BUSINESS PLAN FOR ESTABLISHING AN AUTO CAR-WASHING SERVICE IN HANOI, VIETNAM

Lahti University of Applied Sciences
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                                     ESTABLISHING AN AUTO CAR-
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ABSTRACT

This thesis aims to test whether the business idea of establishing an auto car-washing service in Hanoi, Vietnam is applicable or not. Based on the analysis of the automobile industry, as well as the current car-washing market in Vietnam, specifies in Hanoi, the business idea is seen as potential. The author focuses on the process of planning a business.

The theoretical framework of this study includes four analytic tools to apply to business idea establishment. PESTEL analysis is used to provide an understanding the current situation of home country – Vietnam. The key elements of business model Canvas and VARIM framework are further explained and apply to plan the business. Last but not least, SWOT analysis is conducted to identify and help the business be aware of the internal and external factors in which business operates.

This study applies qualitative method in a deductive approach. The data collected through numerous sources, from the interviews with local consumers, the published sources, and also from the author's own expriences and observation.

Finally, it concludes that car-washing service is a highly potiential market in Hanoi. Despite of an enormous competitors and competitive prices, the author believes that establishing an auto car-washing service in Hanoi could operate profitability and exploit the propective market.

Key words: business plan, auto car-washing service, VARIM framework, Hanoi, Vietnam

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1 INTRODUCTION

1.1 Background

The business idea was come up with when the author spent one year in Germany for studying and doing internship. She had a chance to experience herself the auto car washing service there, and realized its conveniences. As a matter of fact, the number of cars in Vietnam has been increasing incredibly, for example, there were only 22,596 new cars registered in 1999, however, by the end of 2004, there were 81,497 new cars registered. As the Ministry of Transport forecasted, the growth rate of in number of automobiles in Vietnam in the period 2005-2010 would be more than 16% per year, and there would be more than 1.2 million cars by the end of 2010. Moreover, the growth rate in the period 2011-2020 will be over 8% per year, and the number of cars will reach 2.62 million units all over Vietnam (Đông Hiếu 2005)

As the automobile industry is expanding rapidly in Vietnam, opening an auto car washing service in Hanoi – one of the two biggest cities in Vietnam is considered as a potential business. The author has been living in Hanoi for over 25 years, with her own experiences and observation of the local market. She sees the more number of cars goes up, the more demands for using car services increases. Hence, there is a need to have such a convernient washing car service in Hanoi.

1.2 Objectives

The business idea is to open the auto car washing service in Hanoi, Vietnam. The main objective of the thesis is to understand the process of how to establish a business. By focusing on doing market research and analysing the current market situation, this study aims to determine if the business idea is applicable or not.

1.3 Research Questions

The main research question is: Is the business idea to establish the auto car-washing service in Hanoi, Vietnam applicable in reality?

In order to answer to the research question, the sub questions are listed below:

- What is the car market in Vietnam like?
- What kind of car washing systems are there in Hanoi, Vietnam?
- How will the local consumers' react to a new auto car washing service?
- Who are target customers?
- What kind of services does the business provide?
- What financing is required to start up a business?

1.4 Limitations

From the beginning, the author aimed to conduct a survey of the market in Hanoi, however, due to time limitation, she decided not to implement the survey, but only the interviews. Therefore, the study may not provide enough actual statistics to convince that the market is potential, and if it is positive to establish a business. Furthermore, most of the statistics are collected in Vietnamese. It may cause the readers some difficuties in understanding. About the theorical part, the VARIM framework is quite new, hence, all knowledge is collected from one book, "Business Innovation", published in 2014.

1.5 Theoretical Framework

First of all, in order to understand why planning a business is important in starting up a business, the author will give a brief definition of what a business plan is, why and how a business plan should be done. Moreover, before analyzing any business models, this study will clarify what a business model is, and what its components are.

The first business model will be applied is PESTEL, which stands for Political, Economic, Social, Technology, Environment, and Legal. It is approached to analyse the external factors of doing business in Vietnam, which might have impacts on the operations a business.
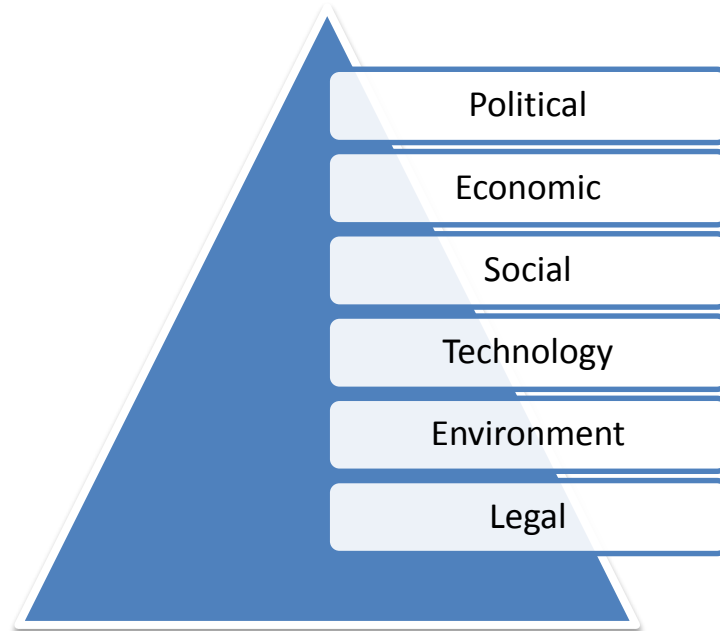
FIGURE 1. PESTEL Model (modified from PESTLE analysis 2013, 06)

The awareness of the five forces can help a company understand the structure of its industry and stake out a position that is more profitable and less vulnerable to attack (Porter, 2008)

CANVAS business model was proposed by Alexander Osterwalder. It describes 9 blocks of business: Customer Segments, Value Propositions, Customer Relationships, Channels, Revenue Streams, Key Activities, Key Partners, Key Resources, and Cost Structures. These nine components help to understand the business systematically, more importantly, it encourages running a business innovatively by allowing you to describe, design, challenge, and invent your own business model. Later on, the analysis of this business model would be applied to understand the VARIM framework.
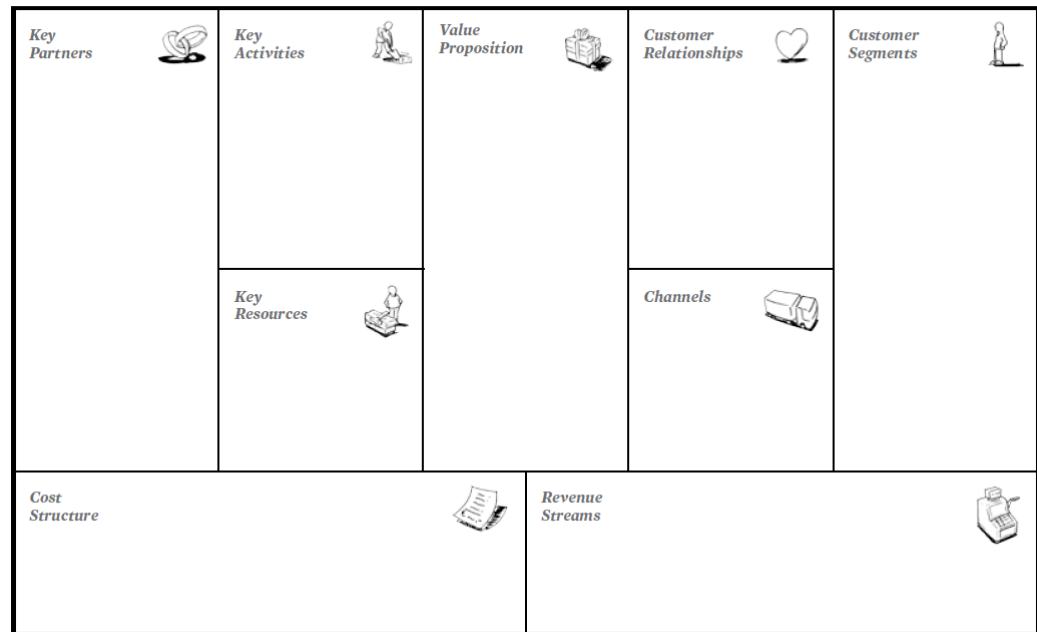
FIGURE 2. CANVAS Model (Business Model Generation, Osterwalder&Pigneur, 2009. 44)

VARIM framework was introduced by Allan Fuah as a new business model innovation. It is used for evaluating and analyzing the potential of a product.
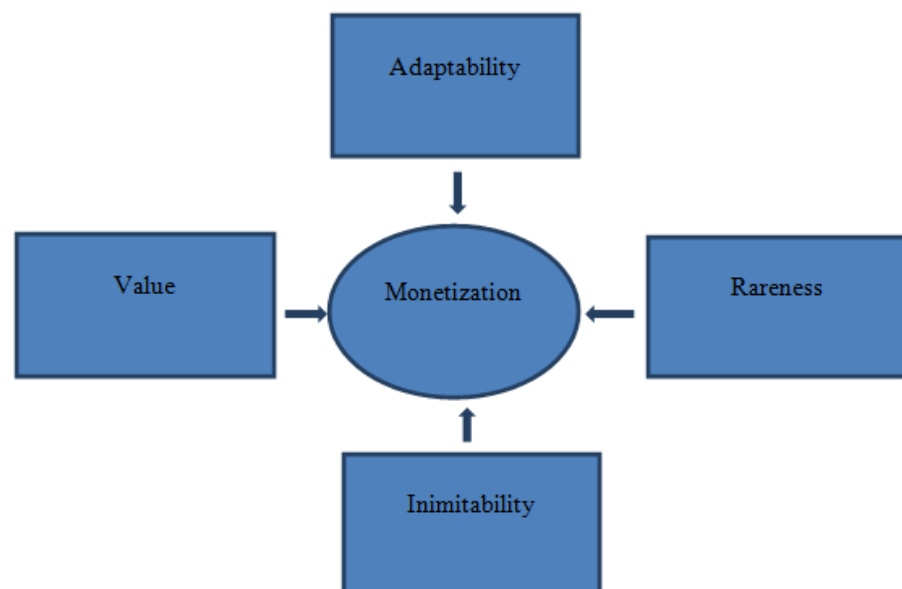
FIGURE 3. VARIM Framework (modified from Allan Afuah 2014, 26)

SWOT analysis is used as a tool to provide a good foundation for planning business strategies by identifying the Strengths, Weaknesses, Opportunities, and Threats. I

t can be applied to analyse both our own business and the competitors. It determines internal factors and external factors in which business operates, hence, it helps to decide which market segments offer the best opportunities for success and profitable growth over the life cycle of product or service.

FIGURE 4. SWOT Analysis

1.6   Research method and Data Collection

It is very important to decide which research method would used for the study. Deduction and Induction approaches are completely in contrast. Deduction research approach allows the research to establish a hypothesis by using theory. Variety of data and information is collected by the researcher to confirm or reject the hypothesis to resolve issue (Gill 2010). Meanwhile, Induction research is a flexible approach because there is no requirement of pre-determined theory to collect data and information. The researcher uses observe data and facts to reach at tentative hypothesis and define a theory as per the research problem. This helps the research to give inductive arguments (Mertens 2008). This study approaches deductive research method.

TABLE 1. Distinctions between quantitative and qualitative data (modified from Saunders 2009).

Deduction Emphasises	Induction emphasises
- Scientific principles - Moving from theory to data - The need to explain causual relationships between variables - The collection of quantitative data - The application of concepts to ensure clarify of definition - A highly structured approach - Reseacherindepandence of what is being researched - The necesity to select samples of sufficient size in order to generalise conclusions	- Gaining an understanding of the meanings humans attach to events - A close understanding of research context - The collection of qualitative data - A more flexible structure to permit changes of research emphasis as the research progress - A realisation that the researcher is part of the process - Less concern with the need of generalise

Quantitative and Qualitative research methods have different goals, quantitative research involves data collection (in mathematical and statistical form), analysis, and interpretion, whereas, qualitative research is based on texts and pictures, interview, and observation to collect the data then analyze for the study.

TABLE 2. Distinctions between quantitative and qualitative data (modified from Saunders 2009, 482).

Quantitative data	Qualitative data
- Based on meanings derived from numbers - Collection results in numerical and standardise data	- Based on meanings expressed through words - Collection results in non-standardised data requiring

Analysis conducted through the use of diagrams and statistics	• classification into catagories • Analysis conducted through the use if conceptualisation

The author interviewed four persons from age 25-55, who use the car-washing service frequently, to be able to analyse and understand deeply the car washing service in Hanoi, Vietnam, as well as the consumers' demands and behaviors. To be more precise, one of the interviews was with the owner of the car washing service in Hanoi. The purpose of this is to understand the market in a different point of view.

The research method and data collection are shown in the figure below

Research Approach
• Deductive

Reserch Method
• Qualitative

Data Collection Method
• Primary: Interview, Observations
• Secondary: Internet, Articels
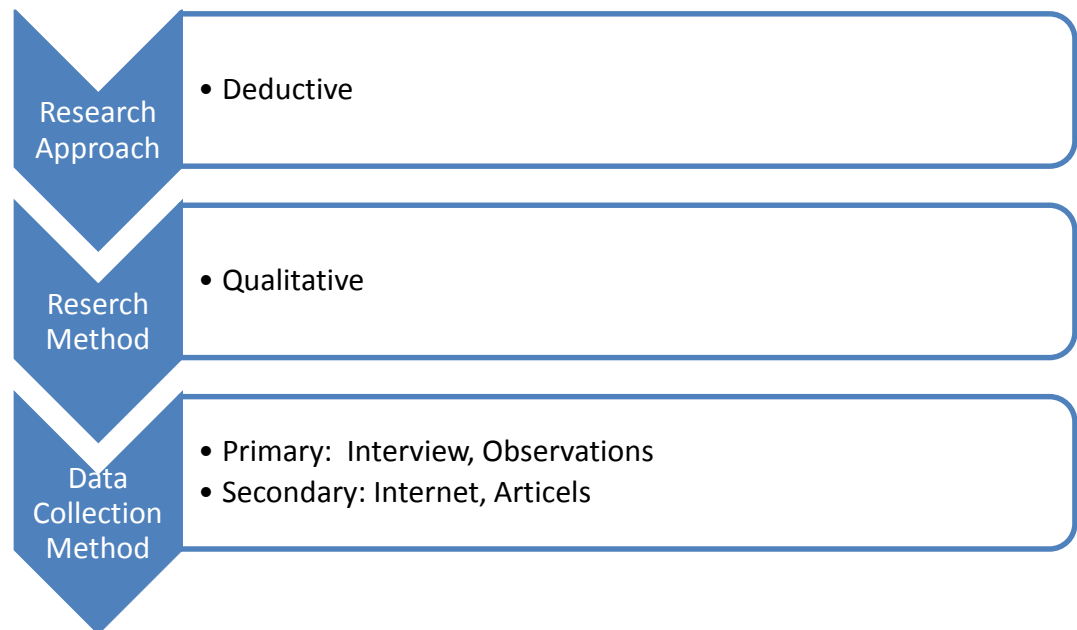
FIGURE 5. Research Methodology

1.7 Thesis structure

The structure of the thesis is formed as followed.

FIGURE 6. Thesis Structure

This study includes six chapters. The theoretical framework is conducted in chapter 2. Chapter 3 is done to understand the current automobile market and how the existed car-washing services are running in Hanoi. The PESTEL analysis is conducted to analyze the home country – Vietnam, where the business is established. Chapter 4 covers the operation plan, analyzes the key elements of Canvas model and VARIM framework, and explains how they are applied for the auto car-washing service. Later on, the empirical research, marketing mix – 4Ps, and financial plan are given to see if the business are applicable or not. Last but not least, the finding and conclusion are presented in chapter 5, and the author will summarize the key points in chapter 6.

2   BUSINESS PLAN

This chapter mentions the definition of a business plan, briefly explains why it is important to do a business plan for a small business. In addition, it also introduces the theory of VARIM framework; which is used to analyze the profitability of a product or service.

2.1   Plan a business

This part defines the business plan, also states some reasons why and how we should plan a business.

2.1.1   What is a business plan?

According to Alan West "A business plan is a systematic way of approaching future problems and overcoming them. It is an instrument of present developed through trial and error and using the company's experience and achievement in the past to plot the way forward realistically. The plan aims to achive the most advantageous and workable compromise between what a company wants to do and what it can do" (West 1995, 11)

In other word, it is a written description of a business'future. A business plan defines your business, identifies its objectives, strategies, goals, target market and financial forecasts.

2.1.2   Why do a business plan?

It is obvious that building a well structured business plan will lead to a successful business, it helps to understand how a business is put together, save time and money in the long run, secure finance and contracts, and it is essential to attract funding.

If you are planning to run a new business, it is a tool to determine the different forces and factors, which may affect your business. If you are in a business, planning process is a good way to look back to what you have been working. You are able to figure out either the weakness or strength of the business, what you

need to improve the business, and how to solve the prolems and move forward. Therefore, it gives you a sense of control over your business.

More importantly, for doing a small business, it will: (West 1995, 07)

- Identify business areas that are not completely under control, to which managers have perhaps given inadequate and where action is esstial.
- Provide a framework through which employees and others can be informed of the company's future direction.
- Demand that management information systems be improved which will have benefits for all decision-making within the organization.
- Force management to consider the future strategy of the firm, to weight up the strength and weakness in an objective fashion.
- Identify key development areas for which the firm will need to develop expertise.
- Provide the basis for analyzing whether or not a new product or process will be a success, especially valuable in the development of short-term forecasts.
- It can be very useful in providing the information on the prospects of the company requires by likely sources of finance.

2.1.3   How to plan a business?

It is no doubt that it is necessary to write a business plan. It is a key to a successful business. In order to avoid the risks as much as possible, you should plan your business from the early stage with a well-tructure.

Steps in preparing a business pla
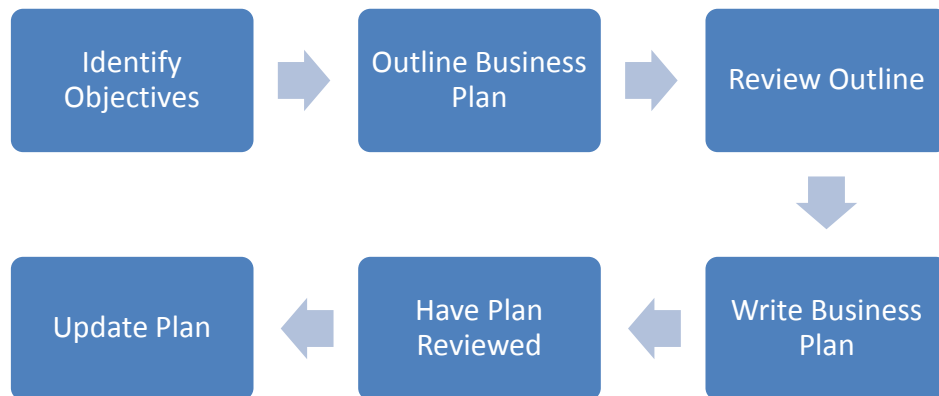
FIGURE 7. Steps in preparing a business plan (modified from Ernst & Young LLP 1997, 03)

A business plan should be well prepared. It helps the company to set goals and objectives from the early stage, to develope the document milestones along the path to success. It does not mean that a business plan can guarantee the problems will not rise, but through it, the company can determine the key problems, be able to avoid and deal with them up front.

2.2 Business Model

Beside the definition of a business model and its components, the author will introduce some basic knowledge of VARIM framework, and CANVAS business model which will be applied later on for planning a business.

2.2.1 Definition

A business model is relevant to every company. Each company has different strategies, and uses different business models depending on their products or services. A business model would determine a company' sales, and marketing strategies (include branding, pricing, sales channels, potential customers-competitors-partners). On the other hand, it describes the way in which company uses to generate revenue and make profit from its products or services. It is

defined as "A business model describes a rationale of how an organization creates, delivers, and captures value" (Osterwalder 2009, 14).

2.2.2   Components of a Business Model

While a business plan explains why you are in business, a business model explains how you run a business; it could be simple or complicated. A business model should provide all operation activities in details, as well as long term, short term visions for a business' growth.

The figure below shows the components of a business model
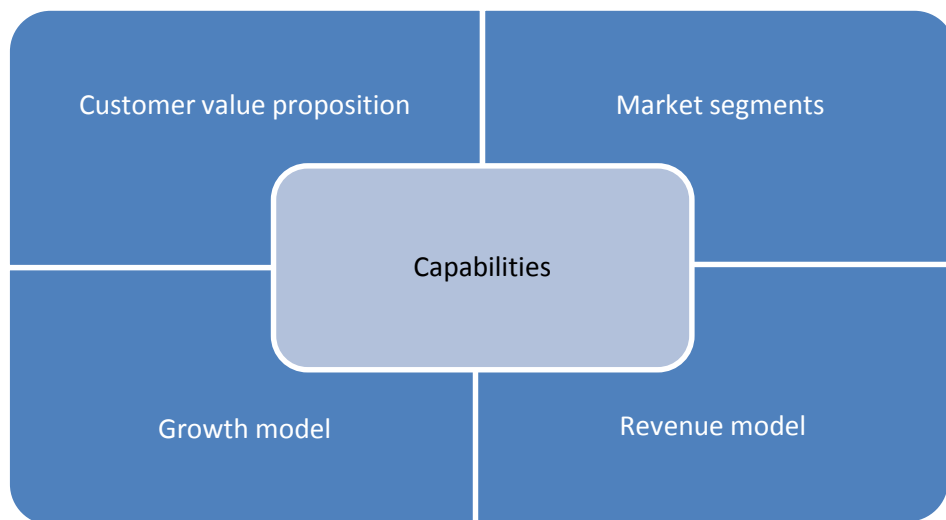
FIGURE 8. Components of a Business Model (modified from Afuah 2014, 05).

These components are explained in details:

- **Customer value proposition** consists of those things that the firm and its products/services can offer for customers to solve their problem and/or satisfy their needs better than competitors (Afuah 2014, 05).
- **Market Segment** is about the group of customers to whom a value proposition is being offered or should be offered, how many customers there are in each group, their willingness to pay, and the attractiveness of each group (Afuah 2014, 06). Depending on the product/service offerred, a company should investigate and do a research to understand their target customers' needs and wants, their willingness to pay for your

product/service. Hence, the company can provide the best suitable
distribution channels, and create close relationship with customers.

- **Revenue Model** is about how much customers get to pay for what
product/service, when and how. It is about getting as many of the
customers who like the value proposition as possible to pay a price that is
close to their reservation prices without driving them away (Afuah 2014,
07).

- **Growth model** is what a firm has to do to increase the number of
customers and their willingness to pay. It keeps prices close to customers'
reservation prices while keeping low costs (Afuah 2014, 08). Customers
always want reasonable price or demand higher quality, whileas the
suppliers always want to increase the price of the materials or they will
lower the materials' quality. It is very tough to maintain the price in that
situation.

- **Capabilities** consists of resources and activities. Resources or assets are
what a firm owns or has access to, while activities are what it does.
Activities transform resources into value created and/or captured. How
much value is created and captured depends on the quality of the resources
(Afuah 2014, 10.)

What will happen if not every start-up business and entrepreneur has a business
model? What should they do? How can they determine what business model they
should go for or what should not? The later part will introduce the VARIM model,
which is considered as one of the best ways for answering those questions.

2.2.3   VARIM Framework

VARIM framework was written in the book "Business model Innovation" by
Allan Afuah, first published in 2014. It is a new concept of a business model, this
concept explains and predicts the profitability of the business, the environment in
which the model is conceived and executed. More importantly, it can exploit the
opportunities and forecast the threats.

VARIM framework can be used when entrepreneurs do not have yet a business
model. It is used to evaluate activities such as: R&D, marketing, etc. The

framework is as well as used to assess the potential profitability of a brand, a product, or a service.

The figure below shows the components of the VARIM framework
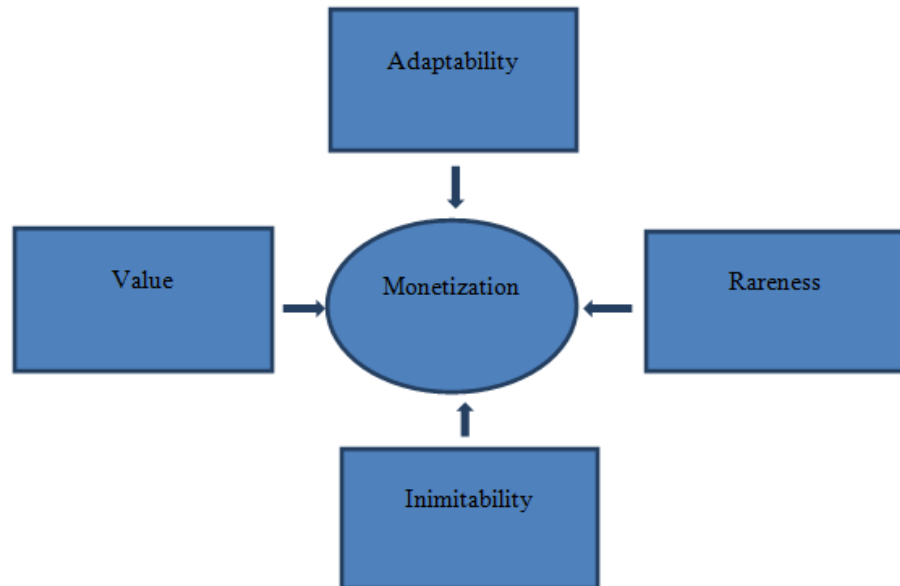
FIGURE 9. VARIM Framework (modified from Afuah 2014, 26)

The three components: value, rareness, inimitability are core of a business model, they can be used to assess the potential profitability of a business model.

- **Value:** Does the business model offer benefits that customers perceive as valuable to them? (Afuah 2014, 26). The company has to offer a product/service, which meets customers'needs and values. It is a necessary condition for a company to have customers bought their products/services.

- **Rareness:** Is the firm the only one that offers the customer benefits? If not, is the firm's level of the benefits higher than that of competitors? (Allen Afuah 2014, 26.) It means that if the company offers customers benefits, which they find valuable, however, many other competitors offer the same; it is hard to make money. On the other hand, if the number of the companies which offer the same benefits is small, and the customers do not have as much of a chance to play, the company will be possible to against its competitors.

- **Inimitability:** The question for this variable is "Are the benefits difficult for other firms to imitate, substitute, or leapfrog?" (Afuah 2014, 26). A business model that is valuable and rare, and makes money, will not do so for long if the model is easy to imitate.

The last two components: adaptability and monetization are used to predict the potential profitabiliy of a business model.

- **Adaptability**: Is the product cost-effectively reconfigurable or redeployable to offer benefits that customers perceive as valuable to them? (Fuah 2014, 28). If the answer is YES, the company might want to reinforce what it has been doing. If the answer is NO, the company might want to find out the reasons why.
- **Monetization:** Does the firm make, or stand to make money from offering the benefits to customers? (Fuah 2014, 28). The general idea of this question is the company has to account for the effect of price, cost structure, and number of customers. It means even if the company offers customers benefits which they value, there are few or no competitors, and the business model is difficult to substitute. However, it does not set the price right, or the costs are too high, or it does not have enough customers, it will not be able to make money. In contrast, if the price is set too low without a strategic motive, the company will leave money on the table.

The question of the VARIM framework is "Does the business model offer benefits that customers perceive as valuable to them?" (Fuah 2014, 41). These five components of the business model determine the potential profitabilities of a product or service.

2.2.4 CANVAS Business model

CANVAS model provides an interactive creation of a new business, or looks at and improves a current business. The model is described through nine blocks that show how the company intends to make money; each block defines a very specific part of your business. It helps the company to implement a strategy through organizational structures, processes, and systems. It can be used to spot the

business' potential weaknesses and strenghts, therefore, it uses those information to anticipate and act on them.

Customer Segments: It is important to identify who are your customers. One of the useful ways to define customers is to group their common needs and behaviors. Finding the customer segments, which the business is actively involved with, is a must.

Value propositions: a company offers a certain value to customers or solves a problem for them. It is linked with customer segment. It explores every aspects of what a business offers, how it interacts with clients, and how it improves and reach more customers by its current line of products.

Channels: They are the methods which a company uses to communicate with clients. How does the company's value reach customers? How your channels are integrated in your strategies? Or how cost-efficient your communication is.

Customer relationships: It is important to understand what kind of relationship you have with your client. As the relationship between a company and customers has major influence on a business. This component is used to define customer acquisition, customer retention and how a business can boost its sales.

Revenue Streams: There are many different ways to generate Revenue Stream. It is not always easy to define the correct price for what a company offers.

Key resources: This component describes the most important assets which a company uses to make a business model work. It is always a good idea to list the key resources a company use. It will be easier to define costs later in the canvas, and open up the possibilities to save money by downgrading or scrapping the certain key resources.

Key activities: Every business has certain key activities, which they use to operate successfully, and create the value company delivered to customers.

Key partnerships: It describes a network of suppliers and partners, which contributes to a business model.

Cost structure: It describes all costs incurred to operate a business model. It is necessary to analyze and understand what key resources are the most expensive for a business, or which kind of investments can improve the business. Certain businesses are completely built around decreasing their costs as much as possible. Hence, it is able to set a low price as a value proposition for their customer segments, whereas the others offer high value to their cusomters.

Once again, CANVAS model is a great tool to analyze every single key component of a business. It helps to review the strengths, weaknesses and improve the business. Using this model gives an understanding of how everything is tied together as a working business plan. Moreover, a company can forecast every possible changes, which it makes, can have major influences on the whole business activities.

3   MARKET ANALYSIS

This chapter analyzes the development of the automobile industry in Vietnam. Moreover, some facts of the current car washing service will be given, thus, it will provide some reasons why the auto car washing service is worth establishing in Hanoi, Vietnam.

3.1   Pestel analysis - Vietnam.

Pestel analysis is a useful tool for business to identify and analyze the external factors, which have impacts on its operations. This process helps to research and understand which implications a business could control, which could not. This study does not analyze fully the whole model, but only PEST analysis, namely: Political, Economic, Social, and Technological. Those factors will be identified and analyzed to have an insight look into the environment of the business. Therefore, the business will be in a better position to plan an effective strategy to meet their goals, and minimize any possible errors might caused.

Political: The Socialist Republic of Vietnam is a single-party state. The Communist Party of Vietnam (CPV) was established on 03 February 1930, the CPV principle "the people as the country's roots" has set up a wide and diversified political system to achieve these goals, which maybe described as: Rich people-strong nation-equitable, democratic, and civilized society. Its role is to lead the Vietnamese people to carry out the country's renovation, modernization, and industrialization. The State President is the Head of State, and elected by the National Assembly from among its duties to represent the Social Republic of Viet Nam in domestic and foreign affairs. The Goverment consiss of Prime Minister, Deputy Prime Minister, Minister and other members (Political System, 2015)

Economics: Vietnam is a developing country, which has reaffirmed a commitment to economic modernization in recent years. Vietnam joined the World Trade Organization in November 2006, which has promoted more competitive, export-driven industries. The export and import have increased rapidly in scope and rate. The total export turnover reached US$ 25 billion in

2005 against US$ 1 billion per year before 1986. The import increased by 19% annually in the period 2000-2005. The excess of imports over exports is now US$ 4 billion per year. The life of the majority of people has been improved (Vietnam economy overview, 2015). During 2009-2013, the GDP per capita (USD) increased gradually from 1,044 to 1,894. There was a decrease of economic growth in 2011 and 2012, down from 6.2% to 5.2%, however, it slightly rose in 2013, which counted for 5.4%. The inflation rate was up and down remarkably in four years, especially in 2010-2011-2012, which were 11.8%-18.1%-6.8%, respectively (Vietnam economic outlook, 2014). According to the General Statistics Office of Vietnam, in November 2014, the inflation fell to lowest level in over five years, and stayed at 2.6%, which marked as lowest rate since September 2009 (Vietnam-Inflation, 2014).

The figure below shows the Vietnam Economic Data in 2009-2013

Vietnam Economic Data

	2009	2010	2011	2012	2013
Population (million)	86.0	86.9	87.8	88.8	89.7
GDP per capita (USD)	1,044	1,169	1,373	1,595	1,894
GDP (USD bn)	89.8	101.6	120.6	141.6	169.9
Economic Growth (GDP, annual variation in %)	5.4	6.4	6.2	5.2	5.4
Consumption (annual variation in %)	2.3	8.2	4.1	4.9	-
Investment (annual variation in %)	8.7	10.9	-7.8	1.9	-
Industrial Production (annual variation in %)	8.5	15.7	13.5	4.8	5.9
Unemployment Rate	4.6	4.3	3.6	3.2	2.2
Fiscal Balance (% of GDP)	-6.0	-2.8	-1.1	-4.8	-5.7
Public Debt (% of GDP)	46.9	51.6	47.6	50.0	55.0
Money (annual variation in %)	29.0	33.3	12.1	18.5	18.5
Inflation Rate (CPI, annual variation in %, eop)	6.5	11.8	18.1	6.8	6.0
Inflation Rate (CPI, annual variation in %)	6.7	9.2	18.7	9.1	6.6

FIGURE 10. Vietnam Economic Data (modified from Vietnam Economic Outlook, 2014)

Social-Culture: During a 4000 years long history, it can be said that Vietnam had three layers of culture overlapping each other: local culture, the culure that mixed with those of China and other countries in region, and the culture that interacted with Western culture. Nowadays, Vietnam has 54 ethnic groups living across the country; each group has its own identities and culture (Vietnam culture overview, 2015). The official language is Vietnamese, English is widely used, and increasing favored as a second language.

Technological: Vietnam is a rapidly developing country in term of technology. By mid 2010, there were about 1,500 R&D institutes and centers with 2.6 million staffs, of which 60,000 have engaged in R&D activities, data shows. Moreover, Vietnam has established scientific and technological cooperation with 70 countries and territories around the world (Khanh Hoa, 2011). In 2012, the Ministry of Science and Technology approved the strategy for science and technology development for the period 2011-2020. The plan will narrow its scientific and tecnologycal gap with the world in some key fields by 2020. It aims to let the local network be upgraded to meet the requirements of rural industrialization and modernization, and and connect with the national system (S&T Strategy, 2012)

As far as the four factors above have been analyzed, Vietnam is recognized as one of fastest growing economies in South-East Asia, Vietnam is a one-party Communist state, and has set its sights on becoming developed nation by 2020.

3.2   The development of the automobile industry in Vietnam

The automobile industry in Vietnam is considerably young; it began to change sharply in 1991. In the 90s, Honda, Ford, Toyota, etc had entered Vietnam automobile market through joint investment or proprietorship. Along with their establishment of automobile assemble enterprises, Vietnam established domestic auto enterprises itself as well. Currently, there are eleven companies assembling vehicles in Vietnam, including firms based in all four major auto-producing location: Europe, the United States, Japan, and Korea. One of the biggest obstacles to Vietnam's automotive development is traffic, for instant: 6.18% of area is used for traffic systems in Hanoi's urban districts, while only 0.9% is used

for the portion in the suburbs. Meanwhile, the global standard portion for traffic areas used in the cities are from 15 to 20%. Besides, the price of cars are pretty high due to current Government policy with high taxtion and technical requirements, it reduces the number of car users.

In recent years, the automobile industry has been developing fast. According to Vietnam Automobile Manufacturers' Association (VAMA), there were 157,810 vehicles sold in 2014, that number was an increase 43% compared to previous year. It is considered as the highest growth rate of the market within five years. The highest sales record was reached in 2014, Truong Hai Auto (Thaco group) took the leading position with 20,208 cars sold, rose 48% compared to the same period in 2013. Overall in 2014, the market leading position in the industry is Thaco group (with three brand owned: Kia, Mazda, Peugeot) with the total sales of 42,339 cars, and Toyota ranks second. Besides, the General Statistics Office has published the amount of imported cars in November 2014 was 10,000 units, the turnover was US$ 200 million. It continued to go up in December; the estimated turnover reached approximately US$ 227 million. Therefore, it is estimated that in 2014, Vietnam has imported 72,000 units (grew 103.8% over the previous year), the imported turnover reached US$ 1.57 billion (Nguyen Ha.) These numbers are forecasted to be increased in 2015, when the imported tax for automobile will decrease from 67% to 64%.

The automobile industry has been becoming an important industry, which meets the needs of the local market. The government approved the Development plan of automobile industry by 2020, vision 2030. The major objectives of the plan is to develop the industry to become an important one of the country, to optimize the needs of the domestic market, and strive to enter the world automobile market as the suppliers of spare parts and high value items by 2020. Under the plan, cars with nine seats will meet 237,900 units of local demand by 2020, while cars with 10 seats or more will meet up to 197,017 units by 2020. Also by 2025, trucks will meet 78% and special-purpose automobiles will make up 18% of domestic demand, and those ratios will be 20%, and 80%, respectively, in 2030. As well as 20,000 units will be manufactured for export while spare parts exporters are expected to bring US$4 billion (Quy hoach, 2014.)

3.3   Facts of car washing service in Hanoi

The author would like to give a clear view of how a car washing service is running in Hanoi currently. Some new car washing services, which are existing at the moment, will be introduced.

The figures below help to visualize how a car washing service in Hanoi is

FIGURE 11. Local car washing service

FIGURE 12. Local car washing service

3.3.1 How a car washing service is running in Hanoi

It is not difficult to open a car washing service in Hanoi. The car washing service is growing rapidly, it is not hard to find a place to have a car washed, whether in the city center or in the suburbs. The reasons are frank as it requires little capital invesment, simple to start up, and create stable income. Some basic requirements to open a normal car washing service in Hanoi are mentioned below:

- A place, which is minimum 40 m^2, located where near roads, highways, and conveniently to stop, and has a good drainage system.
- Equipments: Most of equipments are cheap and easy to get, they are originally imported from China. According to a reliable equipment supplier, the approximated price for all necessary equipments is only around €700 - €800 (vnequipment 2014.)

The car washing price is from 2€ - €3, if there are 10 – 15 cars washed per day, it will take one and a half month to return on the investment for equipments.

However, this price range is not fixed; it can be increased double or triple times occasionally within a year, for example: after rainy days, or in some public holidays. Every year, the price reaches the highest right before and after Lunar new year. Vietnamese people's mindset is everything should be clean to welcome a new year, hence, the price is always double or triple more expensive. Even though, people still line up and wait for hours to have their cars washed. The possible car washed per day can reach more than 100 cars, and income per day in this occasion is €400 - €500 (Xuan Bui 2014).

There are several disadvantages of the existed car washing services:

- Price is not fixed: it always rises after rainy days, speacial occasions, and Lunar new year.
- Take much time: to wash a car requires at least two persons, and take at least 15-20 minutes, normally 30 minutes.
- The quality of the service: in some cases, it could be very bad and unreliable. If the consumers do not have an eye on their cars, the cars'

> equipments can be exchanged any time or the cars will not be cleaned 100%.

- Not friendly to enviroment: there are a lot of car washing activities are on the pavements, which cause the streets flooded, or even make the drainage system stucked. The goverment now has not had the effective solution to manage them yet.

Nevertheless, car washing is still growing fast; it is one of the easiest running business now in Hanoi.

3.3.2   Types of car washing services in Hanoi

Besides the typical car washing service, there are several new types of car washing service, which are entered the market in recent years.

In 2010, there was a car washing service called "Babe Wash" entered the market, it was an attractive type of service while all staffs were female, young and beautiful. Even the service was professional; it provided value added services such as: coffee and tea, television, etc in a well designed area. Most of their clients came the first time curiously, because normally, it was done by men. The business succeeded in the beginning, clients were satisfied with the services and price, which was €2 - €2.5 (Nhat Minh 2010.) Despite that, it was forced to close after one year as many people considered as it was not suitable with Vietnamese culture. It was hard to accept a new concept of running a car service that way.

Below is the figure of "Babe wash" car washing service in 2010

FIGURE 13. Babe Wash car washing service (Nhat Minh 2010)

The second one is washing car without water. It was first introduced in Hanoi in 2010. They imported a new technology from USA, the principle of how to operarate the system is simple. It required three to five high quality microbiber towels, and a bottle of waterless car-wash cleaner for an average car. Basically, it creates a polymer layer to stick to the car surface, this polymer layer seperates the dust participles and protects the paint. Then the microfiber towels will be used to lift the dusts. It takes 40 minutes to clean a car with two persons; the price range is around €4 - €5. It has not been popular to local consumers as the service is placed at car parks of Innovative Cafe Restaurant systems (Trong Nghiep 2010.)

Below is the figure of without water car-washing service in Hanoi

FIGURE 14. Without water car-washing service (Trong Nghiep 2010)

Another hot trend of car washing in Hanoi is washing car by hot water, the service was introduced in late 2012. It is a new technology; the washing machines are imported from Italy or Taiwan (vnequipment 2015.)

Below is the figure of a car washing machine

FIGURE 15. Portonectica car-wash machine (vnequipment 2015.)

It does not mean that a car will be washed by hot water instead of cold water. The machine produces a hot steam, of which the temprature is nearly 100^0 C, to wash the car. It is a high-class service, as the price is extremely high, not everyone is willing to pay for it when it costs €20 - €30. The investment for equipment is approximately €20,000 (Lac Thanh 2013). However, the washing machines are friendly to environment, and they provide high quality services, which receives good feedbacks from consumers.

The figure below shows how a car-washing service by hot steam water runs in Hanoi.

FIGURE 16. Hot steam water car-washing service (vnequipment 2015)

Due to all kinds of car-washing services mentioned above: the "Babe Wash" was closed for not being suitable with Vietnamese culture, the car-washing without water is not popular to the locals, not many people have ever heard and used this type of service, and the car-washing service by hot steam water is too expensive, not everyone can afford the high price (Nhat Minh 2010, Lac Thanh 2013.) We can see that despite of the car-washing service has been developing in recent years in Hanoi, the local consumers still lack of a professional car washinf service, which offers high quality, saves times, and reasonable prices.

4   CASE STUDY: AUTO CAR-WASHING SERVICE

The business plan will be introduced in this chapter, divided in four main parts. The first part is analyzing The Canvas business model and VARIM framework, how they are applied to establishing auto car-washing service. In the second part, the autor will analyze the questionnaires of the interviews, how and why they were designed. The marketing plan will be mentioned in the third part, and last but not least, the calculation of the required financial will be provided.

4.1   Operation plan

The fact is that the car market is forecasted to grow remarkably in coming years (Quy Hoach 2014). The car washing service in Hanoi, Vietnam is old fashioned, all done by hand. The birth of a new washing car service is considered as nescessary and potential.

4.1.1   Name and year of foundation

The auto car service will be named as "Rua xe tu dong" or "Self Car Washing" (free translator). It is simple and easy to remember, which strongly attracts local consumers.

In Vietnamese culture, the most important time of the year is the Lunar New Year in January or February. Everyone prepares for it since very early, at least one month before it, and the January in Lunar calendar is considered as month of celebrating. Those are high season for all activities of economics, cultural, etc happening all over Vietnam. To welcome a new year, people always clean houses, offices, and also their vehicles. The author plans to start the business in November 2015, as it is the highest season for every service, the consumers' demand inrease incredibly, and they willing to try a new type of service easily.

4.1.2   Size of business

The auto car-washing service will be run as a self service. From the starting point, the size of the business is small, there will be only two staffs, worked as cashiers.

The expenses cost will be lowered as much as possible. The goals of the business in the first year is to provide a high quality service with reasonable price, and spread a new type of service to as many local consumers as possible.

4.1.3   Location

The service will be placed in Hanoi, Vietnam, however, it will not be located in center due to the high price of the leasing land. As the line of the business is small, therefore, there is not any office. The possible places to locate the business are in Hai Ba Trung District, Thanh Xuan District or Dong Da District, where the population density is high, there are a lot of centers, activities in those areas. The author will analyze and pick up one specific location in later part.

4.1.4   Ownership

The business is run as a sole proprietorship, owned by one person. There will be one or two more staffs work in morning shift and afternoon shift. As a sole proprietorship, the owner has the least governmenr rules and regulations, lower the start-up costs, and do not pay corporate taxes.

4.2   Canvas business model and VARIM framework analysis

The author decided to use Canvas business model and VARIM framework, apply them to auto car-washing service.

4.2.1   Canvas business model

Canvas Business Model is a strategic management template for developing new or existing business. It allows describing, designing, inventing and pivoting business model. The idea is to lay out nine building blocks of business model into grids and constantly refine the assumptions as they are validated. Moreover, it also helps to systemize the business in a formal, ensures that each area is effectively covered to produce a comprehensive and considered picture of the business.

The author will first introduce the table of the Canvas model, later on, all key elements will be further explained.

TABLE 3. Canvas business model applies Auto car washing service

Key partners	Key activities	Value propositions	Customer Relation	Customer segment
- Suppliers - Local newspaper - Loyal customers	- Provide car washing service - Value-added service:free drinking, free wifi, billards snooker	- Self service - Quick and professional services - Reasonable pricet - After sales services	- Trust - Safety - Professional	- Mass market - Middle class-stable income - Age: 28-60
	Key resources - Trained staffs - Optimize equipments system		**Channel** -Local newspapers, website - Social channels: facebook, instagram, etc	

Cost structures	Revenue stream
- Driven cost - Maintenance cost - Promotion cost	- Car washing services activities

Those nine blocks of the Canvas business model have a strong connection and impact on each other. None of those can be left without, it is only useful, effective, understood once each of component is clarified. To be more precised, the author will analyze the nine blocks of Canvas business model, how the model is applied to establish the auto car-washing service.

Value propositions: Auto car-washing service is a first self car-washing service in Hanoi. Clients come to the service will experience a new type of service, where the only thing they do is to wait for 5-10 minutes to have their cars washed perfectly. It is a advantage compared to its competitors, because normally it takes 20-30 minutes to wash a car. On the other hand, the quality of the service is focused, the aim of the business is to provide a morden, fast, and reliable service. The price will be set not too high, and will be calculated in financial plan.

Customers segment: The consumer segmentation is defined as for middle class, who have stable income, age from 28 to 50. They have high requirements for standard services, which they are willing to pay. In order to meet their needs, the offered services should be reliable, professional. The staffs should be trained to adapt with new technology.

Customer relations: The business aims to build a reliable service, in which the consumers can trust and come over and over again.

Distribution channels: Using social network such as Facebook or Instagram will be used as one of the fastest way to come close and spread the image of the business to local consumers. Besides, local newspapers are widely used, they are powered tools to advertise the business.

Cost structures and Revenue stream: the business is set from the beginning is small, the revenue comes only from the car-washing service, hence, lower the maintenance and driven cost is important to run the business. The advertisement cost will be invested most to promote the service.

Key activities: The core activity of the business is self car-washing service, the business also provides some free value added services such as: free coffee and tea, free wifi, loyal customer cards, etc.

Key resources: The auto car-washing system will be imported from Australia, by Autowash Australia, as it is well-known for the standard quality machineries. The business is a self-service, there will two cashiers working daily. In order to improve the service, there will be a place for customers to post their feedbacks of how the service is, what the customers expect, etc.

Key partners: One of the difficulties the business has is to find the partner, who takes responsibilities of maintaining the autowash system, how to deal with preparing issues, and how to maintain a strong relationship with customers.

4.2.2   VARIM framework analysis

VARIM framework is quite a new business model; the author finds it is very intersting to apply it to establish a new business. It is a useful took to verify and understand deeper the profitabilites potential of the auto car-washing service by analyzing the adaptation, the rareness, the inimitation, the value, and the monetization of the business.

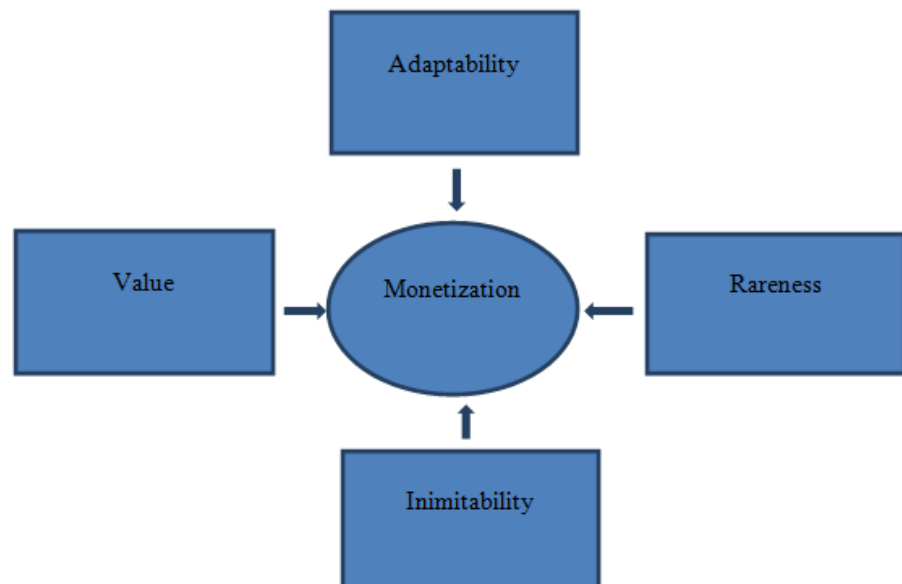The figure below shows how a VARIM framework is applied to a business

FIGURE 17. VARIM framework (modified from Afuah 2014, 26).

Value: What are the values which the auto car-washing service brings to customers? The business will focus on the quality of the key activities. As the matter of facts that the other car-washing services in Hanoi do not provide good service, or the price is too high. In order to take advantages to those competitors, the auto car-washing service will provide a good quality by importing the autowash system from Australia, and build a trustworthy relationship with customers by offering a social pages where they can give their feedbacks and requirements.

Adaptability: Customers' needs can change any time, the auto car-washing service aims to stay in touch with its customers in order to keep up to date about their needs, be ready and flexible with their changes. Building a network to keep communicate with customers plays an important role to adapt the needs of customers.

Rareness: Auto car-washing service is the first self car-washing service in Hanoi, it has its own unique attraction to customers. There is not any competitors, which offer the same service in the local region. However, the existed car-washing services are strong competitors as they have been becoming the habbit of the local consumers.

Inimitability: The business must be prepared for the imitation, one of the barriers, which causes it is hard to inimitate is the price of the auto wash system is quite high. As long as the high standard services are provided and adapt customers' needs, the business will continue to make money and develope.

Monetization: Setting the right price for the customers' benefits is critical. As the price of car-washing service changes occasionally, determining the right pricing strategy will be an advantage to attract customer with high willingness to pay. Clients do not have to worry about the sudden increasing of the price, which is a certain problem of the market, as it is not managed by the government.

Auto car-washing service is an potential business, which can gain a lot of benefits once it adapts the customers's needs, has the right pricing strategy, be well-prepared for inimitation, and be awared of its competitors.

4.3   Empirical research

Overview of qualitative data collection

Qualitative data are normally transient, understood only within context and are associated with an interpretive methodology that usually results in findings with a high degree of validity (Collis 2009, 143).

Qualitative methods are usually linked to a constructivist theory of knowledge because qualitative methods tend to focus on understanding experiences from the point of view of those who live them (Rudestam 2007, 35)

As mentioned in chapter 1, the author decided to conduct the qualitative research method in form of interviews, this helps to identify the needs of consumers, as well as the expectation of a new service.

4.3.1   Interviews

An interview is a method for collecting data in which selected participants (the interviewees) are asked questions to find out what they do, think or feel (Collis 2009, 144).

Interviews may be highly formalised and structured, use standardised questions for each research participant, or they may be informal and unstructured conversation. A common typology may be categorised as one of:

- Semi-structured interviews
- Structures interviews
- Unstructured or in-depth interviews (Saunders 2009, 320.)

The figure below introduces the forms of interview
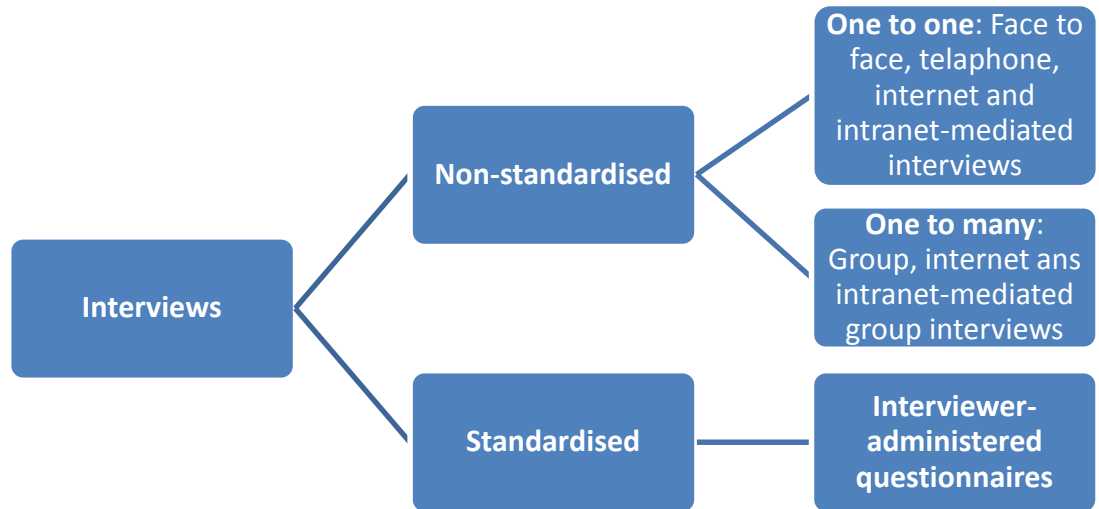
FIGURE 18. Forms of interviews

The structure interviews use standardised and predetermined questionnaires; they are used to collect quantifiable data and referred to as "quantitative research interviews". Meanwhile, the semi-structured or in-depth interviews are non-standardised, the order of the questions are variable and depending on the flow of the interviews. Beside the list of the themes and questions to be covered, there may be additional questions, which require to explore the research questions and objectives given. Unstructure interviews are informal, there is no predetermined questions. The interviewee is given the opportunity to talk freely about the given topic (Saunders 2009, 320, 321.)

The author chose to conduct the semi-structured and in-depth interviews. All four interviews were made on Skype. One interview was with Mr. Dinh Nam-as owner of a car-washing service in Hanoi, Vietnam. The other three interviews were with Ms. Vuong Thanh, Mr Tuan Anh, and Ms Vu Chi, they are from age 25 – 55, frequently use car-washing service. They were asked to understand the behaviors and the needs of the local consumers. The history of the interviews is shown in the table below.

TABLE 4. Interviewees' history

Date	Interviewees	Descriptions
10.01.2015	Mr. Dinh Nam – Age 25- Owner of a car-washing service in Hanoi, Vietnam	Semi-structured interview – to understand the current market in local areas.
11.01.2015	Ms. Vuong Thanh – Age 30 – Manager of Wake up Karaoke	In-depth interview – To investigate the customer's habbits and behaviors
15.01.2015	Mr. Tuan Anh –Age 35 – Technician of Viettel Telecom Group	In-depth interview – Same objectives as above
15.01.2015	Ms. Vu Chi – Age 55 – Owner of Computer Shop in Hanoi.	In-depth interview – Same objectives as above

4.3.2   Questionnaires designation

The questionnaire is the medium of communication between the researcher and the subject, albeit sometimes administered on the researcher's behalf by an interviewer. It can thus be described as the medium of conversation between two people, albeit that they are remote from each other and never communicate directly. The role of the questionnaire is to provide a standardized interview across all subjects (Brace 2004, 04)

There are variety of factors related to the research questions and objectives, which influence the choice of questionnaires, in particular the:

- Characteristics of the respondents from whom you wish to collect data

- Importance of reaching a particular person as respondent
- Importance of respondents' answers not being conminated or ditorted
- Size of sample you require for your analysis, taking into account the likely response rate
- Types of question you need to ask to collect datas
- Number of questions you need to ask to collect your data (Saunders 2009, 363)

The type of questionnaires will decide the number of interviewees, and indicate how the researcher wishes their respondents to response. The process of designing questionnaire can be found as followed:

Researcher is clear about the data required and designs a questin

Respondent decodes the question in the way the researcher intended

Respondent answers the question

Researcher decodes the answer in the way the respondent intended
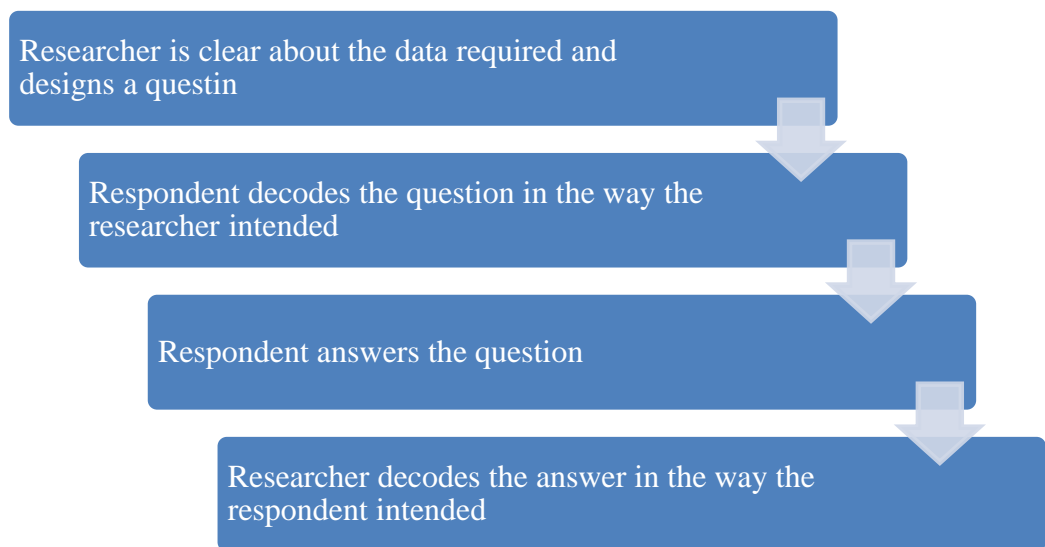
FIGURE 19. Stages to design questionnaires (modified from Saunders 2009, 372)

4.3.3   Finding result from interview

The results of the interviews were collected through seven questions. The first question is about the age of the interviewees, the next six questions are divided in three type's variable in particular:

TABLE 5. Questionnaires structure

Types of variable	Descriptions	Questionnaires
Opinion variables	- Record how interviewees think of current car-washing service in Hanoi	Question 2-3
Behaviour variables	- What do interviewees react to current situations	Question 4
Attribute variables	- What do interviewees think of the auto car-washing service? - Will they be able to change their habbits? - What do they expect from a new car washing service?	Question 5-6-7

In order to receive a different point of view of the consumers, the author had chosen wide range of age of interviewees from 25-55 years old. The aim of the interviews is to understand the opinions, beaviours, and attibute of the interviewees; therefore, they may be applied to build a marketing plan in the next chapter.

4.4   Marketing plan – 4Ps

SWOT analysis will be conducted to analyze the current issues of the car-washing
market, later on, the marketing plan 4Ps will be discussed to develope the
business.

4.4.1   SWOT analysis

The author will use SWOT analysis to identify the key internal and external
factors of the auto car-washing service, as well as its main competitors such as:
hot steam water car-washing service, without water car-washing service, the
traditional car-washing service. The key elements are: Strengths, Weaknesses,
Opportunities, and Threats.

TABLE 6. SWOT analysis – Auto car-washing service

Strengths	Weaknesses
- Morden technology - Quick, save time - First self car-washing service - Standard services - A page to post feedback	- Potential higher price than normal - Self service, how the local consumers adapt it?
Opportunities	Threats
- Build a reliable relationship with customers - Standard services	- Potential higher price - Self service - Threat of inimitation - The maintenance of autowash sytem

As auto car-washing service is the very first self car-washing service established
in Hanoi, it takes huge advantages on the competitors. Importing the new
technology from Australia is an advantage, but also a disadvantage. It applies a

modern technique to wash cars. However, it has never been imported and used before in Vietnam, hence, it may be difficult to find a partner who can prepare when there are some technical problems occurred. On the other hand, the self-service is a new concept of doing business for local consumers; most of them have not had experiences of a self service yet. Normally, once they have their vehicles washed, there will be someone washed the cars, they just sit around, read newspaper, or listen to music. The question here is: "Are they willing to change their habbit?" Determining a right price strategy is important too, the imported autowash system cost a lot of money. It assures the price will be higher than the market price. It is extremely hard for the author to calculate the price; otherwise, noone would pay for a self-service with a high price. Offering standard after sale services, and building a trustworthy relationship, are good ways to attract and gain consumers' attentions.

TABLE 7. SWOT analysis – Local competitors

Strengths	Weaknesses
- Long history - Become a habbit of local consumers - Easy to find - Cheap price	- Not fixed price - Unreliable service - Not friendly to environment - A lot of car washing services are not registered with government.
Opportunities	**Threats**
- Easily to expand - Low cost investment	- If the government strictly manages, a lot of car service can survive

The biggest advantages of the old-traditional car-washing service in Hanoi are the low price, easily to establish, does not require much investment, and more importantly, it has been becoming a traditional way of washing a car for many

years. It is pretty hard to change this fact. However, the problem here is many of them are not registered legally with the local government. The auto car-washing service can take this an advantage. Even though there are new type of car-washing services was introduced into the market in recent years as mentioned in chapter 3, they still have troubles such as: the price is too high, or the service is not well-known for everyone. Producing a fixed price will be an absolute advantage of the auto car-washing service, whereas, the market price always up and down, and increase sharply occasionally.

4.4.2   Marketing mix – 4Ps

"Marketing mix" is a general phrase used to describe the different kinds of choices organizations have to make in the whole process of bringing a product or service to market. The 4Ps is one way – probably the best-known way – of defining the marketing mix, and was first expressed in 1960 by E J McCarthy.

FIGURE 20. Marketing mix – 4Ps

Product/or services: The aim of this study is to establish an auto car-washing service in Hanoi, Vietnam. The business will be run as a self service. The author chose autowash system from Australia to import the washing machine.

An overview of Autowash, Australia

The autowash headquarters is located in Gladesville, NSW, Australia. It has installed over 150 cars, truck, bus, and heavy duty wash machine nationally, and their suppliers are world leading manufacturers of vehicles washing technology from different regions all over the world, for instant: Germany, Italy, US, etc. The mission of the company is to provide environmentally safe equipment that meets the needs of customers; also it strives to deliver equipment that combines the latest technological innovations with the best possible price, while maintaining our high quality standards. Autowash is committed to expand into the Asia Pacific region (About us 2015.)

Autowash provides the car wash equipment from the world's leading car wash manufacturers. The car wash systems include:

- Self serve car wash (6-8 cars per hour per wash bay)
- Touch free car wash (8-12 cars per hours, wash bay 7m-9.5m)
- Soft touch auto car wash (10-16 cars per hour, wash bay 9m-12m)
- Drive through car wash equipment (up to 60 cars per hour, wash bay 7m-10m)
- Tunnel car wash equipment (30-200+ cars per hours, wash tunnel length 20-50m+) (Car wash 2015.)

As investigated, the author chose to import the Otto Christ Sirius car wash because it is well suited to commercial applications including car dealerships, auto repair work shops, and small service stations. The features are:

- Unmatched wash quality and reliability for an entry level car wash
- Christ's Opti-Design panelling that completely covers the car wash in coloured plastic panels according to the customers' specifications.
- Opti-Flex pneumatically controlled wash cyclinder position ensure an even, gentle and thorough wash
- A maximum washing width of 2.4m and a maximum wash height of 1.7m
- Christ's patented contour following drying systems delivering the driest cars available from a gantry wash system
- Durability. All key components are made of stainless. Most Sirius parts are made in-house at Christ ensuring the highest quality and reliability over the long term.

This system requires $60,000 (ex-GST) to import, and it can be located in small location with possibility of washing 25+ cars per day (Otto Christ Sirius car wash 2015.)

FIGURE 21. Otto Christ Sirius car wash (Otto Christ Sirius car wash 2015).

On the other hand, the auto car-washing service offers value added services, for example, free coffee or tea, free wifi, local newspapers, etc. These services aims to maintain the clients' attraction, and not to get bored while they are lining up for their turns.

Place

Overview of Hanoi

Hanoi is the capital of Vietnam, located in the Red River Delta, in the center of the North, Vietnam (General Info 2010). According to General Statistics Office, in the first nine months of 2014, Hanoi has gained remarkable achievements. In comparison with the same period last year, GDP has increased 10.3%, State budget has increased 25.2% (Tinh hinh kinh te 2014).

As mentioned in the operation plan, the possible places to locate the business are in Hai Ba Trung District, Thanh Xuan District or Dong Da District. The table below shows the comparison among three districts; hence, the author will come up with one area to be chosen.

TABLE 8. Comparison among Hai Ba Trung District, Thanh Xuan District and Dong Da District

Criterias	Dong Da District (TTXVN 2009.)	Thanh Xuan District (TTXVN 2009.)	Hai Ba Trung District (TTXVN 2009.)
Population	365.500	214.500	378.000
Area	9,94 km^2	9,11 km^2	9,62 km^2
Economics	- 13.164 running business, of which 9,419 actual business run - Create 8000-8500 labors per year - Budget revenue of first half year 2009: approximately €23 millions	- 2164 running business - Budget revenue of first half year 2009: approximately €11.3 millions	- More than 33.000 labors were offered jobs - Budget revenue of first half year 2009: approximately €37 millions - 3300 running business (70% is commercial services)
Real estate for lease per m^2 (nhadatchothue 2015)	€5 – €7/m^2	€8 - €10/m^2	€8 - €10/m^2

As can be seen from the table, Hai Ba Trung district stands out of three districts. It takes all advantages on the other two districts: created 33000 job offers; despite of there were around 3,300 businesses compared to 9,914 actual running businesses in Dong Da district, the budget revenue of Hai Ba Trung district was € 37 millions meanwhile Dong Da district and Thanh Xuan district only reached €23 millions, €11.3 millions, respectively. The author decided to chose Hai Ba Trung district to locate the business. Even the price range of the real estate is higher than Dong Da district, but the economic growth was remarkable. The author believes this location will create more chances to develop the business.

Promotion

To lower the investment cost, the author chose to use the social network as the main channel to advertise, promote, and stay in touch with customers. The social network has been developing incredibly in Vietnam, 39% of the Vietnam population is using Internet, and there are 20 millions Facebook users (dota 2014). The figure below presents how internet users in Vietnam interact with social network.
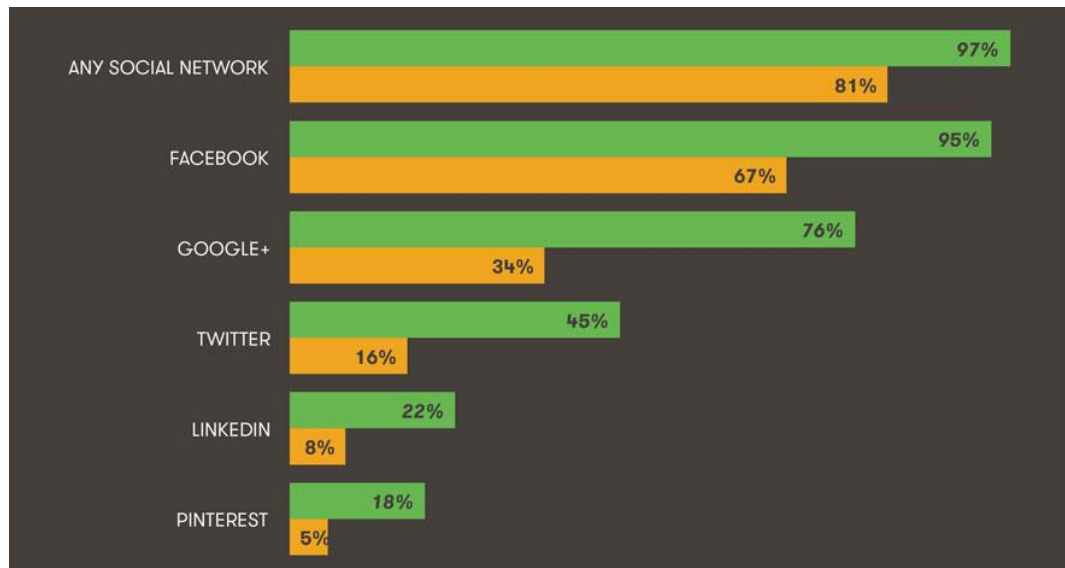

FIGURE 22. Top social network in Vietnam (dota 2014)

It is obvious that there are enormous numbers of social network users in Vietnam. The green column shows the percentage of the total social network users, the yellow column shows the actual percentage of activate accounts. Like any other

regions in the world, Facebook is a dominant social network in Vietnam today, 97% of Vietnamese internet users have a Facebook account, of which 81% use it actively. Although the other social networks like Twitter, Google+ have large user bases, none of them have achieved a comparably high level of active usage as Facebook.

As the matter of fact, Facebook is the first choice to promote, advertise, and build a strong relationship with customers, followed by Google+ and Twitter. They will create huge opportunities to help brands succeed online.

Besides, reading newspapers in the morning is the habit of the local people; they have a habit of reading newspaper anywhere. It is not hard to find a person sitting at a corner of the street and reading newspapers. And, it is true that newspapers are available everywhere, in many kinds of popular services in Hanoi, for instant: hair salon, spa, etc, and of course it includes the car-washing service. Advertising on local newspaper is also a good way to spread the image of the business to local people.

Price

It is pretty hard to set the right price for the service. As being asked through the interview of how much will you pay for the auto car-washing service, all interviewees said it should be around €6 if it provides super highstandard services. In contrast, Dinh Nam-the owner of the car-washing service said it will be very difficult to sell the service at that high price, even consumers have stable income, but they have the habbit of paying less, then why they will pay double times more expensive? It is the biggest challenge of the business, as the investment for the autowash machine is high. If the price can not bet set lower, it is extremely harsh to compete with local services. The author has to take this problem seriously.

4.5   Financial plan

In this chapter, the author will cover the calculation of need for capital and financing, and profit and loss account.

TABLE 9. Need for capital and financing

NEED FOR CAPITAL	€	NEED FOR CAPITAL	€
INVESTMENTS		Investment	53950
Machinery & equipment		Working Capital	5600
		10%	5960
Autowash machine	52000	**NEEDED CAPITAL TOTAL**	**65510**
Furniture	500		
Computer	300		
Electrical equipment	500		
Internet	50		
		FINACING	
		Own financing	70000
		External financing	0
Machines total	**53350**	Subsidies	0
Other	600	**FINANCING TOTAL**	**70000**
Investments total	**53950**		

Working Capital		
Basic Stock	**0**	
Cost before starting business		
Registering	50	
Rent quarantee	400	
Internet connection	50	
Other	300	
Total	**800**	
Costs during 3 months		
(no sales revenue)		
Rent	1200	*(€400/month)*
Phone, electricity	300	*(€100/month)*
Water	600	*(€200/month)*
Insurance	450	*(€150/month)*
Advertising	150	*(€50/month)*
Loans	0	
Salary + social sec costs	2100	*(€700/month)*
Total	**4800**	
Needed Cash	1000	
Working Capital Total	**5600**	

TABLE 10. Profit and loss account

Gross Margin Target

Target profit	**21100**	
+ Depreciation	10790	*(20% of investments)*
= Operating profit target	**31890**	
+ Interest		
= Operating margin target	**31890**	
+ fixed costs		
rent	4800	
Phone, internet	1800	
Water	2400	
Insurance	1800	
Advertising	600	
Loans	0	
Salary + social sec costs	8400	
fixed costs total	19800	
= Gross Margin Target	**51690**	*69,8 %*
+ Variable costs	22364	*30,2 %*
= Sales Revenue Target	**74054**	

PROFIT OR LOSS ACCOUNT 1.01.- 31.12.2016

Sales Revenue		74054	
-			
vat	10%	7405	
= Net turnover		**66649**	
- Variable costs		22364	
= Gross Margin		**46521**	69,8 % 0,698
- Fixed costs		19800	
= Operating margin		**26721**	
- Depriciation		10790	
= Operating Profit		**15931**	
- Interests and other financial costs		0	
= profit or loss of the year		**15931**	
+ other income (subsidies)		0	
- other costs		0	
= profit or loss of the year		**15931**	

Running an auto car-washing service, the biggest investment of business is to import the autowash machine from Australia to Vietnam, which costs €52000. In addition, the other costs include furniture, internet, computer, electric equipments needed to be counted for the first three month, which are consumed as there will not be revenue. Located in Hai Ba Trung district, the rent fee of the business will cost higher than other considerable districts, as high as €400 per month for 50m^2. The other high cost is salary, to lower the cost, at the beginning; there will be one staff to employed; basically, only the owner and one staff are working together into two shifts.

The author expects the sales revenues to reach €74054, which is equivalent to average 34 cars washed per day, if the price is set as €6. As estimated the possible profit for the first year is €15931 after 10% VAT (Law on enterprice income tax 13/2008/QH12, Article 8).

4.6   Risk assessment

In this section, the author defines some potential risks of the business with the expectation of reducing problems arise and being aware and ready for unexpected situations that may happen.

Risks of maintenance

The autowash machine is a new technology imported from Autralia, therefore, the risks of maintenance is set as high. If some technical problems occurr during the time, it will be difficult to look for a partner who has experiences in the field to prepare. Besides, the substitute equipments are also a problem, in case the machine needs to be sustituted by new equipment, it is pretty hard to find another one in Vietnam. The possible solution is to import new equipment; however, it will be much more expensive.

Risks of high investment

As in the calculation, the capital investment would be at least approximately €65000 to open a business. This will lead to the high price of the service. If the

goal of serving 34 cars per day could not be reached, or the business could not maintain the price of €6, it would damage the business strongly.

Risks of high price

The author sets the price of the service at €6, which is double the price compared to the local service. This challenges the business a lot of how to convince the consumers that the auto car-washing service is worth paying for.

Risks of imitation

Once the business is run successfully and operated profitably, the risks of imitation increase. It is easy to copy the model of the business, and the autowash machine is available to everyone. Thus, it is essential for the business to maintain and improve the after sales service, and stay in touch with customers.

5   FINDINGS AND CONCLUSION

This chapter covers the findings of the whole study via the answer to the research questions at the beginning of the thesis. Furthermore, the reliability and validation of the research will be mentioned. And last but not least, some suggestions for further study will be given.

5.1   Findings

The thesis aims to examine whether opening an auto car-washing service is a potential business. The automobile industry is forecasted to grow in coming years, between now and about 2030, as Vietnam starts to produce car equipment (Quy hoach 2014). Along with the growth of the industry, the demand for car-washing service will increase. Table 11 below briefly provides the answers for the research questions.

TABLE 11. Findings of the thesis

Questions	Findings
Is the business idea to establish the auto car-washing service in Hanoi, Vietnam applicable in reality?	➢ Yes, it is. The concept of the service is unique, and the market creates great opportunities for entry.
What is the car market in Vietnam like?	➢ The automobile industry is growing and expanding rapidly.
What kind of car washing systems are there in Hanoi, Vietnam?	➢ Old ➢ Unmanageable ➢ Unstable pricing ➢ Lack of professtinal service
How will the local consumers' react to a new auto car-washing service?	➢ Expected ➢ Willing to try

Who are target customers?	➢ Age 28 – 55 ➢ Middle class ➢ Stable income ➢ Require for high standard services
What kind of services does the business provides?	➢ Self service ➢ Emphasize on building a trusthworthy relationship with consumers
What financing is required to start up a business?	➢ €70000 (own financing) or the minimum amount needed for capital is €65510

The research indicates the target customers are from the middle class, have stable income, and more importantly, they have the expectation to experience the new concept of a car-washing service. As the investment for establishing the business from the beginning is extremely high, the author aims to lower the costs as much as possible by cutting down the unnecessary expenses. Besides, in order to convince the consumers that the price is worth paying for, the quality of the service is provided professionally, and standardized. The capital and financing is clarified in the previous chapter, and according to the calculations, it is positive for the business, which could make profit even in the first year.

5.2 Reliability and validity assessment

The author uses the qualitative method in deductive approach to conduct this thesis. The data were collected from a variety of sources: official published books, journals, as well as trusted Internet sources. Additionally, interviews with local consumers are conducted to study the abilities of adapting a new type of business. Hence, these ensure the reliability of the thesis.

Besides, it is advised to do more research for financing and capital, as the price may fluctuate over time due to the current situation in Vietnam. Therefore, the estimated needed capital may only be true for the moment, it may increase or decrease in the future.

5.3   Suggestions for further study

The main purpose of this thesis is to understand and apply the theories into the business idea, therefore, it figures out the possibilities of establishing the business in real life. Through the study, the author recommends the following matters, which should be conducted for the actual implementation.

Market analysis plays an important role to understand the local market, predict and be aware of the risks, and forecast the potiential opportunities, no matter that industry is.

Customer analysis: in order to set up the right customer segmentation, the suitable policies and provided product or service, customer analysis should be done carefully.

6   SUMMARY

The main objective of the thesis is to understand the process of how to establish a business. By focusing on doing market research and analysing the current market situation, this study aims to determine if the business idea is applicable or not.

The business models Canvas, Pestel analysis, VARIM framework, as well as SWOT analysis are conducted in the theoretical framework. The theories of how to plan a business in an early stage is also provided. After that, the author analyzes the automobile industry and car-washing services in Hanoi, and additionally, she interviewed four local consumers regarding their attitutes towards the industry. From that, the marketing plan is made up to develope the business. Furthermore, the financial plan and some risks assessment are estimated and provided to give a better understanding of the business and prove the possibilities of the plan.

In conclusion, there is high potential for establishing the car-washing service in Hanoi, Vietnam. However, there are still challenges, which need to be researched more to implement the business idea in reality.

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APPENDICES

APPENDIX 1. Interview questions in Vietnamese (free translator into English)

1. How old are you and what is your occupation?
2. Do you use the car-washing frequently?
3. Can you share your experiences of using car-washing services in Hanoi?
4. Do you have any ideas to impove the current situation of car-washing service?
5. Have you ever heard about auto car-washing service? Please give some brieftly ideas of how it is.
6. If there will be an auto car-washing service established in the near future, will you be able to experience?
7. What do you expect from this type of service?