumers have any favorite product of origin? For example, from any specific brand or country of origin? *(case product made in etc.)*
5. How is customers' reaction towards this product?
(Customers actively response or retailers over-estimate product's potential?)
6. How do you introduce a new product to the customer? Do you have any advertisements on your website or magazines?
7. What do you think about the trend of this mushroom in generally?
8. What makes a mushroom company can supply the regular amount to you?

Factors affecting choice of Agaricus Bisporus mushrooms

Hello,

I am a last-year student doing my thesis project to launch a new premium-quality Agaricus Bisporus mushroom supplied by a Finnish farm in the Uusimaa region. As a part of the project, this survey is to identify users opinions and purchasing habit towards Agaricus Bisporus mushroom. I'll take only 3 minutes and your responses will help to bring this healthy food closer to Finnish users.

I have much appreciated your support and thank you so much!

***Required**

**1. 1. Gender ***

Mark only one oval.

- Male
- Female

2. **2. Age ****Mark only one oval.*

- <16
- 16-25
- 26-35
- 36-50
- 50<

3. **3. How many times do you eat mushroom per week? ****Mark only one oval.*

- <1
- 1-2
- 4-5
- 5<

4. **4. If you use less than 1 time/week, why don't you usually consume mushroom? ***

Please choose 2 most important reasons

Tick all that apply.

- Taste
- Allergy
- High price
- Short preservation time
- You don't know how to prepare mushroom for meal

5. **5. Where do you usually buy mushroom? ***

Please choose 3 most regular location

Tick all that apply.

- Prisma
- S market
- Alepa
- K city market
- K super market
- K market
- Lild market
- Flea market

Other: _____

6. **6. How important are following factors in your choice of mushrooms? ***

Mark only one oval per row.

	1 - Very important	2 - Important	3 - Not so important
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Freshness/Mushroom colour	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Country of origin	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Nutrition information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Average weight per package	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Package design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mushroom size	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. **7. At which price would you buy a pack of 200gr Agaricus Bisporus mushroom? ***



Mark only one oval per row.

	1,10 Euro/pack	2,30 Euro/pack	2,90 Euro/pack
Fresh Finnish mushrooms	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Imported mushrooms	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. **8. How important is it to you that the mushroom product is from Finland ? ***

Mark only one oval.

	1	2	3
Very important <input type="radio"/> <input type="radio"/> <input type="radio"/> Not so important			

It's done. Thank you for your participation. Have a nice day!

Appendix 3: Balance sheet for food commodities

Balance sheet for food commodities (million kg)								
		Production	Exports (%)	Imports (%)	Domestic utilisation, total	Use in food industry	Use for food (brutto) 1*	Use for food (netto) 2*
2011	Other fresh vegetables *	242	1	82.3	322.7	50	273	273.2
2012	Other fresh vegetables *	204	0.9	85.2	288.2	41	247	247
2013	Other fresh vegetables *	227	0.6	92.6	319	53	267	266.5
2014	Other fresh vegetables *	241	0.7	93.9	333.7	46	288	287.6
2015	Other fresh vegetables *	223	0.3	94	316.6	42	275	274.8

Commodity:

Other fresh vegetables*: * include cultivated mushrooms.

Data:

Use for food (brutto) 1*: 1* Consumption of ground grains expressed in grain weight.

Use for food (netto) 2*: 2* Consumption of ground grains expressed in flour weight.

Latest updated: 29/09/2016

Source: Natural Resources Institute Finland, Balance sheet for food commodities