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THE ARCTIC  
UNIVERSITY  
OF NORWAY

School of Business and Economics

# Commercialization of the business Pet Paradis

*A case study based on the idea of the pet center with full specter of the services for the pet owners and people who cannot have a pet*

—

**Olga Alokhina**

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## Foreword

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## Abstract

This master thesis is written in order to describe the commercialization of the business “Pet Paradis”. The idea of Pet Paradis came to me after seeing a website about Cat cafes in different places of the world. I always loved animals and cannot imagine my life without them.

The subject of the thesis is how to make a profitable company and business by combining needs of two groups of customers: pet owners and non-pet owners. Where the first group has a need to find the best possible place for letting their animals stay during their absence, the second group has a need to care of animals even when they don't own an animal themselves. The drive of both groups to fulfill their need and the willingness to pay for this makes the business model profitable. The first group, pet owners, contributes by paying for the stay of the pet, while the second group pays for the visiting and taking care of animals.

This thesis analyzes, evaluates and builds the basis for a successful business can be created by a hotel and club for pets which is far beyond a simple dog or cat pension ...

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# 1. Introduction

Nowadays many successful businesses were established based on university ideas. Often on the initiative of policy-makers, many universities have taken action to develop a 'third mission' by fostering links with knowledge users and facilitating technology transfer (Etzkowitz et al., 2000 b, Florida and Cohen, 1999 and Gulbrandsen and Slipersæter, 2007). The ideas provided by students and developed under the leadership of university professors leads to the possibility of transforming those ideas into business. This thesis represents the commercialization of the Pet Paradis business. The idea of Pet Paradis is to provide all kind of services for pet owners and pet lovers under in one place. The idea of Pet Paradis is unique in for Norway.

The introduction gives general idea about the whole study and connects the parts of the thesis. There is the importance of the topic, main research questions, and sub research questions revealed in the introduction. Furthermore, the methodology for the innovation study, marketing study and business plan will be covered. The limitations and the summary are significant parts of the introduction; therefore, they will be described in the end of it.

## 1.1 The importance of the topic

Releasing of the idea is the most significant step for the new venture as it is the break down moment for the company; the whole future of it depends on this step, so it is important to analyze the potential of this idea and to build proper strategy. In this thesis the commercialization of the pet center will be described. The importance if this research is large as commercialization strategy makes it possible to build profitable business based on the idea. The earliest known evidence of a domesticated dog is a jawbone found in a cave in Iraq and dated to about 12,000 years ago. It differs from a wolf in that it has been bred to have a smaller jaw and teeth. Selective breeding affects a species quite rapidly, and is a natural process for man to initiate - probably at first by accident rather than intention. "A particular puppy in a litter is favored because it has an attractive coat, barks well, is unusually friendly

or obedient, noticeably large or small<sup>1</sup>. There have been many researchers which have studied why people are in need of owning a pet, generally reasons were following: company, socializing, lack of interaction with other people, pets are beautiful and nice to observe and play with, some people get them for status. Observing the lives of pets and their owners prompted the idea about center for and with animals. First the idea was to create a hotel for pets with excellent service so caring owners would not have to worry about their animals during vacation. Many people find it difficult to travel with animals, especially abroad, but leaving them with friends or relatives does not always work. Existing places where pets can be left do not appear to be locations with good service and do not meet customer's needs. Although thinking about it more and more and talking to people, brought new ideas to me. The idea is a center with animals where people can come and leave their pets (like a hotel); there also will be playground with animals, which live in the center, so it will be possible for others just to play with them and simply relax after hard weekdays. We experience a lot of stress every day, which does not go away by itself. Playing with lovely animals can vanish the stress, and make us calm and happy.

Option "to rent" pets will be available for customers so future dog and cat owners could test for themselves whether they are ready to have a new family member as his decision is very serious and requires readiness. Often people do not realize that owning a pet is not only fun but also a lot of responsibility so this opportunity will give them the full picture of having a pet.

Another important part of this center will be animal therapy, which exists already, but innovativeness of my idea is combining all possible services within one center. As animal therapy is well known all over the world, and showed itself only from positive side, I believe it will work in Norway as well. Due to the fact that aging population (eldrebølge) is growing rapidly in Norway, and all these people need not only places to live, pensions, treatment but also, which is very significant, - they need occupation, these old people simply need to fill their days with routine. So providing animals to them for playing and enjoying communication with fluffy, kind and adorable creations might solve problems of bad mood, stress, thinking too much.

Numbers of researches proved that being with animals reduces human's blood pressure, low

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(<http://www.historyworld.net/wrldhis/PlainTextHistories.asp?groupid=1813&HistoryID=ab57&gtrack=pthc#ixz4A6arlDaH>)

stress and anxiety; people fell less lonely and less depressed, they are becoming more open and social oriented. Animals would be brought from the shelters and from the streets, it will create positive image of the organization and will solve a problem of homeless animals.

“Pet Paradis” proposes different seminars and trainings for pet owners: it can be courses about proper care about animals and early recognition of sicknesses so owners would not hesitate to visit vet, also special trainings for dogs to teach them different commands, and other interesting things.

The innovativeness of the idea is combining all these available for the customers’ options “under the same roof”.

## 1.2 Research questions

Due to Booth, Wayne (1995): Specifying the research question is the methodological point of departure of scholarly research in both the natural and social sciences. The research will answer the question posed. At an undergraduate level, the answer to the research question is the thesis statement. The answer to a research question will help address a "Research Problem" which is a problem "readers think is worth solving"

Pet Paradis is an innovative business, which provides all kinds of services for pets and pets’ owners. It should not be too complicated to enter Norwegian market as it is unique services and according to the interviews they are needed. The market is quite large as the total amount of dog owners is approximately 10-15 % of population and it is only dogs. The complex of services offered by Pet Paradis is huge and it covers all needs which pet owners might have.

Though it is important to do more study on successful market entry of the Pet Paradis.

There are many ways to enter the market, to find out the proper strategy marketing study should be done. The choice of the strategy is caused by various factors. The market study will be provided later in this study. Furthermore, main research question will be discovered in this study, and two other minor connected to the main one questions about marketing and business plan will be described in addition.

The main research question is formulated around marketing entry strategy for Pet Paradis Business. The main Research Question of this study is “*Which factors lead to the successful market entry of the Pet Paradis?*”



Innovation study question: *“What kind of innovation is Pet Paradis and how can this knowledge be used for further development and commercializing of the PetParidis business?”*  
Analyzing the theory for the types of the innovation will help to answer this question.

Market Research Question: *“How to recognize and analyze the market opportunities for building a market strategy for the Pet Paradis business?”*

PESTEL and SWOT analysis will be used in the market study to find out market opportunities to form a proper market strategy for Pet Paradis business.

Business Plan: *“Which business strategy should be chosen for Pet Paradis?”*

Potential risks and necessary competency will be described in business plan, marketing analysis and business model. Further the appropriate business strategy and financial plan will be made in this thesis.

All three research questions mentioned above will be described in details below in this study. The questions will be described based on theory from literature; the methodology of collecting data from market will be explained in this thesis as well.

## 1.3 Methodology

### 1.3.1 Innovation study

The innovation study is very critical for the future development of the business plan. It leads to the development of the marketing plan based on the kind of innovation of the idea. To discover the type of innovation, the innovation theory will be analyzed in this chapter. Idea evaluation can be seen as the first stage in a sustainable business development process eventually resulting in solutions that are more sustainable – ecologically, socially and economically. Not all evaluated ideas become reality. However, the more the potentials of an idea are identified and expressed, the more likely it is for the idea to gain momentum and attract more resources (Alänge, Sverker & Lundqvist, Mats eds. (2014). To evaluate the idea of Pet Paradis the framework of Alänge and Lundqvist’s was used in this thesis.

The analyze of the theory brings an understanding that Pet Paradis business is a customer value innovation. Understanding of it leads to the determination of the target market.

Studying of the following problems will lead to the building of the proper market strategy:

1. *Understanding of the problem to which Pet Paradis appears to be a solution.* As Pet Paradis will provide services for making customers satisfied, possibility to leave their pets

during travelling, chance to learn something new about their four legs family members, therefore the target market is unhappy people who do not have animals at home, people with a high level of stress in everyday life who cannot have pets for some reasons, people who has pets and travels a lot, people who want to know more about their pets and teach them new commands, elderly people who lack activities.

2. *To try to imagine how potential customer looks like* it is important to list all types of potential clients and divide them into groups by location, level of income and their needs. I would allocate next groups: people who live close to the Pet Paradis, people who live in the city centrum and have to travel far to this place; people who likes to play with animals but cannot own one at the moment, people with special needs, for whom animals will be a therapy, depressed people, people who want to teach their children to look after pets etc.

3. *Who will benefit from the value offered by Pet Paradis?* The idea is very valuable for society as it brings solution to many existing problems: finding occupation for aging nation, housing homeless animals, making people happy and diminishing stress which is important for good health of people.

4. *To think about the market for Pet Paradis.* The idea would be placed in the niche, which is not filled yet in Norway. Nobody provides spectre of such services nowadays. As a location for Pet Paradis the Frogner area in Oslo was chosen. The reason is that it is the biggest city in Norway and in Frogner area most of the dog owners live. Big city means bigger amount of potential customers.

5. *To look from the side at the company.* I have quite wide knowledge about animals, but I will need specialists in this sphere in my team. As a person who adores animals I can easily get along with people who likes animals. That will help me to work with my target customers.

6. *What else is an opportunity?* At the moment this idea is unique in Norway, this is a competitive advantage, although the fact that it does not exist yet means that it is difficult to be realized. It requires big investment and very well trained personnel.

### 1.3.2 Market study

Market research is the process of gathering, analyzing and interpreting information about a market, about a product or service to be offered for sale in that market, and about the past, present and potential customers for the product or service; research into the characteristics, spending habits, location and needs of your business's target market, the industry as a whole, and the particular competitors you face.

Due to McDonald, Malcolm (2007) It is the systematic gathering, recording, and analysis of qualitative and quantitative data about issues relating to marketing products and services. The goal of marketing research is to identify and assess how changing elements of the marketing mix impacts customer behavior. The term is commonly interchanged with market research; however, expert practitioners may wish to draw a distinction, in that market research is concerned specifically with markets, while *marketing* research is concerned specifically about marketing processes.

It is impossible to put the decision making on marketing research; there is no guarantee of success in it. The decision can be based on the results of marketing research but as it offers different alternatives and calculates the chance of success. Though the decision is after marketing manager, researchers do not make decisions.

The fact that marketing research does not guarantee success can be explained through the fact that marketing research is made in a static environment. The connection between advertising expense and sales is not as direct as it assumed by formulas. There are many other expenses, like: the media used, the effectiveness of the promotional message, the length and frequency of the campaign the many dimensions of the product, price and distribution.

Probabilistic models of the form for marketing research:

$$y = f(x_1)..(fx_2)...f(x_n)...$$

This shows that to achieve some progress for a target market share is necessary but will not be sufficient, on its own, to reach the target. Y is a function of a number of variables and the interactions between them.

The model is further complicated by the fact that these interactions are themselves often not understood. It is for these reasons that marketing researchers cannot guarantee that decisions based on their information will always prove 'successful'. Rather the best that a competent researcher and a well-designed study will be able to offer is a reduction in the amount of uncertainty surrounding the decision.

The market study provided in this paper will consist of external and internal analysis and will help to choose the proper market strategy.

### 1.3.3 Business plan

“The business plan is a cornerstone of a successful business venture. It articulates the business purpose and how it intends to achieve its goal of selling its product to the consumer. It also presents a forum to reposition the original business concept and if necessary the entire business or even to abandon it without dramatic losses” (T. P. McGarty 1988). The business plan plays a significant role in a decision making for the future business. It is impossible to get financing without business plan, investors look at it first of all.

The main reason of writing business plan is creating a successful business through developing a business strategy. All the important aspects should be analyzed in a business plan, such as a business concept, strategy, products and services which business will offer, marketing strategy, team and background of the business and financial needs (Hennessey R. 2015). The business plan is a part of master thesis which is based on the results of innovation study and marketing study, however, business plan developed further can be used as a separate document in order to get financing from investors.

The business plan is providing the solution for making the business profitable and should be used for commercialization of the idea. It is a useful document which gives understanding of the business idea for the investor and a guide to action for the entrepreneur. It is highly important to have a business plan before establishing a business in order to prevent potential risks and to make the business successful.

### 1.4 Data collection

There are two types of data which can be used in the research: primary data and secondary data. According to J. Hair, Wolfinbarger (2011) the primary data is collected by the researcher himself and is much more valuable. The secondary data is an information which was collected for another purposes by other researchers. The primary data is harder to obtain and more expensive but it provides more relevant and accurate information than secondary data. They arguing that quality research topics address the gaps in existing knowledge and are likely to result in more informed management decision making. Primary data can be collected from: observations, personal interviews, telephone interviews, mail surveys.

In this thesis both primary and secondary data were used.

The data collection started from finding all existing pet hotels and analyzing them. Based on information which was discovered from it, the questions for the interviews were developed. Fifty random pet owners were interviewed on the street. The questions were built to discover the level of satisfaction of the pet owners by existing services of the pet hotels, how often do they use them and would it be a need in a building center as Pet Paradis. The in-depth interviews with the owners of the elderly houses took a place in Belgium as in Norway was no such opportunity. Another experiment was made, the dog was taken to elderly house and the reaction of the people who live there was observed, result was phenomenal, around 85% of the people were extremely happy. Afterwards these people were interviewed.

## 1.5 Limitations

There are few limitations to this thesis. One of them is time, it was given only five months for writing this research, it put time pressure on the researcher and the time for the collection of the information was limited. However, it was possible to collect necessary data and to interview people for the testing the study.

The analyzing of the market size and potential customers is based on the assumptions. It was roughly estimated by the author of the thesis the number of people who would use the services. The data concerning the number of the dogs in Norway is from 2009 which is seven years ago, it makes the calculation not so precise, although it was estimated quite close to the real numbers.

In addition, it was impossible to get in touch with the elderly houses in Norway, they did not reply the emails so the experiment with elderly people was made in two elderly houses in Belgium, which does not affect the result as elderly people there are having same conditions and are of the same age and similar mentality.

The theory used in this paper is easier to be applied for the technical innovation. Despite of that fact, it was possible to use it for the customer value innovation as Pet Paradis is.

## 1.6 Summary

Commercialization of the universities' ideas is a great chance to bring more innovations to the market. Possibility of getting free of charge help from the professors and other institutes which are cooperating with universities is a way for the entrepreneurs to bring their business

ideas into real life within shorter terms, in a proper way, with less risks, better strategy and less expenses and to build the successful business.

This paper answers the research questions of the thesis. The factors which lead to the successful market entry of the Pet Paradis are the proper marketing strategy, good team, proper business strategy and possibility to adapt to the market changes.

The innovation study shows that Pet Paradis is a customer value innovation. This kind of innovation is oriented on satisfying of the customers, continues improving of the services and the highest level of the delivering provided services.

The aim of the Pet Paradis business is to provide the most complete variation of the services to the customers satisfying their needs and creating new ones in such way. Creating This helps to fulfill the niche at the market as the first pet center which combines pet hotel with center for people who cannot have animals but desire to spend time with them. The goal of Pet Paradis is to create a blue ocean for the business and be the unique pet center at the market.

## 2. Innovation study

### 2.1 Introduction

The purpose of this chapter is to introduce the business concept “Pet Paradis” and implement it based on existing theory. The challenges and opportunities related to the concept will be described as well.

The following research question will be studied and answered through the analyzing of the idea of Pet Paradis: *”What kind of innovation is Pet Paradis and how can this knowledge be used for further development and commercializing of the PetParadis business? “*

The goal of identifying innovation typologies is to build an understanding of how the firm must approach the development process of new services. (R. Garcia, R. Calantone, 2002)

### 2.2 The innovativeness of the idea

According to Porter (1985) the definition of value is very much a contingency depending on who is queried; business owner. Due to K. Holt (2012) most innovation efforts are about creating new products and services or improving existing ones. While the products and services differ, the goal of the innovation effort is the same - to find new and better ways of creating customer value. More precisely, the goal is to provide more customer value than competing companies. Pet Paradis is aimed at the supply of a new service to provide a unique location to let pets stay and people visit them. The value is created by combining profits from people paying to let the animals stay and in parallel to let people pay to take care of them. This gives a double value creation as people have the best high quality location for their pet and the people who take care of the animals have a feeling of being useful for society. The profits are used to invest in the location to make it more comfortable for the pets and the visitors who take care of them with many extra benefits compared to any other location in Norway. These extra benefits are central location close by pet owners and visitors, training of animals, veterinary care and services, pet taxi, large playgrounds and pet toys and clean and hygienic rooms which are adapted as much as possible for the animals with individual care for the layout to fit the room as much as possible to the situation at home of the pet.

Value innovation can be described as a process of finding new, drastically fresh value curves. Innovation creates new products/ services, which are valuable for customers. The most important is to find out what is valuable for customers and to develop the process of this value

creation. As it is recognized to be a problem for innovators, they should try to solve it through following methods:

- Value management: innovators should examine customers' needs and react to the changes in their value
- Value leadership: at times innovators should teach customers what they need
- Value as a concept needs to be explored and defined to account for how customers behave in a changing environment.

Observing the life of pets and their owners prompted the idea about center for and with animals. First the idea was to create a hotel for pets with excellent service so caring owners would not have to be worried about their animals during vacation. As many people find it difficult to travel with animals, especially abroad, but leaving them with friends or relatives does not always work. Existing places where pets can be allocated do not appear as locations with full service and do not meet all customer's needs. Although thinking about it more and more and talking to people, brought new ideas to me. So the idea became two phased. First creating of the hotel for pets with full high quality service and second developing on the base of the hotel a visit center for people who don't have animals themselves to be able to take care of animals and see them as their own pet. The basis of these two needs of *to be taken care of pets* and *to take care of animals* forms the basis of the value management of the Pet Paradis business idea. The first need is the one of the pet owners where the second need is the one the not pet owners. Pet owners want their animal to have the best care, not-pet owners who want but cannot be pet owners for some reason would be the best caring and loving persons to take care of the pets. This makes a double value creation base in the concept which is unique in its way in Norway and is cost saving as there is less personnel needed since the not-pet owners take care of the pets of pet owners and even pay for this.

Option "to rent" pets will be available for customers so future dog and cat owners could test their selves, if they are ready to have a new family member as his decision is very serious and requires readiness. Often people do not think that to own a pet is not only fun but also a lot of responsibility so this opportunity will give them the whole picture of having a pet.

Another important part of this center will be animal therapy, it existing already, but innovativeness of my idea is combining all possible services within one center. As animal therapy is well known all over the world, and showed itself only from positive side, I believe



it will work in Norway as well. Due to the fact that aging population (eldrebølge) is growing rapidly in Norway. All these people need not only places to live, pensions and treatment but also, which is very significant, they need occupation. These old people have a strong need to fill their days with routine. Pet Paradis fulfills this need and creates value in this way. So providing animals to them for playing and enjoying communication with fluffy, kind and adorable creations might solve problems of bad mood, stress, thinking too much. It is proved by many researches that being with animals reduces human's blood pressure, low stress and anxiety; people feel less lonely and less depressed, they are becoming more open and social oriented. Animals would be brought from the Shelton and from the streets, it will create positive image of the organization and will solve a problem of homeless animals. All values which are created based on concrete needs which are not fulfilled currently in Norway which makes Pet Paradis unique in its concept and innovative compared to current business models.

“Pet Paradis” will propose different seminars and trainings for pet owners: it can be courses about proper care about animals and early recognition of sicknesses so owners would not hesitate to visit vet, also special trainings for dogs to teach them different commands, and other interesting things.

The innovativeness of the idea is combining all these available for customers options “ under the same roof”. Pet Paradis is a full service concept serving the needs of pet owners to have somebody to take care of the pets and the need animal lovers to take care of an animal as if they would have a pet and last but not least the need of the animals and pets to feel like at home and cared about even when the pet owner is not around.

### 2.3 Testing of the idea

To test the idea of Pet Paradis, random fifty pet owners in Oslo, owners of the elderly houses (2 elderly houses were visited with a dog for an experiment) and parents of children who would like to visit animals were interviewed. The hypotheses were as following:

***Hypotheses 1: How satisfied are you with the services provided by existing pet pensions or hotels? (Query to pet owners)***

■ Satisfied                      ■ Rather satisfied                      ■ Difficult to answer  
■ not satisfied at all                      ■ Rather not satisfied

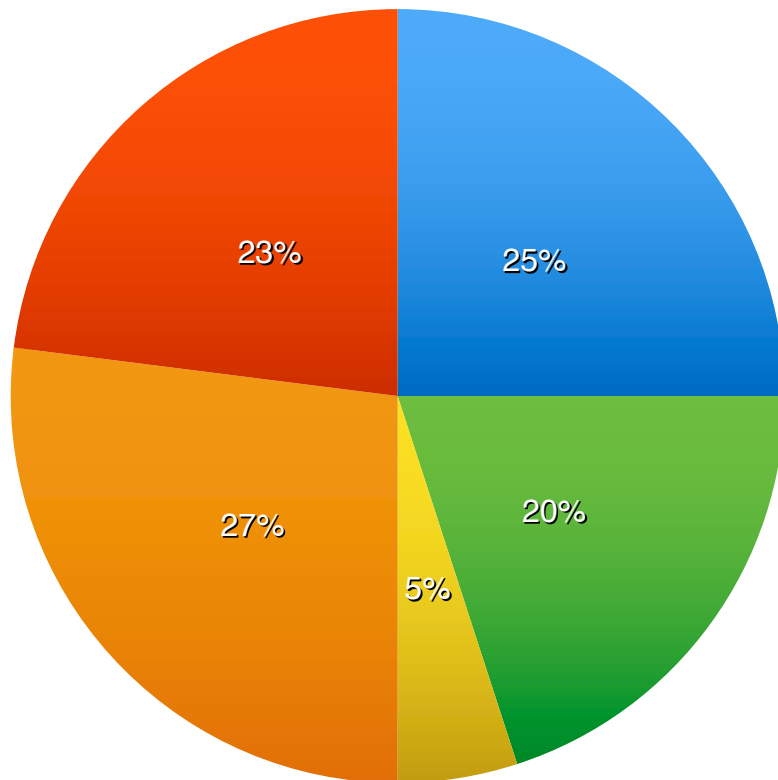


Figure 1 The figure displays the level of satisfaction of the customers of the existing pet hotels

*Conclusion:* There is a lot of space for improvement. Nearly half of pet owners are not satisfied with current pensions or hotels. Most have the comment that either they don't have availability or they need to book too long in advance giving a shortage of hotels and pensions. Other important issue is that pet owners have the feeling that the pets are feeling alone in a pension as they don't get as much attention as at home.

*Impact for Pet Paradis:* seen the higher demand than offer in the market given by availability there is space for a new concept. Further the high grade of non-satisfied customers this also leaves room for a new concept which fulfills also the need of pet owners to have more flexible availability and higher quality of care (bigger rooms, more space, more attention for the animal).

***Hypotheses 2: How often do you use a pet pension or hotel ? (Query to pet owners)***

■ Weekly ■ monthly ■ 2 or 3 times per year ■ 1 x per year ■ never

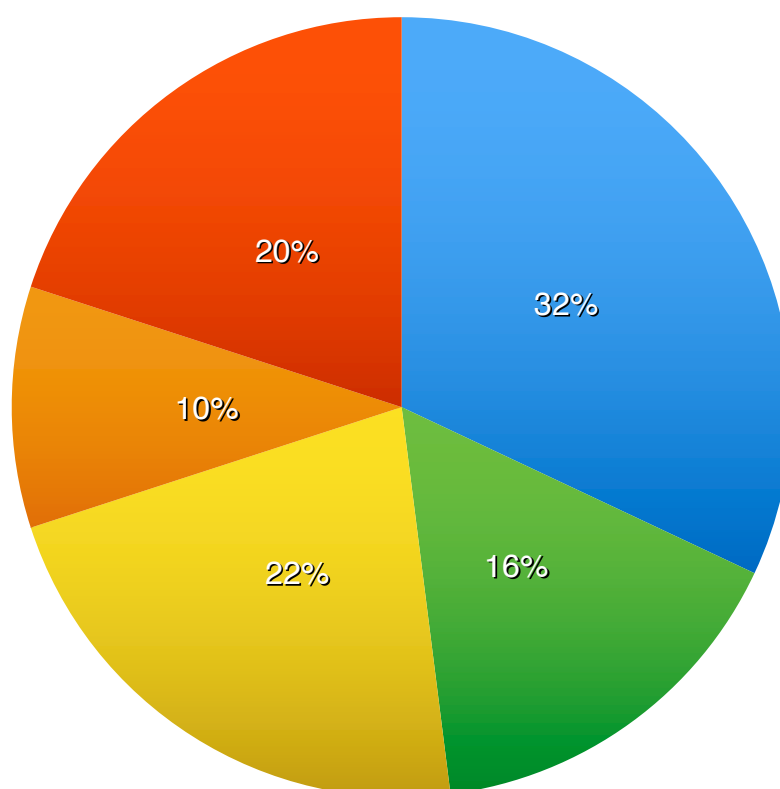


Figure 2 The figure shows the frequency of the using of the pet hotels by their customers

*Conclusion:* Most people use a pension or hotel for pets once a year or more. The majority even weekly. People using 1, 2 or 3 times per year do it just in holiday season but then often for a week or even a month while they are on holidays abroad.

*Impact for Pet Paradis:* A constant flow of animals and without seasonal pattern is of course the group which is accounting for 48 percent the weekly and monthly users. They ensure a stable base of animals to stay over. This should be first focus group starting with pet owners who weekly use the pet pensions and hotels already or the group who currently does not use a pension or hotel at all to convince them of frequent usage. The group of pet owners who are for holiday seasons bringing pets is more or less not the focus as this will give just seasonal impact on Pet Paradis.

***Hypotheses 3: Where do you leave mostly your pet while travelling? (Query to pet owners)***

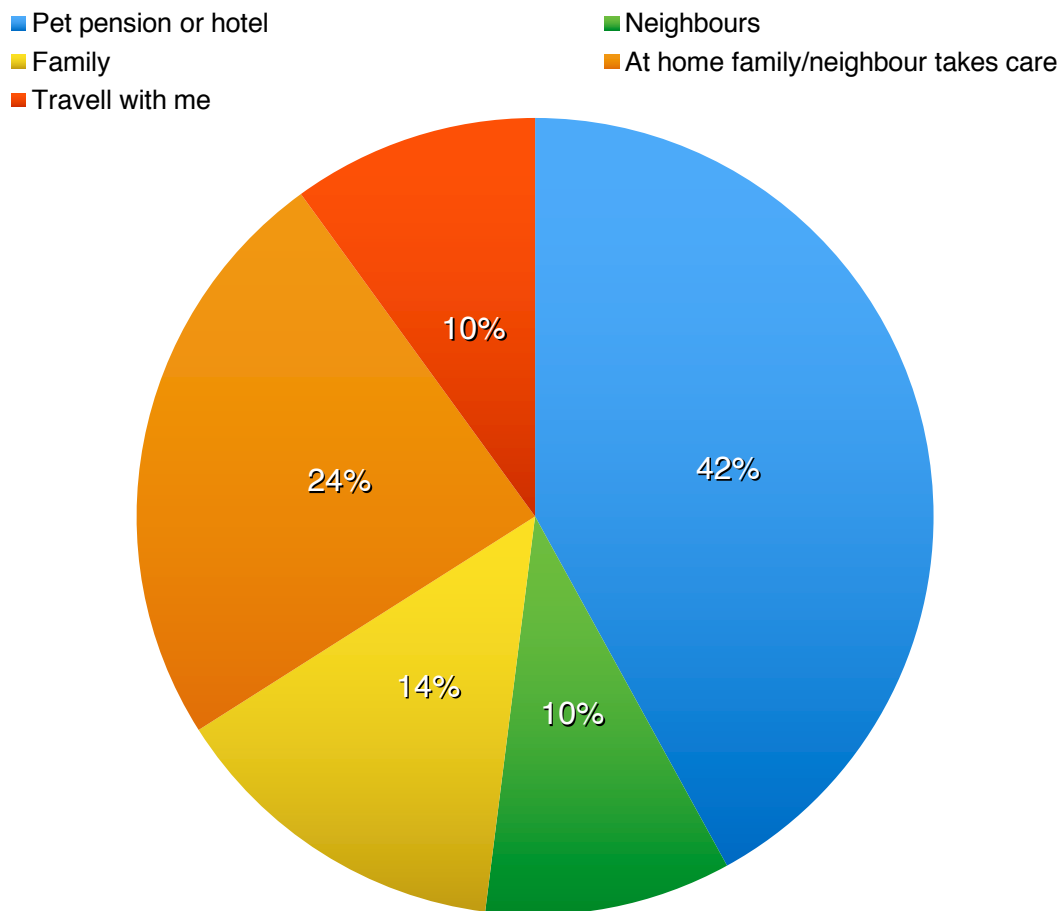


Figure 3 The figure represents the places where pet owners leave their animals while they are travelling and the spread of the percentage for those places

*Conclusion:* A large group uses pet pension or hotels while travelling. Most people who let neighbors or family take the pets in house (external) are not happy with that solution as they have the feeling to put their responsibility to others and they are open for other solutions. Same but less the group of pet owners who let family or neighbors come to their home to feed the animals. They often state that the animal feels quite alone and that the need to depend on a family member or neighbor who then cannot go on holiday or travel once they take care of the pet.

*Impact for Pet Paradis:* This is an interesting group to convince to get them to use Pet Paradis and accounts 48% of total additional potential market for hotels in case they can convince pet owners that this is a better solution by better care and service for their pet then to ask neighbors or family members. Of course financial constrains play a role, as family doesn't ask money for this service and neighbors often neither.

**Hypotheses 4: Would be willing to change your current location where you leave your pet to a concept like Pet Paradis? (Query to pet owners):**

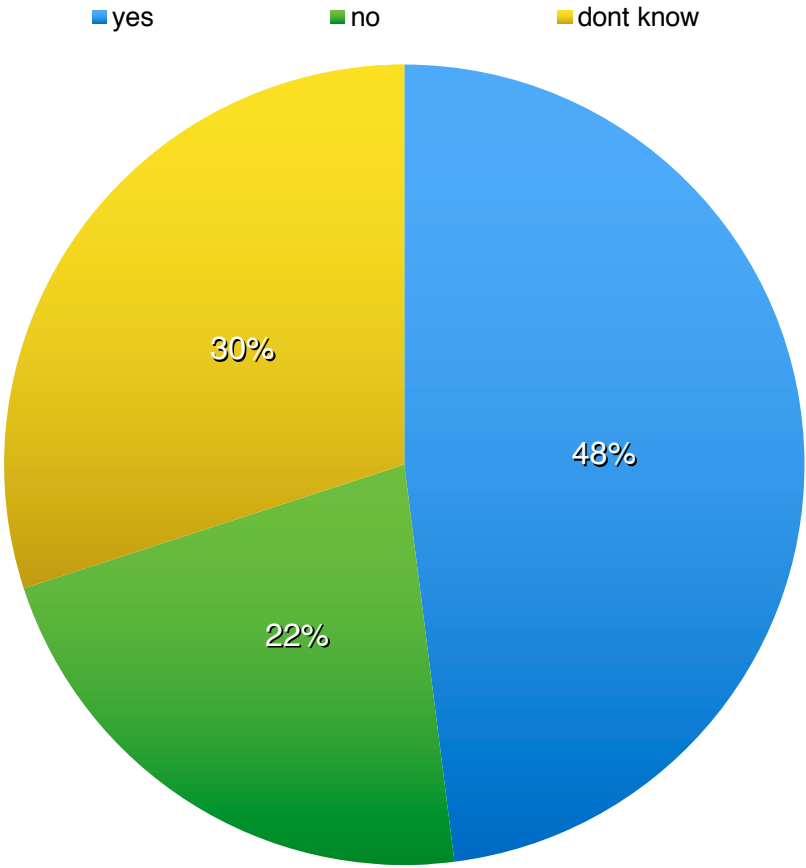


Figure 4 The figure shows how much would customers of the existing pet hotels and people who do not leave dogs at such places are willing to use the concept of Pet Paradis

*Conclusion:* There is a high willingness to change, meaning current customers of pet hotels are not loyal or they are not loyal to the current solution of taking the pets themselves to travel or to let family or neighbors take care of them. We saw in last hypotheses already that the last solution is not feeling very comfortable for most pet owners although its cheap the prefer to change it for the reason that they don't feel good with the idea to put their pet responsibility undesired to somebody else.

*Impact for Pet Paradis:* Due to the high will to change it there is a market gap which can be filled with fulfilling the needs of pet owners better than the current solution they have. This will give value creation towards pet owners and will make innovative concepts like Pet Paradis successful to enter the market in case it is able to exceed customer expectations compared to the current solution.

***Hypotheses 5: Would you like to have more contact with pets or even take care of them daily? (Query to people in elderly house):***

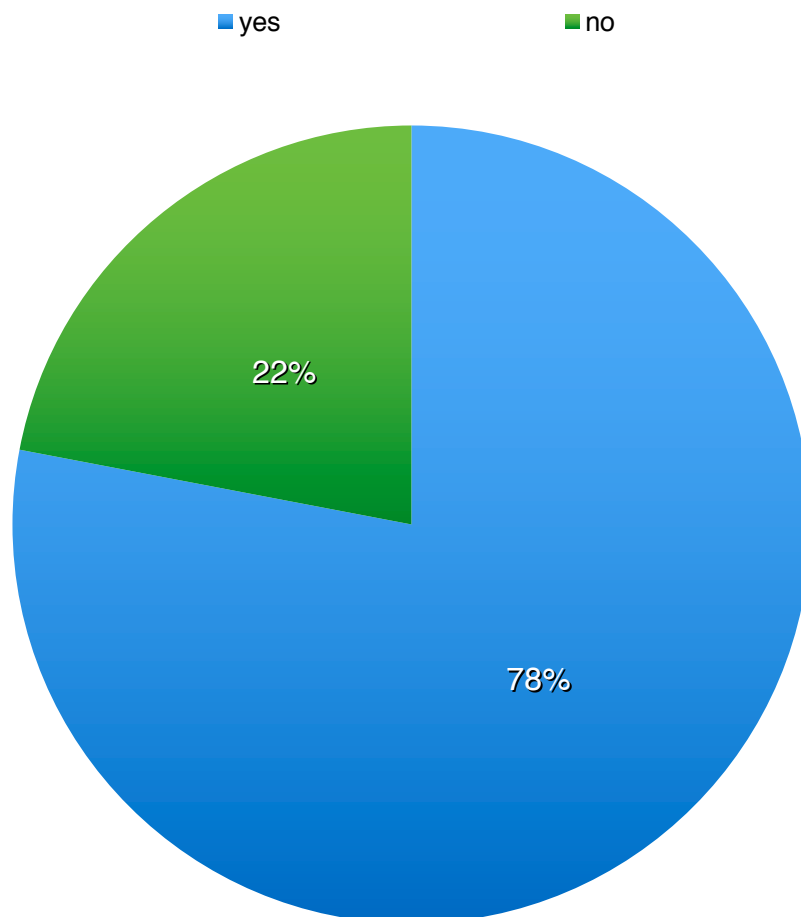


Figure 5 The figure presents the willingness of the people who live in elderly houses to take care of the pets

*Conclusion:* Nearly all people in elderly houses have a high desire of having a pet themselves or at least to be able to take care of a pet. They may not have a pet in the elderly houses or

elderly care centers, leaving as only option to take care of animals externally. Most of all interviewed people use to have animals themselves before moving in the elderly houses and say to miss the possibility to have animals and have a strong need to take care of an animal to feel useful in society and above all to feel themselves not alone. This group of people has a lot of time and is flexible on when they can take care and come to Pet Paradis and very highly motivated.

*Impact for Pet Paradis:* The people in elderly houses form a strong and large basis of caretakers for the pets in Pet Paradis. The enthusiasm of this group and the increasing elder population will ensure a large team and inflow of caretakers who are willing to pay for taking care or adopt on distance animals to be taken care off.

***Hypotheses 6: Would you be willing to bring your children to a pet hotel to take few hours care and play with animals and if yes in which how often ?***

*Conclusion:* The group of children who could take care of pets is not so high as elderly people. Mainly caused by other activities like school, sports clubs, playing with friends. The social need is also less for them as often families with children do have animals themselves at home and complain that children don't even have time for these animals. A smaller group of 30 percent is interested 1 time per week or two times per month. Some people state that they don't have time for it or that the children are allergic to animals. Some parents however liked the idea and wanted to bring their pets to Pet Paradis when it would open themselves instead of the children to play there and take care of animals.

*Impact for Pet Paradis:* Children as caregiver will not be an easy option. Safety is important and age needs to be set at a minimum depending on the pet. The children which come to play can be a less stable group and more be seen as a way of extra income in case they come to play or get an abonnement to play. The parent group itself could however be an interesting lead as customer for Pet Paradis.

■ 1 day per week ■ twice per month ■ 1 time per month ■ 4 times per year ■ not, no time

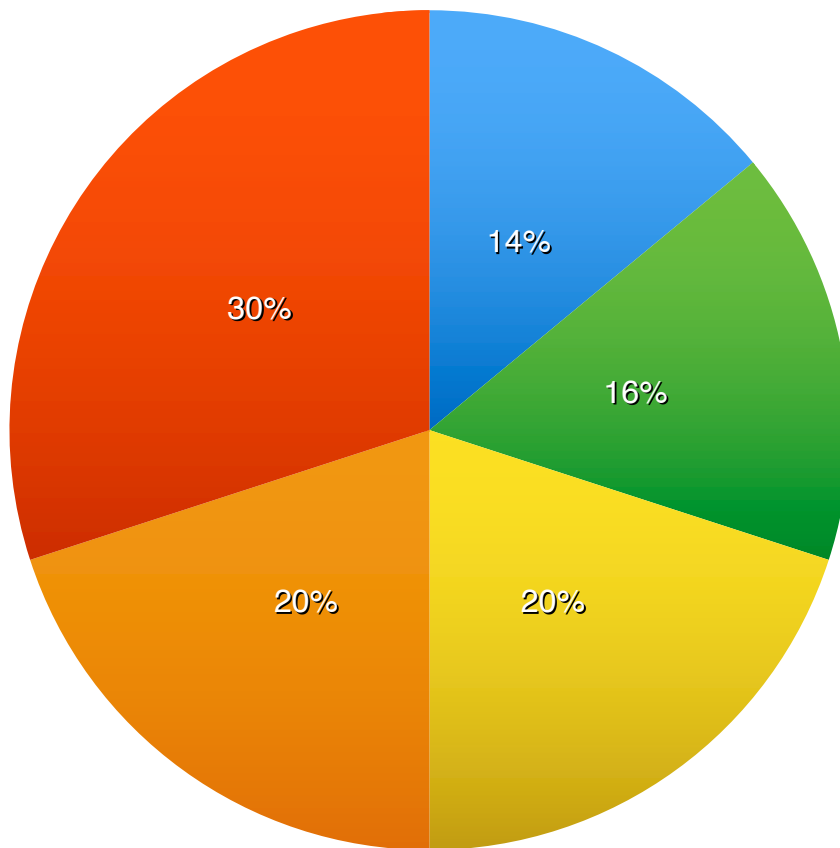


Figure 6 The figure discovers how often would parents bring their children to Pet Paradis to take care of the animals and to play with them

## 2.4 Production

The services provided by Pet Paradis will take place in the center itself, which is located in Frogner area in Oslo. The area of the center is 500 square meters, and the back yard is 2000 square meters. Each dog and cat has own room with bed and TV, there is also webcam in a pet's room with possibility for the owners to observe their animal while they are travelling. The rooms are cleaned daily and, in case needed, more often. There is a vet who is checking pets' health on a daily basis.



The dogs are walked twice a day, one hour each time. They might be playing with other dogs in case if they match. Cats have access to the outside trees and garden, the territory is closed so they cannot run away.

Suppliers for the company are shops with food, beds, toys and other equipment for pets. The cost of providing services is indicated in the Economical overview (appendix).

## 2.5 Limitations of the idea

The Pet Paradis complex was tested through the interviews of potential customers. The idea is not new on global level, as similar centers exist in USA, although with less functions and services. The limitations of the Pet Paradis are difficulties with being the best in all areas of pet services, as wide specialization brings problems with controlling of each specific services. It means as well that team should consist of the best specialists which would be costly for the center on the first stages of the development. The employees would have to take refresh courses frequently which will influence on the working schedule and will add edition expenses. There is always a human factor and it might be some problematic situations with pets (undesired pregnancy of pet while being at Pet Paradis, spreading of viruses etc.). There are a lot of situations which cannot be predicted, although it challenges the team to do their best and to avoid all negative factors, and expanding the potential of the center. Also it will be important in which way the government is willing to sponsor or insure for elderly people to pay abonnements for visiting and taking care.

## 2.6 Freedom to operate

The idea cannot be protected by a patent. The name cannot be protected either as late was found that “Pet Paradis” exists in USA, although it is spelled differently. This name brings a whole idea of the place to the customer so it would be kept as it is, but could be used some addition to it, like Pet Paradis on the Earth. The idea belongs to the student developing the idea. Therefore, there is no limitation for using this idea, so the company has full freedom to operate. At this stage it is impossible to protect something from intellectual property point of view.

## 2.7 Current status of the idea

The idea is analyzed, tested, evaluated, calculated, business plans is developed and ready for starting the business. There is investor interested in financing first steps of the building the

center. There is no intellectual property limitations. The limitations will be solved and eliminated during the working process. The center would begin to operate as a Pet hotel, with further adding of services, trainings and courses for customers.

## 2.8 Next steps

The further development of an application for pet owners and caregivers to follow the status of the pet including procedures to follow like medical checkups and timing, feeding schedules, playtime schedule and weight monitoring. Target is to have this as a app on the phone as well as a feature to see the animal real live in Pet Paradis and to even talk to the animal via mobile phone apps. In this way pet owners can follow, communicate and see the pet as if they would take care of them themselves even when they are abroad. This is often missing in pensions and hotels where we need to keep in mind that pet owners see their pet often as a child and feel very high responsibility and connection to the pet.

After the development of the application next goal will be, after successful implementation of the first Pet Paradis and after all steps to have the hotel a full concept to roll it further out to other areas in Oslo and then to next larger cities in Norway.

## 2.9 Value visions

### 2.9.1 Vision

We believe that love and animals can create miracles. We wish to provide service from A to Z concerning pets to our customers. We want to bring love and comfort with pets to people and to pets from us.

### 2.9.2 Mission

The mission of Pet Paradis is to create value to pet owners by giving them the most comfort that their pet is taken care of in the best possible manner for low costs, by letting not pet owners have the possibility to care about pets even when they don't own them and to create for animals the most comfortable environment even if their owner is not around in combination with maximizing profit and equity value for shareholders and investors where giving maximum comfort to stakeholders like government and neighbors of Pet Paradis.

### 2.9.3 Customer utility

The benefit for customers is two sided. There is two groups of customers: pet owners and non-pet owners. The customer utility for pet owners is to have a place where they are sure

they can leave their pet in good care with possibility of control by the application and real live webcam to follow and communicate with their pet, reducing their risk that their pets feels alone or is not in good hands. The benefit for non-pet owners is that they do not have the responsibility of owning a pet but the ability to take care of a pet and to have the feeling as if it would be their own pet. Giving them sense of contribution to society and to fulfil their need to take care.

#### 2.9.4 Societal utility

The benefit for society is that animals and pets will be less left alone, less aggressive as they get more attention and the gap for elderly people of feeling lonely or not useful can be filled by taking care of a pet. People with higher stress, hyperactive children will be less disturbing to society as they have a way to relief their stress by playing with animals or even taking care of them. Further social utility is that social responsibility is created for animals and environment.

#### 2.9.5 Business utility

The business utilities of Pet Paradis are the low costs of operating by letting people who want to take care of animals pay to take care of pets of people who pay for having their animals hosted in the pet hotel. This gives a high profitability by matchmaking. With this the economic sustainability is a further business utility served. A last business utility is the high market potential which is given by the need for such care centers which was the outcome of the survey or query at the hypothesis.

### 2.10 Competing services

There are different pet hotels in Oslo, however any of them propose such a wide spectrum of services. There is no hotel which combines people who want to take care of animals with people who want to have their pets hosted. Neither is there any hotel with an application for monitoring the pets for owners. This makes Pet Paradis unique and creates a distinctive competitive advantage over other pet hotels.

### 2.11 Position the business idea

#### 2.11.1 Types of innovations

To survive in the present market company must differentiate from other competitors and offer unique service or not unique service but in unique way. This can be achieved through endless

innovations. Innovation can be associated with risk as it brings new ideas, which create new markets; it puts companies implementing these innovations in a huge risk. Imitators are in a less risk, since they use already existing successful idea with new innovative approach. Innovation process is a process of evolution, process that continues, process of development, enhancement, and adaptation to the changing environment, ability to survive in the market. Due to Bessant J. (2005) the process in innovation can be presented as series of connected activities:

*Searching* - looking for signs of new ideas in the internal and external market, seeing new opportunities for changes;

*Selecting* - choosing the signal on which to respond;

*Implementing* – applying the potential of these signals into idea, creating of new value, or new solution. It is a comprehensive process that requires attention to getting the knowledge resources to engage the innovation.

*Learning* – companies have possibility to learn from the progressing through this cycle. They have chance to build their own knowledge base and can better the ways of managing the processes.

In a competitive environment that is global, intense and dynamic the development of new commercially exploitable products, services and business models is a focal point of competition (Christensen, 1997; Hamel, 2000; Hill and Jones 1998; Jonson and Scholes, 1997, Wheelwright and Clark 1992).

### 2.11.2 Incremental versus radical innovation

*Incremental* innovation is not about huge sweeping changes. On the contrary, firms that innovate incrementally tend to do so just a little bit at a time. Think of incremental innovation as cost cutting or feature improvements in existing products or services (Leifer, 2000).

Incremental innovation projects are characterized as easy predictable with low risk. Such projects normally consist of the next steps:

- A potential enhancement of existing product/service/process can be easily and fast checked to predict its value for the company based on process, which is clearly specified and tested by time
- Funding and the special team is provided for this process
- Development and commercialization are directed along a formal phase-gate process (Kawasaki)

*Radical* innovation is associated with exploring of new technology, high level of uncertainty. It is focused on process/product/ service with unique performance specifications.

Radical innovation projects do not have common process due to the fact of their uncertainty.

Radical innovation cycle can be described as:

- Time requiring, with high level of ambiguity, and hardly to predict
- Inconstant, difficult to predict the final date as it starts and stops with holes and dead ends
- Nonlinear – avoiding linear solutions, goes around, recycling
- Stochastic – increasing and decreasing of interest and funding, key players appear and leave, goals and priorities change
- High context – corporate culture, history, personalities, informal relations, and experience all create a mix of accelerating and retarding factors.

### 2.11.3 Sustainable versus disruptive innovation

Two major categories of technologies are *disruptive* and *sustaining*. According to Anderson, Tushman, Tushman and Rosenkopf, and Bower and Christensen: *Disruptive* technologies are scientific discoveries that break through the usual product/ technology capabilities and provide a basis for a new competitive paradigm.

Outputs/ processes and/ or services, which bring developing and refinement in the customers 'value are identified as discontinues innovations. Disruptive technologies and discontinues value bring a chance for R&D ventures to choose the area for investment and helps manufacturing firms to readjust existing processes. It is frequently noted that large firms avoid using new disruptive technologies, as they are not willing to put their selves into risk. Therefore, they adopt only proven innovative technologies, although these firms try to improve them.

*Sustainable* innovation does not bring new ideas to the market; it changes the point of view on existing ones, provides more information about existing products and helps to use them in different way. This kind of innovation keeps existing product/service, but improving the quality of it. This innovation involves trust of the customers as the main competitive advantage in a long perspective. Company works with their clients for providing better service/products according to their needs.

#### 2.11.4 Customer Value innovation

According to Porter (1985) the definition of value is very much a contingency depending on who is queried; business owner. Due to K. Holt (2012) most innovation efforts are about creating new products and services or improving existing ones. While the products and services differ, the goal of the innovation effort is the same - to find new and better ways of creating customer value. More precisely, the goal is to provide more customer value than competing companies.

Value innovation can be described as a process of finding new, drastically fresh value curves. Innovation creates new products/ services, which are valuable for customers. The most important is to find out what is valuable for customers and to develop the process of this value creation. As it is recognized to be a problem for innovators, they should try to solve it through following methods:

- Value management: innovators should examine customers' needs and react to the changes in their value
- Value leadership: at times innovators should teach customers what they need
- Value as a concept needs to be explored and defined to account for how customers behave in a changing environment.

According to the theory mentioned above Pet Paradis can be recognized as the customer value idea. The aim is to create a unique center, which would provide various attendances to people. Value innovation can also take place across any place on any value line – such as consumer experiences, customer services, the supply chain, business structures and organizational structures too. As the whole company affects customer value, Value innovation can take place absolutely anywhere within it. The profit orientation is not the main goal of this idea (Angel SEO, 2010). The idea is to bring benefit for society; to improve peoples' lives, to bring happiness to them. This organization will be customers' needs oriented. To succeed within the existing market, things should be done differently, to differ from competitors. In this sphere it is important to keep hand on pulse and constantly improve. To provide excellent service and create a customer value for Pet Paradis is not only about satisfying the customers, but also about making them understand their needs. As people do not always realize what they exactly need. It is important not just to provide questionnaires' research to collect information about customers' needs, as people do not always think much

before answering such questions, they might provide not correct information. They simply do not always realize what they want or need. Customers do not always understand all possibilities of the services provided. They often want to get services for free or get lower price. Customers do not always understand the value of the service that is offered. To create a proper successful customer value, the focus will be on the buyers purchase criteria and experience of using the service. The significant routine part of the continues innovation process is looking for new opportunities, adapting to the changing market and customers' needs. The service does not require expensive research. It is necessary to hire proper people to work there; they would bring necessary knowledge about animals. Though this project requires heavy investment: renting of the land with big house/farm, restructuring and building of special buildings, fences, playgrounds. It is also very important to invest into special facilities for animals and to get highly qualified employees.

## 2.12 Summary of the Innovation study

The innovation study shows there is a need for a high quality pet hotel serving needs for elderly people to take care of animals and combines this with the need of pet owners to have a place to safely leave their pets. The market potential is high, the desire to change is large for pet owners as well as non-pet owners. This is where a new concept has chances to make a market entry: Pet Paradis. The innovation is not only in the concept but also in providing a real live monitoring system of the pets which are taken care of creating also a basis for further centers in future in other areas and cities in Norway.

### 3. Market study

Pet Paradis is a luxury club-hotel for pets. The center offers wide specter of services: day and overnight stay for all kind of pets, training of dogs and cats, correction of animals' behavior, grooming, vet services etc. Pet Paradis solves the problem of pet owners who travel a lot and are not able to take their animal with them on trips. There are a lot of people with dogs who have hectic work schedule, for them we have dogs care during the day at our center. The center is located in Oslo central area, with easy reach by car and public transport, pet taxi (picking up animals from home) is available as extra services of Pet Paradis. There are two steps of developing the center:

1. Opening an exclusive pets' hotel with full specter of services;
2. Opening a club on the base of the center with own animals, where customers who do not have pets can come and enjoy time with them.

The market Macro-Environment for Pet Paradis is positive at the moment, there are some competitors, but they are overly booked and do not provide same full package of services. Norwegian people tend to travel for pleasure and for work, many of them have pets and take good care of them regardless money, pet owners are willing to pay higher price for the better quality of services.

Pet Paradis is a center with animals where people can come and leave their pets (as a hotel); there also later on will be playground with animals, which live in the center, so it will be possible just to play with them and simply relax after hard weekdays. Option "to rent" pets will be available for customers so future dog/cat owners could test their selves, if they are ready to have a new family member as this is a serious decision that requires at most preparation". so this opportunity will give them the whole picture of having a pet. Another important part of this center is animal therapy. As animal therapy is well known all over the world, and showed itself only from positive side, I believe it will work in Norway as well. So providing animals to them for playing and enjoying communication with fluffy, kind and adorable creations might solve problems of bad mood, stress, thinking too much. It is proved by many researches that being with animals reduces human's blood pressure, low stress and anxiety; people fell less lonely and less depressed, they are becoming more open and social



oriented. Animals would be brought from the Shelter and from the streets, it will create positive image of the organization and will solve a problem of homeless animals.

### 3.1 Market analysis

Market analysis is a very important step on the way to successful business strategy for new venture. It helps to study the market from all angles and to develop a strategic vision.

Market analysis consists from:

- External analysis
- Internal analysis

### 3.2 External analysis

External analysis for marketing study examines customer analysis, competitor analysis, market analysis, environmental analysis, which will be described below.

#### 3.2.1 Customer analysis

According to F.G. Crane customer analysis is a study which helps to identify target customers and to find out their needs. It is important part of Market analysis, understanding what is the target segment, what are needs for this segment and how to seek them helps to build a proper strategy for the future venture.

The customer analysis is provided for Pet Paradis hotel. The analysis for second step of the development of the center (Pet club) is mentioned in appendix.

The segmentation of the market gives the knowledge of the types of the customers based on their needs and behavior.

The segmentation of the market for Pet Paradis hotel is built on geographic, demographic, psychographic and behavioral approach.

There is a culture in Norway of having a pet, especially dog. Based on observation and in-depth interviews many Norwegians own a pet. They also travel frequently for job and for leisure which makes it complicated when there is a pet at home. Many people are forced to leave their animals in pet hotels, although these centers do not have the same level of comfort as pet are used to.

Table 1 The segmentation of the market for Pet Paradis

<b>Segmentation and percentage of the market</b>	<b>Geographic</b>	<b>Demographic</b>	<b>Psychographic</b>	<b>Behavioral</b>
<b>17%</b>	Living in Oslo East End	Middle income, college and high education	Travels 2 or more times per year, has one pet	Core needs: good care for the pets Usage: twice or more per year
<b>12%</b>	Living in Oslo East End	Lower income, college and lower education	Does not travel a lot, has one pet	Core needs: care for the pets Usage: twice or less per year
<b>14%</b>	Living in West End Oslo	Middle income, college and higher education	Travels more than 3 times per year, quality oriented, has one or more pets	Core needs: good care for the pets Usage: 3 times or more per year
<b>57%</b>	Living in West End Oslo	High income, university education	Travels frequently, quality oriented, seeks or lives luxury life style, has one or more pets	Core needs: excellent care for the pets Usage: 5 times or more per year

The population of the districts in Oslo according to the governmental statistics in 2011 is 202.000 in West End and 405.000 in East End. Giving a total of 607.000 inhabitants in the potential customer area and target market. Of the West End 50 % of population, 101.000 inhabitants are estimated to have a pet. Of East End this is only 10% seen the lower income levels giving 40.500 potential customers. The income division is for the East end middle

income 60% (24.000 potential customers or 17 %), for East end lower income 40 % (16.000 potential customers or 12 % ) where the income division for West End is 20% (20.000 potential customers or 14 %) middle income and 80 % is high income (80.000 potential customers or 57 %).

Interviewing potential customers gives an image about their needs, random fifty pet owners on the street at West End Oslo were interviewed about the pet hotel:

Business people, frequent travelers who own pets were interviewed. The answers were analyzed and gave following results. People travel for work and for leisure, it can be short few days trips and long up to few months. It is always a lot of stress to find a place where to leave a pet during this time. Relatives and friends are poor solution as they have their own plans and occupation. Customers are desiring to leave their pets in a special hotel where animal will be not only taken care of, but trained and groomed, and washed as well. Many people wished to go to the center first time to see the place and be sure that their pet is in proper conditions, but later on they found it convenient if the personnel from Pet Paradis could pick up animals from home.

Potential customers need a place where they could leave their pets and not to worry about it. But what they desire is a full service (taking care of their pet), preferably full package, which would make their life easier.

### 3.3 Competitor analysis

Competitor analysis is the process of identifying key competitors; assessing their objectives, strategies, strength and weaknesses, and reaction patterns; and selecting which competitors to attack or avoid. (Kotler, P., Armstrong. G. (2012)). It is extremely important to provide competitor analysis before starting the business, it gives an idea about the competitors, brings understanding of their strengths and weaknesses. Analyzing of the existing companies with similar activities helps to build new business without mistakes which were made by the competitors and leads to the success of the business.

Analyzing of existing competitors is listed below.

Table 2 Competitors analysis

Name	Date of establishment	Employees	Location	Services provided	Key strengths	Key weaknesses
Airpet hotel	14.01.2013	Owner Henny Merete Lidal	Gamle Dalsveg 58, 2032 Maura	- hotel for dogs hotel for cats quarantine for dogs/cats grooming online shop	-possibility to book online - located next to airport	Cats cages are very small, conditions for dogs are not “home like”.
2. Good dog	2007	7 dog trainers, 3 of them are also dog psychologists	Bygdøy Allé 8b, Oslo	- dog training, dog - walking - activities with dogs and owners, - dog psychologist, - online shop, - academy for dog trainers	- unique training activities for pets and their owners, - academy for dog trainers	Limited for dogs only, not possible to stay overnight.
3. Who let the dog out?	2013	Set up by Matt Hein	Colbjørnse ns gate 8B, 0256 Oslo	- daily long walks in Marka areas around Oslo, - express lunchtime outings in central Oslo, - one-off walks	- centrally located, - has the system of discounts, - walks are in forest and on the nature.	Limited for dogs only, not possible to stay overnight.

Most of competitors are just dogs' and cats' pensions or dog walking services. The amount of services provided by them is limited to staying overnight, training, buildings look like shelters and sites are not up to the date. The main competitor is AirPet and it is a close competitor.

The goal of Pet Paradis to create a "blue ocean" to become a center with unique and the fullest number of services provided on the pet market services area.

AirPet is a big cats' and dogs' hotel which is located very close to the main airport in Oslo, which makes the location very convenient for customers who are flying away and need to leave their pets in this center. AirPet hotel offer option of "quarantine" which means in case if animal did not meet requirements for entering Norway, it can stay at the hotel for necessary time. It is very smart solution as there are many problematic situations and pet owners are desperate to keep their animal safe no matter what is costs. It is a big center, has a vet working full time there. It offers online shop, grooming for dogs and vaccination. Although cages for dogs and cats are relatively small there and do not make pets feel relaxed and like at home.

### 3.4 Market analysis

Marketing Analysis is a study which researches attractiveness and dynamist of certain market. It helps to find out possibilities and opportunities within certain sphere of business, it brings understanding of threats and strengths of the firm. Market analyses leads to the building of successful business. Kotler and Armstrong in their book "Principles of Marketing" write: "Managing the marketing function begins with a complete analysis of the company's situation".

Analyzing of the market gives to a company possibility to see weaknesses which should be corrected and advantages which can be used among competitors, also it helps to understand the environment and to see the opportunities of the market.

### 3.5 Market size

The size of the market which Pet Paradis is aiming for, is displayed in the table below and based on calculation of the number of potential customers (Customer analysis): after summing up amount of the potential customers, which was 141 500 people; it was assumed that in the first year Pet Paradise will reach 5 % of them. For the next year , 2017 it is planned to reach 10% of the potential market and the year 2018 would bring 15% of the potential customers to Pet Paradis.

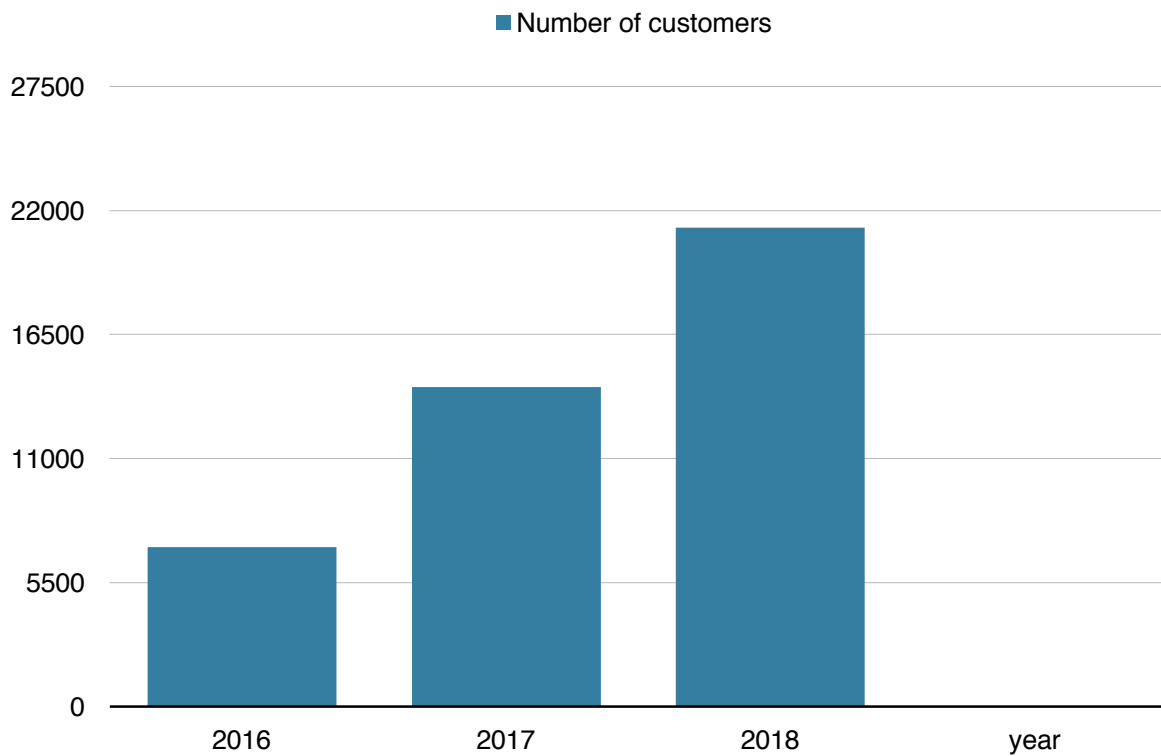


Figure 7 The number of the customers which represent the size of the potential market for Pet Paradis

For the future Pet Paradis club which would be unique center in Norway, the estimated market is:

Table 3 The estimated size of the market for Pet Paradis center

Year	2016	2017	2018
Percentage	5%	10%	15%
Number of customers to be reached	7075	14150	21225

One of the target groups is ageing generation, there is 600 000 people in Oslo, 15% of population of Norway above are 67 y.o. (about 765 000), if to assume that 15 % of population of Oslo are above 67, then we have a number of 90 000 retired people which can be potential

customers. There are also children for whom would be provided trainings and lessons, registered amount of children (age 0-14 years) in Norway (due to Norway Demographics Profile 2014) is 18.2% (male 480,176/female 456,128), assuming that 18% of population in Oslo are children, that number would be 108 000, from which half of the children are too young to attend lessons, so expected market size will be 56 000 children.

### 3.6 Market Growth

Norway tends to be one of the leading countries by dog ownership according to Theresa Bradley and Ritchie King (2012 for Business). The number of dogs in Norway is growing. According to NKK statistic the number of dogs in Norway increases rapidly, statistic from 2004 until 2009 displays it.

Another table proves that Norwegians are on the first place by the amount which they spend on dogs' food every month.

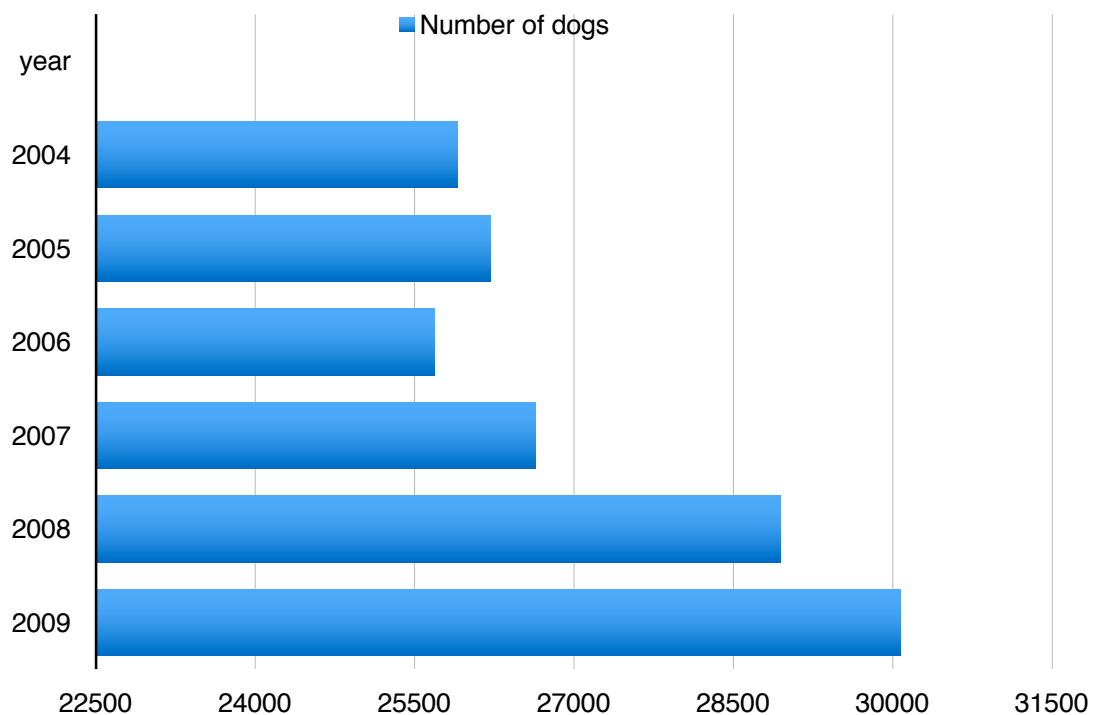


Figure 8 The figure shows the growing of the number of dogs in Norway

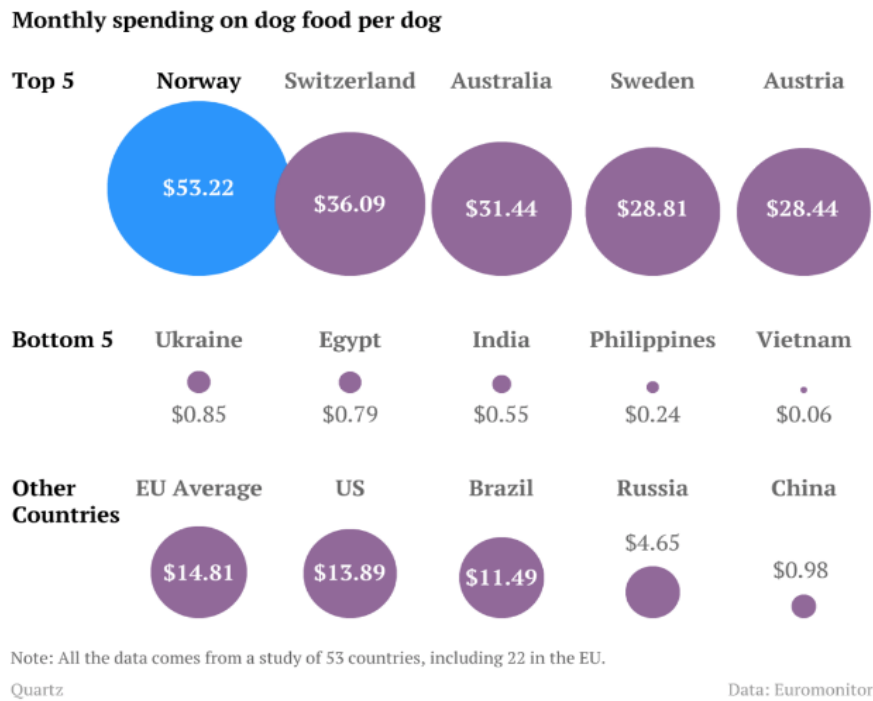


Figure 9 The figure represents the amount which dog owners spend monthly on their pet

Both statistics prove that the pet market in Norway grows, another outcome is that Norwegians care a lot about their pets and are ready to pay high price for the quality.

### 3.7 Market Profitability

Market profitability is presented in Porter's five forces.

#### 3.7.1 Porter's five forces

The five forces model of Michael Porter shows the opportunities and threats which corporate strategy will meet in the external environment.

The competitive strategy needs to understand the patterns of the industry and the changes within it. The forces identified by Porter help to build a proper strategy for a firm and to adapt these forces in such way that firm will lead at the market. These forces fit to every market and any industry.

#### 1. Supplier Power:

The Supplier Power represents the influence of the suppliers on the business. If one supplier can strongly affect the company's margins and volumes, this supplier has a high power.



The suppliers for Pet Paradis are shops for animals (food, toys, clothes), there is more than 60 pet shops in Oslo, which provides wide choice for suppliers and limits possibility of the supplier to increase the prices unreasonably. Another supplier is landlord of the building which is rented from him. The price is fixed in a contract so cannot be changed so easily. **Low** power of supplier is good for Pet Paradis as it means suppliers cannot affect the company.

### *2. Buyer Power:*

This power shows the strength of the buyers and how much they can control the company.

To keep customers in Pet Paradis club it will be provided the system of following all information about clients-pets, health story, food preferences; there an application where pet owners can follow pets during their stay at Pet Paradis. Providing all the specter of services and having history of each pet, giving individual treatment will make buyers not be able to switch Pet Paradis on another pet club so easily, even though prices might be lower in another place. Price level of Pet Paradis is higher than average, so buyers might demand lower price, although lower price - lower quality and the target group of customers are people who appreciate quality and are ready to pay reasonable price for it. **Average**

**Average** power means that Pet Paradis should be aware and try to satisfy customers in a best way, continuously improve services and the quality of them.

### *3. Competitive Rivalry:*

This power represents the competition environment and the impact of competitors on the company.

The main competitor is AirPet hotel, other competitors do not provide comparable services. However, it has not all the offers which are provided in Pet Paradis. **Average**

**Average** power shows that competition exists and Pet Paradis must doing the best to lead the market and it is important to create competitive advantage in a form of providing the fullest specter of services in a combination with unique services.

### *4. Threat of Substitution:*

This power displays the chance of the service being replaced by another one.

The substitution would be to give pets to friends and to use site which helps to find people who would take care of animal for free while the owner is away. It can be a solution, but these people do not have enough experience and it is not easy to build trust with total strangers and let them to take care of the dog, cat or other pets. **Average**

**Average** power shows that it is not easy to switch the services of Pet Paradis, although it is better to tight customers to the company by providing personalized services and collecting the history of each pet.

#### *5. Threat of new entry:*

This power shows the possibility for new company to enter the market, if this power low, the competition is very high.

It is not easy to enter the market as it requires a lot of knowledge, investment and time to build similar business. **Average**

**Average** power displays that it is not easy to enter the market. It is good for Pet Paradis.

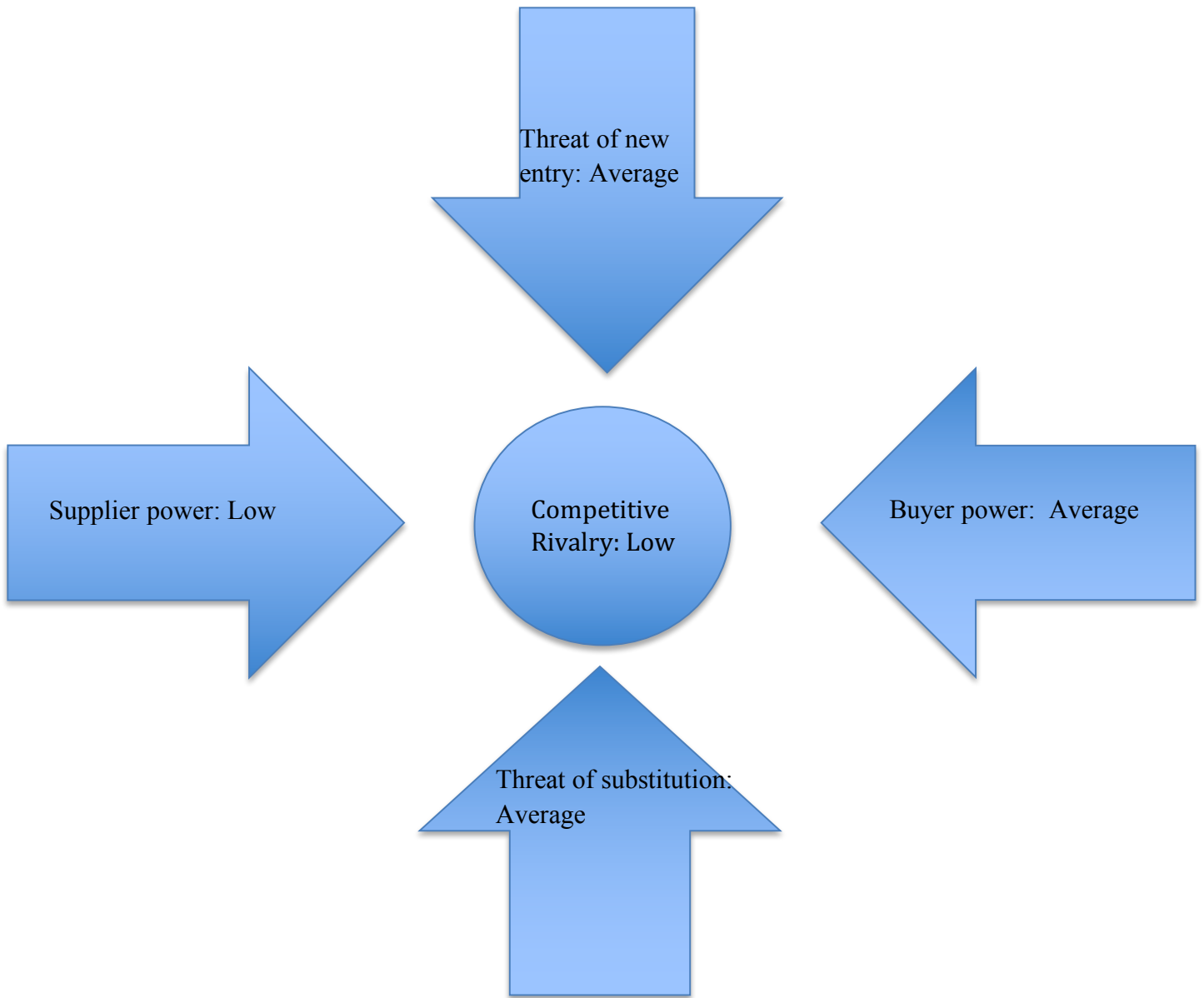


Figure 10 Porters five forces analysis result

### 3.8 Market trends

Nowadays our life is depending on the development of new technologies, companies can survive at the market only when they keep updated with new trendy technologies. Same applies to Pet Paradis: it is needed to keep on pulse and create special Pet Paradis app to make it easy to book a night staying for a pet or to pay for a visit of the club, also this app would keep all personal information about customer of PP. There is another trend in society to bring a pet as much as possible everywhere where the owner goes, it is a positive tendency for Pet Paradis as it makes people to appreciate pets more and the ones who cannot have a pet will feel the pain of necessity to spend time with animals.

### 3.9 Marketing Strategy

Marketing strategy is the basic 'game plan' of your means for achieving the marketing objectives. It outlines the target market sought, intended positioning, and specific details of the marketing mix designed to appeal to the target market (Crane, F.G., 2013).

#### 3.8.1 Product/Service

The services will be delivered using the Service profit chain strategy. The quality of delivered services will be on the highest level, the customers will be treated in a best way, although employees of PP will be valued not less than customers.

This strategy will be applied together with building strong brand, the company's goal is to become a network, as a big aim- international network.

Pet Paradis is a full-service animal center, which provides all kind of services for pets and their owners, the services will be updated due to requests and upcoming innovations in the animal sphere. The services are next:

*Hotel service for pets:* possibility to leave any kind of pet ( including horses in future) for a night stay or for a long term while the owner is travelling etc.

*Day activities:* possibility to leave the pet during the day, especially for a dog who require playing and attention while the owner is at work.

*Training:* training for dogs and their owners.

*Souvenir shop:* 3d printing of your pet, toys, cookies in shape of animals.

*Special food:* cookies for dogs, cats, possibility of ordering the cake with a pets figures.

*Grooming:* high standard care for pets.

*Medical treatment:* vaccination, basic vet care.

For the future added club with animals which live in Pet Paradis center, the services are following:

*Education for children/adults:* teaching how to treat animals in a proper way, basics of first help in extreme situations.

*Correction of the inappropriate behavior:* working on a proper behavior of dogs/cats who has behavior problems.

*Play time with pets:* a club where children and adults can spend time, play with pets.

Missing the possibility to play with pets is not the first problem for people, although it is very important for many of them as it gives moral satisfaction, relaxation and takes away the stress. Based on deed interviews and surveys people are willing to pay for the possibility to play with animals.

First steps of the Pet Paradis would be to have 10 pets staying overnight. After 6 months the amount of pets in a pet hotel will increase twice and the maximum planned is 50 pets per day. The amount of pets is due to the necessary to have one person dedicated only to maximum three pets, so in order to provide excellent service is better to restrict the number of pets per day.

For the Pet club which will be next step of development of the center:

There are dogs and cats who will be living on the permanent basis in Pet Paradis. In the beginning there will be maximum 5 pets, with time it is expected to have 15 pets living in a club.

### 3.8.2 Promotion/communication

Pet Paradis is going to get in touch with kindergartens and elderly houses to make agreements and bring pets to them for playing, giving trainings, have children playing in a Pet Paradis club on permanent basis.

The club will be promoted via Facebook, pet magazines, pet shops. The commercial will be placed at all animal stores, at local kindergartens.

### 3.8.3 Distribution

The best Distribution channel for Pet Paradis is Internet, easy access to all information about club and a hotel, possibility to book services online via site and special application will make sales higher (easier to promote, less phone calls for ordering services).

### 3.8.4 Pricing

The price is not so important for the customer group of people who will leave animals in a pet hotel while they are travelling themselves. These people travel a lot and have sufficient funds to pay for excellent services provided for their lovely pets, they want their animals to be treated in a proper way and get same attention as when they are at home.

Prices in Pet Paradis hotel are following:

- 1000 kr per night per dog,
- 450 kr per night per cat,
- 300 kr for other small animals,
- 500 kr for exotic small animals,

There are extra ways to earn: selling of goods, toys, and souvenirs at the shop of Pet Paradis.

Prices for Pet Paradis club with animals:

- possibility to play with animals who live in Pet Paradis costs 150 kr per hour,
- 500 kr for the whole day.

That makes it acceptable for people with higher than average income.

For pet owners comfort of their animals is more important than a price.

## 3.10 PESTEL analysis

### 3.9.1 Political factors

Political factors which impact on Pet Paradis are quite wide in Norway. Animals and pets are well protected here and Law develops all the time. There are many restrictions for pet owners as well.

Norwegian animals have not yet obtained legal status as "sentient beings".

In contemporary Norwegian law, animals have legal status as property or nature. Although, in 2003, it was decided by the Parliament that the revised Animal Welfare Act must be based on the assumption that every animal has an intrinsic value. It is a big development for animals' rights, although it is still unclear how to deal with it and still animals might be recognized as property or nature.

The law forbids abandoning animals, sexual interaction with animals and using live animals for feed or bait.

Animal Welfare Act in Norway states: "Anyone who has reason to believe that an animal is exposed to mistreatment or serious neglect regarding the environment, supervision and care, shall as soon as possible alert the Food Safety Authority or the police."

There are many types of animals which are prohibited to own, also quite many restrictions for pet owners concerning training and treating of animals.

So the main impact for Pet Paradis would be to follow all political regulations concerning animals which are changing quite often and very strict in Norway in comparison to many other countries. When Pet Paradis would become international network, the challenge will be to follow all the rules and regulations concerning animals which differ in every country.

Another political factors which influence on Pet Paradis are:

- tax regulations,
- employment regulations,
- regulations concerning environment.

### 3.9.2 Economic factors

Economic factors influencing on Pet Paradis are mostly concerned with possibility of customers to pay for the services. Norway is very economically stable country with high level of salaries and life, that means customers are able too pay reasonably high for services which Pet Paradis offers.

Changes in economy would definitely influence the development of Pet Paradis as significant customer group is people who travel a lot and would have to leave their pets in our hotel for pets, when economy is down, people would limit their trips which automatically decrease amount of customers of Pet Paradis. In this case we would need to focus on another segments, providing more trainings, although it would also be affected by the Economy fail. Adapting to the problems in country economy would be decreasing of prices for services, but also providing new services and focusing on another target groups will be an option.

### 3.9.3 Socio-Cultural Factors

Socio-cultural factors for Pet Paradis would apply more when we will go on international market (building network in other countries). The idea of Pet Paradis is to become a part of life style of people as a club with pets, that is not difficult in Norway as customers really like pets and treat them very well, spend a lot of time with them, the amount of dogs in Norway is 500 000 (2012). Although the challenge would be to make people spend time together in a club as it is part of the mentality to be one on nature or to be alone with pet on nature, that makes it challenging to keep people in a group.

Another factor is growing of the population of children of War, they are retired now and have not enough occupations, so they feel lonely as their children are busy at work and with their families, that creates a huge target segment for Pet Paradise, which is a positive impact at the moment.

### 3.9.4 Technological factors

Technology changes every day, it develops and improves enormously, which is positive factor i general, but might be not easy to keep updated according to new technologies as it is a lot of expenses. Although Pet Paradis is aimed on auditory with higher than average income, so providing the most modern technologies, possibility to see your pet on web-camera while it is in a pet hotel, availability of Pet Paradis app, and other advanced technologies will be used as an advantage among other less modern pet hotels.



### 3.11 Summary of the market study

The Pet Paradis business is aiming to satisfy the needs of the customers by providing a uniquely full combination of the services in the same center. This helps to fulfill the niche at the market as the first pet center which combines pet hotel with center for people who cannot have animals but desire to spend time with them. The aim of Pet Paradis is to create a blue ocean and be the only one such center at the market. By providing full specter of services and maximal level of satisfaction of the customers, the number of customers which is planned to be achieved in 2019 reaches more than 21 thousand people .

## 4. Business plan

### 4.1 Executive summary and company overview

Nowadays life is very intensive and all the time in a move, geographical borders become less and less important, people travel more and more for work and leisure. Although a pet is still a part of life for many people and families, but it is not convenient to take your pet on all trips, as there are not many hotels which allow staying with a pet, the regulations and deceases are various in different countries which also makes it complicated to take a pet with you. Pet Paradis is a club and hotel for pets, pet owners and people who love animals. The center is providing excellent quality and a full specter of services from pets' hotel to a "stress-free club" where customers can spend time with animals who live in the center.

Intensive life brings a lot of stress to our lives, we move from place to place, often it is rented property, where pets are not allowed. It makes many people decide not to own a fluffy or cute or exotic friend. Although they used to have a pet at home while growing up, which makes these people miss the feeling of having an animal. High temp of life has another side effect: people are too busy to spend time with their old parents; work, children, travelling- there is no time for talking to old parents, these pensioners are tending to end up in elderly houses where they feel bored and not being needed.

Pet Paradis is a solution to all these problems! You can leave your pet in our center and we will take care of it on the excellent level and with very dedicated treatment (maximum to 3 pets are taken care of during the day by one person in the center). We provide all specter of possible services like grooming, training, correction of behavior, first vet care and vaccination so you can save your time on it, we do it for you while you are travelling and your pet is staying with us. We also take care of leisure for people without pets: join our club and enjoy time with pets who live on a permanent basis in our center ( these pets are from shelters so we rescued them). For elderly people we also have occupation: we bring pets to the pension houses or alternatively transport old people to our center so they could spend unforgettable time with lovely animals.

There is a culture of having a pet in Norway, mostly dog, but also cats and rabbits are quite common. Observing people in Oslo in Frogner area gives imagination about a number of dogs, there are a lot of dog owners. The area is one of the most expensive in the city to live in,

which means the potential clients of Pet Paradis are wealthy people. This also can be concluded on the fact that owning a dog is an activity for upper class as it is expensive in this country, although people with an average income are also tending to spend much on their beloved pet. Those people love their pets as family owners and based on deep interviews, they are ready to pay a high price for the comfort of their pets.

I am very dedicated to animals since my early age, all my life I have pets, take care of and help animals. The idea was born when I realized how complicated it is to travel with your pet and how many people miss the feeling of having the pet, that's an explanation of the popularity of cat cafes all over the world in big cities.

## 4.2 Business Idea and Business Model

Pet Paradis is an exclusive animals' hotel whose clients are pet owners with higher than average income. We solve the problem for pet owners who travel frequently or do not have time during the day for their animals. The center is located in Oslo central area, with easy reach by car and public transport, pet taxi (picking up animals from home) is available as extra services of Pet Paradis. We provide wide specter of services for pets and pet lovers. There are two steps of developing the center:

Opening an exclusive pets' hotel with full specter of services;

Opening a club on the base of the center with own animals, where customers who do not have pets can come and enjoy time with them.

## The Business Model

Team or Company Name:

**Pet Paradise (Hotel)**

Date:

09/02/16

<b>Key Partners</b> <ul style="list-style-type: none"> <li>- pet shops</li> </ul>	<b>Key Activities</b> <ul style="list-style-type: none"> <li>- hotel for all kinds of pets</li> <li>- training for pets and pets owners</li> </ul>	<b>Value Proposition</b> <b>for pet owners:</b> <ul style="list-style-type: none"> <li>- excellent service with personal treatment for every pet,</li> <li>- training for pets and for their owners,</li> <li>- correction of pets' behaviour,</li> <li>- special online booking system, online web cameras in rooms of pets;</li> </ul>	<b>Customer Relationships</b> All pets have a history of diseases and food preferences. "home like" atmosphere in PP. Making life easier for pet owners.	<b>Customer Segments</b> <ul style="list-style-type: none"> <li>- all pet owners</li> <li>- starting from Norway, becoming worldwide network in future</li> </ul>
	<b>Key Resources</b> <ul style="list-style-type: none"> <li>- loan for the building of the PP center,</li> <li>- equipment for training dogs,</li> <li>- software for the online booking,</li> <li>- furniture for the hotel,</li> <li>- computers for personnel,</li> <li>- employees with education for training animals.</li> </ul>		<b>Channels</b> <ul style="list-style-type: none"> <li>- possibility of online booking</li> <li>- online marketing</li> <li>- social media</li> </ul>	
<b>Cost Structure</b> <ul style="list-style-type: none"> <li>-rent/ purchasing of the land +building for the PP club, hotel, centre;</li> <li>- furniture, technical equipment;</li> <li>- hiring people with special education and skills;</li> </ul>			<b>Revenue Streams</b> <ul style="list-style-type: none"> <li>- possibility to have membership in a PP club for pet owners</li> <li>- booking of the staying for pets</li> </ul>	

Figure 11 Business model for the pet hotel

The Business Model	Team or Company Name:	Date:
	<b>Pet Paradise</b>	09/02/16

(Club with animals)

<b>Key Partners</b> <ul style="list-style-type: none"> <li>- animal shelters</li> <li>- pensions for elderly people</li> <li>- schools</li> <li>- kindergartens</li> </ul>	<b>Key Activities</b> <ul style="list-style-type: none"> <li>- teaching children how to treat animals</li> <li>- letting old people take care of animals</li> </ul>	<b>Value Proposition</b> <b>for parents:</b> <ul style="list-style-type: none"> <li>- playground for children together with pets,</li> <li>- lessons for kids about proper treating of animals</li> </ul> <b>for pensions with elderly people:</b> <ul style="list-style-type: none"> <li>- experience of "being needed" ( taking care of animals)</li> </ul>	<b>Customer Relationships</b> people can buy membership for the PP club. Making life nicer for people who are missing having a pet	<b>Customer Segments</b> <ul style="list-style-type: none"> <li>- all animals lovers</li> <li>- elderly people who feel lonely</li> <li>- children</li> <li>- parents who need to leave their children for a while</li> </ul> <ul style="list-style-type: none"> <li>- starting from Norway, becoming worldwide network in future</li> </ul>
	<b>Key Resources</b> <ul style="list-style-type: none"> <li>- loan for the building of the PP center,</li> <li>- equipment for training dogs,</li> <li>- software for the online booking,</li> <li>- furniture for the hotel,</li> <li>- computers for personel,</li> <li>- employees with education for training animals.</li> </ul>		<b>Channels</b> <ul style="list-style-type: none"> <li>- online marketing</li> <li>- social media</li> <li>- providing information about PP to schools, pensions of elderly people, kindergartens</li> </ul>	
<b>Cost Structure</b> <ul style="list-style-type: none"> <li>-rent/ purchasing of the land +building for the PP club, hotel, centre;</li> <li>- furniture, technical equipment;</li> <li>- hiring people with special education and skills;</li> </ul> <p>when amount of members rises, it will cost less ( for PP) to provide service to customers ( per customer)</p>		<b>Revenue Streams</b> <ul style="list-style-type: none"> <li>- possibility to have membership in a PP club for pet lovers, single entrance of the PP club</li> <li>- providing services to pensions with elderly people( financing by government)</li> </ul>		

Figure 12 Business model for the club with pets

#### 4.2.1 Profit model

The profit of Pet Paradis is based on charging customers for staying of their pets in a center:

- daily care,
- staying overnight;
- training of pets.

There are extra ways to earn: selling of goods, toys and souvenirs at the shop of Pet Paradis club. For the club with animals, visitors are charged per visit.

#### 4.2.2 Long term objectives

The long-term goal of the company is to improve variation of services by adding new ones every half a year. A number of pets which are staying overnight in a club is planned to increase from 10 dogs and 6 cats to 30 dogs and 15 cats. 5 years plan for Pet Paradis includes buying a building instead of renting, hiring extra people for taking care of more animals. An important part of the future improvement is creating of mini school on the basis of the center for children and adults where the specialist in animals' behavior and animal care will teach people how to treat pets in the proper way. The big goal of Pet Paradis is to become a European network and later on get global.

#### 4.2.3 Vision

We take care of the pets in the way like no one other does. We provide excellently and full service for pets and their owners and we are aiming to be the number one choice for people who need their pet to be taken care of.

## 4.3 Management team

### 4.3.1 Founder/ manager/ owner



Olga Alohina, me, the owner and director. My background is Building Engineering, Finances and master in Business Creation and Entrepreneurship. This education will help me to build a successful business while I can do all kind of work on early stages of the company. I spent all my life with animals and I have special understanding and connection with them. I am raised with animals and I always took care of them since my childhood. I know how to treat, heal and train pets from own experience. I am going to obtain courses to develop my knowledge concerning pet training, taking care of them and interaction between people and animals. I have made a research concerning animals' positive influence on stressed, old , people with moral and health problems and tested it in real life.

### 4.3.2 Key competencies needed

At the first stage, there will be a vet, who is working part time every day in Pet Paradis. To save costs it can be a just graduated student who is looking for obtaining practice. The task of the vet is to check the health of the pets and their documents provided by owners. As additional services, it is possible to get the vaccination and first vet help for pets, which does not require a lot of experience from a vet.

Another important person of the team is animal behavior trainer, this person is required to have at least 5 years of experience and be professional in this field. Two last but not least important employees are people who will take care of pets: cleaning after pets, walking, washing pets, etc. These people do not need to have a special education but need to like animals and have a connection with them, they will obtain necessary trainings within animals' treatment sphere further on.

### 4.3.3 Incentives

The employees of Pet Paradis are people who cannot imagine their lives without animals, they love their job as they make this world better by doing a good thing. The company is like a family, there is always friend atmosphere understanding of needs and help to employees if needed. To motivate personal there are trainings and team building activities provided by management of Pet Paradis.

## 4.4 Products and services

Pet Paradis is a full-service animal center, which provides all kind of services for pets and their owners, the services will be updated due to requests and upcoming innovations in the animal sphere. The services are next:

*Hotel service for pets:* possibility to leave any kind of pet (including horses in future) for a night stay or for a long term while the owner is travelling etc.

*Day activities:* possibility to leave the pet during the day, especially for a dog who require playing and attention while the owner is at work.

*Training:* training for dogs and their owners.

*Souvenir shop:* 3d printing of your pet, toys, cookies in shape of animals.

*Special food:* cookies for dogs, cats, possibility of ordering the cake with a pets' figures.

*Grooming:* high standard care for pets.

*Medical treatment:* vaccination, basic vet care.

For the future added club with animals which live in Pet Paradis center, the services are following:

*Education for children/adults:* teaching how to treat animals in a proper way, basics of first help in extreme situations.

*Correction of the inappropriate behavior:* working on a proper behavior of dogs/cats who has behavior problems.

*Play time with pets:* a club where children and adults can spend time, play with pets. Missing



the possibility to play with pets is not the first problem for people, although it is very important for many of them as it gives moral satisfaction, relaxation and takes away the stress. Based on deed interviews and surveys people are willing to pay for the possibility to play with animals.

## 4.5 Marketing Plan

### 4.5.1 Target market

The target market for Pet Paradis is located in Frogner area and nearby, it might be extended as there is a pickup service for pets. There are two target markets for Pet Paradis:

For the hotel Pet Paradis: pet owners with high income, age 30+, who are looking for full service on a high level and do not care about the price.

For the club Pet Paradis: elderly people, parents, people with average income.

### 4.5.2 Customers

The customers are located near the Oslo area and in Oslo. I would allocate next groups:

For Pet hotel: people who live close to the Pet Paradis, people who live in the city centrum and have to travel far to this place;

For Pet club: people who like to play with animals but cannot own one at the moment, people with special needs, for whom animals will be a therapy, depressed people, people who want to teach their children to look after pets etc.

### 4.5.3 Competitors

Existing competitors do not provide same full specter of services as Pet Paradis and listed below:

1. *Airpet hotel* Gamle Dalsveg 58 2032 Maura [www.airpethotel.no](http://www.airpethotel.no) Pluses:

There are a Grooming salon and online shop, possibility to book online. Minuses: Cats cages are very small, conditions for dogs are not “home like”.

2. *Good dog* Bygdøy Allé 8b, Oslo <http://gooddog.no/frogner/>

Pluses: There are a dog training and dog psychologist and online shop, possibility to book online. Minuses: Limited for dogs only, not possible to stay overnight.

3. *Who let the dog out?* <http://www.wholetthedogsout.no/> Colbjørnsens gate 8B, 0256 Oslo

Pluses:

Very centrally located, the system of discounts. Minuses: Limited for dogs only, not possible to stay overnight.

#### 4.5.4 Marketing strategies

The strategy chosen for Pet Paradis is B2C as the club brings Customer value to people.

#### *Pricing*

Prices in Pet Paradis hotel are following:

- 1000 kr per night per dog,
- 450 kr per night per cat,
- 300 kr for other small animals,
- 500 kr for exotic small animals,
- - there are extra ways to earn: selling of goods, toys, and souvenirs at the shop of Pet Paradis.

Prices for Pet Paradis club with animals:

- possibility to play with animals who live in Pet Paradis costs 150 kr per hour,
- 500 kr for the whole day.

day care for dog 300 kr;

## Sales

Table 4 Sales Forecast

<i>All figures in thousand NOKs</i>														
		16-Q1	16-Q2	16-Q3	16-Q4	17-Q1	17-Q2	17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4	SUM
<b>REVENUES</b>														
Sales of services	0	700	600	900	650	850	750	1.100	800	1.050	900	1.350	1.100	10.750
Sales of goods		125	100	175	150,0	125	100	175	125	200	175	225	200	1.875
														0
<b>Total Sales</b>		<b>825,0</b>	<b>700,0</b>	<b>1.075,0</b>	<b>800,0</b>	<b>975</b>	<b>850</b>	<b>1.275</b>	<b>925</b>	<b>1.250</b>	<b>1.075</b>	<b>1.575</b>	<b>1.300</b>	<b>12.625</b>
<b>Sum Operating Revenues</b>		<b>825</b>	<b>700</b>	<b>1.075</b>	<b>800</b>	<b>975</b>	<b>850</b>	<b>1.275</b>	<b>925</b>	<b>1.250</b>	<b>1.075</b>	<b>1.575</b>	<b>1.300</b>	<b>12.625</b>
<b>Cost of goods</b>														
Cost of goods sold		81	65	114	98	80	64	112	80	126	110	142	126	<b>1.198</b>
<b>SUM Cost of Goods Sold</b>		<b>81</b>	<b>65</b>	<b>114</b>	<b>98</b>	<b>80</b>	<b>64</b>	<b>112</b>	<b>80</b>	<b>126</b>	<b>110</b>	<b>142</b>	<b>126</b>	<b>1.198</b>

## Distribution

The center is located within easy reach by customers and online booking is very easy and fast process. Picking up of the pets by Pet Paradis special taxi enlarges customers area.

For the Pet hotel:

The hotel will be promoted in pet shops where posters and brochures of Pet Paradis will be spread through. Posters of Pet Paradis will be placed in local shops. Placing on the top of the search in Google will be another way to promote the center. Local TV channels will be contacted for placing the commercial of the PP center.

For the Pet club:

To advertise Pet Paradis club posters with information about classes for children will be placed in kindergartens and schools. The PP center will get in touch with elderly peoples' houses.

## Service

There are many individual small businesses within pet care industry. Pet Paradis is aiming to provide the fullest specter of services with the excellent quality, creating customers

satisfaction and comfort.

## Marketing

I believe that nobody can deliver services of Pet Paradis to customers better than me and my team. Satisfied customers will recommend the place to their friends and other pet owners.

The goal of the club is to have customers who come more than just once. The customers of Pet Paradis will get personal and good experience which will make them return and become permanent customers.

## 4.6 Organization

### 4.6.1 Operational organization

*Director* is responsible for the total organization. *Vet* is responsible for the health of animals and paperwork related to it. *Trainer* is responsible for correcting of the behaviour of pets, solving conflict situations between animals and avoiding problems between animals and visitors of Pet Paradis club. Two people who are taking care of pets will be responsible for cleaning after pets, washing them, taking care, walking. In case needed for the financial check up specialist will be outsourced on one-time contract basis. During summer holidays, volunteers and students will be hired for help in a center.

### 4.6.1 Legal organization

The form of the company is Aksjeselskap, a stock-based company (AS).

## 4.7 Owners

### 4.7.1 Who

Olga Alohina - director and owner. At the moment, I am the only owner of Pet Paradis. There is an investor who will bring an equity to the company for 49 % of the shares, the amount will be 732 000 kr.

## 4.8 Production

The services provided by Pet Paradis will take place in the center itself, which is located in Frogner area in Oslo. The area of the center is 500 sq. m, and the back yard is 2000 sq. m. Each dog and cat has own room with bed and TV, there is also webcam in a pet's room with

possibility for the owners to observe their animal. The rooms are cleaned daily, in case needed- more often. There is a vet who is checking pets' health every day. The dogs are walked twice a day, 1 hour each time. They might be playing with other dogs in case if they match. Cats have access to the outside trees and garden, the territory is closed so they can not run away.

Suppliers for the company are shops with food , beds, toys and other equipment for pets. The cost of providing services is indicated in the Economical overview.

## 4.9 Economical overview

### 4.9.1 Cost structure

Table 5 Cost forecast, NOK, thousands

<b>COST OF OPERATIONS</b>														
<b>SALARIES &amp; PERSONNEL COSTS</b>														
Salaries		435	435	435	435	444	444	444	444	453	453	453	453	5.325
Holiday payment (12%)		52	52	52	52	53	53	53	53	54	54	54	54	639
Employers tax - 14,10%		61	61	61	61	63	63	63	63	64	64	64	64	751
Insurance (OTP) and related costs		18	18	18	18	19	19	19	19	20	20	20	20	228
Other Personnel Costs		15	15	15	15	15	15	15	15	15	15	15	15	180
<b>B. Salary &amp; Personnel cost</b>		<b>-582</b>	<b>-582</b>	<b>-582</b>	<b>-582</b>	<b>-594</b>	<b>-594</b>	<b>-594</b>	<b>-594</b>	<b>-606</b>	<b>-606</b>	<b>-606</b>	<b>-606</b>	<b>-7.123</b>
<b>OTHER OPERATING COSTS</b>														
Equipment, furnishing, etc		20	20	20	20	25	25	25	25	30	30	30	30	300
Repairment		20	20	20	20	20	20	20	20	20	20	20	20	240
Fees - consultancy, accounting legal		50	50	50	50	50	50	50	50	50	50	50	50	600
Phone & Administrative Costs		10	10	10	10	11	11	11	11	13	13	13	13	136
Travel Costs		10	10	10	10	13	13	13	13	16	16	16	16	156
Sales & Marketing Cost		15	15	15	15	16	16	16	16	17	17	17	17	192
Other Operating Costs		10	10	10	10	15	15	15	15	25	25	25	25	200
<b>C. SUM Other Operating Costs</b>		<b>-135</b>	<b>-135</b>	<b>-135</b>	<b>-135</b>	<b>-150</b>	<b>-150</b>	<b>-150</b>	<b>-150</b>	<b>-171</b>	<b>-171</b>	<b>-171</b>	<b>-171</b>	<b>-1.824</b>
<b>D. TOTAL OPERATING COSTS</b>		<b>-717</b>	<b>-717</b>	<b>-717</b>	<b>-717</b>	<b>-744</b>	<b>-744</b>	<b>-744</b>	<b>-744</b>	<b>-777</b>	<b>-777</b>	<b>-777</b>	<b>-777</b>	<b>-8.947</b>

## 4.10 Investments

Investments which company is going to make are indicated in a table below:

Table 6 Capex:

numbers nok in thousands		
<b>CAPEX</b>	<b>NOK</b>	
Building changes	250000	

Computer +IT	50000	
Furniture (beds, linnen, Baskets)	500000	
Advertisement board	30000	
<b>TOTAL CAPEX</b>	<b>830000</b>	
Depreciation	5	years
Deprecation per year	166000	
Depreciation per quarter	<b>41500</b>	
<b>Working Capital Need</b>	<b>1000000</b>	
Total Cash Flow Funding Need	1830000	
Own Capital (40%)	732000	
Long term bankloan	1098000	
Interest LT Loan	3	linear 3 years fixed flat rate, %
Yearly Finance costs	<b>32940</b>	
Quarter finance costs linear	8235	

#### 4.11 Economic situation - status

At the moment company is applying for a loan in a bank, with own capital of 732 000 NOK.

#### 4.12 Financing

There is an investor who is willing to invest 732 000 kr. To start the business loan from bank 1.098.000 NOK is required.

#### 4.13 Capital need

Table 7 The amount of the capital needed

<b>Working Capital Need</b>	<b>1000000</b>
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## 4.14 Exit

The company might result in a lifestyle business and do not have an exit. Another possibility is instead of exit to franchise the brand Pet Paradis to the entrepreneurs who are willing to open such a center in other cities.

## 4.15 Budget

Table 8 Budget

<b>Company</b>				
<i>All figures in thousand NOKs</i>				
	<b>Budget</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>sum 2016-2018</b>
<b>CF from Operations</b>				
Sales	3.400	4.025	5.200	12.625
Cost of goods sold	358	336	504	1.198
Gross Margin	3.042	3.689	4.696	11.427
Fixed costs	2.866	2.974	3.107	8.947
<b>A. CF from Operations (EBITDA)</b>	<b>176</b>	<b>715</b>	<b>1.589</b>	<b>2.480</b>
<b>CF from Investments</b>				
Fixed assets	830	0	0	830
Intangible assets	0	0	0	0
Development	0	0	0	0
<b>B. CF from Investment Activities</b>	<b>830</b>	<b>0</b>	<b>0</b>	<b>830</b>
<b>CF from Finance</b>				
New shares	732	0	0	540
Loan	1.098	0	0	1.098
Grants	0			0
Interest	33	33	33	99
<b>C. CF from Financial Activities</b>	<b>1.863</b>	<b>33</b>	<b>33</b>	<b>1.737</b>
<b>D. Total CF (D=A+B+C)</b>	<b>2869</b>	<b>748</b>	<b>1622</b>	<b>5047</b>

## 4.16 Execution

### 4.16.1 Activities

To start the business of Pet Paradis first step will be taken by providing limited services but still with excellent quality. The time frame for starting activities of the center after getting necessary financing is 5 months, it is due to all repair works which need to be done to transfer the building to the pets' hotel. The first activity will be letting pets staying overnight which will bring necessary capital for improving the business. After 3 years it will be few pets who

will live in center and possibility to provide time spending for people who do not have pets at home will be achieved.

As resources will be limited at the first stage director will also be involved in taking care of pets, answering phone calls and cleaning if needed. By showing an example of engagement in all activities, working extra hours, director leads the team to the success of the business.

The business will start from limited activities and services but will grow big with the engagement of the team into the work which they are doing.

#### 4.16.2 Problems/obstacles

The main problem on the way to execution will be financing, there is an investor who is willing to put money in a business, but that amount is not enough for a full functioning of Pet Paradis hotel. The problem for Pet Paradis club with pets might be animal protection regulations which change very often and might forbid having pets living in the center.

#### 4.16.3 Risk analysis

Table 9 Risk analysis

Risk	Likelihood	Impact	Importance	Effect
1. Opening of the similar center by competitor	M	H	H	M
2. Failure to get loan from a bank	H	H	H	H
3. Highly competitive market	M	H	H	H
4. Getting fewer customers than expected	L	H	H	H
5. Loss of key- persons	L	L	M	L
6. Employee sickness-short and long term	L	M	M	M
7. Virus spread in between animals in center	L	H	H	H

*\*Macro risk is marked red*



*Precautions to minimize effect:*

1. Continuously improving the quality of services, increasing the choice of offered services, monitoring of the market
2. Preparing good business plan
3. Continuously improving the quality of services, increasing the choice of offered services, monitoring of the market
4. Providing a lot of commercials, giving bonuses to people who brings new customers
5. Building strong team and trust within it
6. Providing proper work conditions, regular check-ups at doctor
7. Checking animals' health on regular basis, not accepting sick pets into hotel.

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## 6. Appendix

### 6.1 Appendix A Market study data

#### Customer analysis for Pet Paradise club

Customer analysis for Pet Paradise club: people who like to play with animals but cannot own one at the moment, people with special needs, for whom animals will be a therapy, depressed people, people who want to teach their children to look after pets etc.

In addition to the interviews the experiments were made:

I brought my dog to two elderly houses located in Belgium (“Seniorie Bizet”, Rue Frans Hals 90, 1070 Bruxelles and “Residence Anais”, Chaussee d’Alseberg 828-830, 1180 Uccle). There are around 150 of patients in each of them. 70% of patients have health and mental problems. They were prepared that dog will come and 90 % of elderly people were willing to see a dog. The owner of these houses (Filip L. Sur) made research and proves that animal therapy is not just good but also needed and he was very interested in the possibility of me coming with a dog on a at least on weekly basis (as to have pet in such organization is not so convenient).

We experience a lot of stress every day, which does not go away by itself. Not everybody can afford to have a pet, the prices for buying a dog is quite high or people travel too much or it is not allowed to have a pet in rented place. Often people do not think that to own a pet is not only fun but also a lot of responsibility. There are a lot of retired people who are too old or not capable to have a pet. Aging population (eldrebølge) is growing rapidly in Norway, and all these people need not only places to live, pensions, treatment but also, which is very significant, - they need occupation, these old people simply need to fill their days with routine.

The demand and interest in Pet Paradis will grow rapidly as soon as customers will get positive experience there, satisfied customers will recommend the place, will leave the reviews, which will attract many other customers. Important point that Pet Paradis will be promoted in schools and kindergartens, as well in elderly houses, it will help enormously to grow the market. There are dog friendly sites and tours offers

(<http://www.bringfido.com/attraction/post/>), dog friendly parks (Vigeland Park in Oslo), which shows real interest of people in spending more time together with their pets.



Picture 1 Bringing the dog to elderly people

Name	Status	Population Estimate 2000-01-01	Population Estimate 2006-01-01	Population Estimate 2015-01-01
Oslo	Municipality	507,467	538,411	647,676
<b>Oslo</b>	<b>City</b>	<b>507,467</b>	<b>538,411</b>	<b>647,676</b>

## Settlements

The population of all urban settlements in Oslo with 200 inhabitants or more.

Name	Status	Municipality	Population Estimate 2000-01-01	Population Estimate 2006-01-01	Population Estimate 2015-01-01
Movatn	Settlement	Oslo	308	317	276
Oslo	Settlement		777,838	825,105	958,378

Figure 13 The population of the City of Oslo



Figure 14 The population of Norway

## 6.2 Appendix B Business Plan data

Table 10 Calculation of the operating expenses

2016 - 2018 - IN DATA OPERATING EXPENSES																	
All figures in thousand NOKs																	
IN DATA OPERATING EXPENSES																	
		2016	2017	2018													
	from:	Q1	Q1	Q1	Q1												
<b>Depreciation &amp; Amortization</b>		41,5	41,5	41,5	41,5												
<b>Equipment, furnishing, etc</b>		20	25	30	25												
Huseie/el/osv		10	12	15	12												
Rent of the building		300	308	315	308												
Repairment		20	20	20	20												
Server		10	11	12	11												
<b>Fees - consultancy, accounting legal</b>		50	50	50	50												
Regnskap/revisjon		0	5	10	5												
Other Consultancy		5	10	10	8												
<b>Phone &amp; Administrative Costs</b>		10	11	13	11,3333333												
Telefon		4	5	6	5												
<b>Travel Costs</b>		10	13	16	13												
<b>Sales &amp; Marketing Cost</b>		15	16	17	16												
<b>Other Operating Costs</b>		10	15	25	16,6666667												
<b>C. SUM Other Operating Costs</b>		506	542	581	543												
CALCULATION FOR USE IN THE MODEL																	
		2016				2017				2018				0			
<b>CALCULATION</b>																	
Depreciation & Amortization		41,5	41,5	41,5	41,5	41,5	41,5	41,5	41,5	41,5	41,5	41,5	41,5	41,5	41,5	41,5	
Equipment, furnishing, etc		20	20	20	20	25	25	25	25	30	30	30	30	25	25	25	
Repairment		20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
Fees - consultancy, accounting legal		50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	
Phone & Administrative Costs		10	10	10	10	11	11	11	11	13	13	13	13	11,33	11,33	11,33	
Travel Costs		10	10	10	10	13	13	13	13	16	16	16	16	13	13	13	
Sales & Marketing Cost		15	15	15	15	16	16	16	16	17	17	17	17	16	16	16	
Other Operating Costs		10	10	10	10	15	15	15	15	25	25	25	25	16,67	16,67	16,67	
<b>C. SUM Other Operating Costs</b>		<b>176,5</b>	<b>176,5</b>	<b>176,5</b>	<b>176,5</b>	<b>191,5</b>	<b>191,5</b>	<b>191,5</b>	<b>191,5</b>	<b>212,5</b>	<b>212,5</b>	<b>212,5</b>	<b>212,5</b>	<b>193,5</b>	<b>193,5</b>	<b>193,5</b>	



Table 11 Calculation of the salaries and personnel costs

2016 - 2018 - IN DATA SALARIES & PERSONNEL COSTS																
All figures in thousand NOKs																
Employers tax percentage		14,10%														
Holiday payment - percentage		12%	12%													
Months per quarter (period)		3														
General increase in salaries per annum		2%	from January each year													
		2016	2017	2018												
Pension (OTP) and related costs		18	19	20	19	Per quarter										
Other Pers costs		15	15	15	15											
Pension %																
<b>Salaries &amp; social security cost</b>																
Employee	Position	Tax	Per year	Pr Month	16-Q1	16-Q2	16-Q3	16-Q4	17-Q1	17-Q2	17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4
1	vet	14,10%	240	20	60	60	60	60	61	61	61	61	62	62	62	62
2	animal trainer	14,10%	420	35	105	105	105	105	107	107	107	107	109	109	109	109
3	caring personal	14,10%	600	50	150	150	150	150	153	153	153	153	156	156	156	156
4	owner/director	14,10%	480	40	120	120	120	120	122	122	122	122	125	125	125	125
<b>Salaries</b>					<b>435</b>	<b>435</b>	<b>435</b>	<b>435</b>	<b>444</b>	<b>444</b>	<b>444</b>	<b>444</b>	<b>453</b>	<b>453</b>	<b>453</b>	<b>453</b>
Holiday payment (12%)					52	52	52	52	53	53	53	53	54	54	54	54
Employers tax - 14,10%					61	61	61	61	63	63	63	63	64	64	64	64
Insurance (OTP) and related costs					18	18	18	18	19	19	19	19	20	20	20	20
Other Personnel Costs					15	15	15	15	15	15	15	15	15	15	15	15
<b>Salary &amp; Personnel cost</b>					<b>582</b>	<b>582</b>	<b>582</b>	<b>582</b>	<b>594</b>	<b>601</b>	<b>594</b>	<b>594</b>	<b>606</b>	<b>606</b>	<b>606</b>	<b>606</b>

Table 12 Calculation of operating expenses

NEWCO BUDGET 2016 - 2018														
All figures in thousand NOKs														
IN DATA OPERATING EXPENSES														
INDATA - TURNOVER														
	16-Q1	16-Q2	16-Q3	16-Q4	17-Q1	17-Q2	17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4		
Net margin on goods (not services)	35%	35%	35%	35%	36%	36%	36%	36%	37%	37%	37%	37%		
Cost of goods	65%	65%	65%	65%	64%	64%	64%	64%	63%	63%	63%	63%		
decreasing cost of good sold as on long term able to purchase more and find cheaper alternatives (scale advantage)														
<b>Ordinary sales</b>	16-Q1	16-Q2	16-Q3	16-Q4	17-Q1	17-Q2	17-Q3	17-Q4	18-Q1	18-Q2	18-Q3	18-Q4		
Services growth (seasonal patern)		-14%	50%	-28%	31%	-12%	47%	-27%	31%	-14%	50%	-19%		
Goods sold growth (seasonal patern)		-20%	75%	-14%	-17%	-20%	75%	-29%	60%	-13%	29%	-11%		
Turnover	NOK	825	700	1.075	800	975	850	1.275	925	1.250	1.075	1.575	1.300	

Table 13 Calculation of revenues and costs of operations

<b>NEWCO BUDGET 2016 - 2018</b>				
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>SUM</b>
<b>REVENUES</b>				
Net Sales	3.400	4.025	5.200	12.625
<b>Operating revenues</b>	<b>3.400</b>	<b>4.025</b>	<b>5.200</b>	<b>12.625</b>
Cost of goods sold	358	336	504	1.198
<b>Total cost of goods sold</b>	<b>358</b>	<b>336</b>	<b>504</b>	<b>1.198</b>
<b>Gross Margin</b>	<b>3.043</b>	<b>3.689</b>	<b>4.696</b>	<b>11.428</b>
<b>COST OF OPERATIONS</b>				
<b>SALARIES &amp; PERSONNEL COSTS</b>				
Salaries	1.740	1.775	1.810	5.325
Holiday payment (12%)	209	213	217	639
Employers tax - 14,10%	245	250	255	751
Insurance (OTP) and related costs	72	76	80	228
Other Personnel Costs	60	60	60	180
<b>B. Salary &amp; Personnel cost</b>	<b>2.326</b>	<b>2.374</b>	<b>2.423</b>	<b>-7.123</b>
<b>OTHER OPERATING COSTS</b>				
Equipment, furnishing, etc	80	100	120	300
Repairment	80	80	80	240
Fees - consultancy, accounting legal	200	200	200	600
Phone & Administrative Costs	40	44	52	136
Travel Costs	40	52	64	156
Sales & Marketing Cost	60	64	68	192
Other Operating Costs	40	60	100	200
<b>C. SUM Other Operating Costs</b>	<b>540</b>	<b>600</b>	<b>684</b>	<b>1.824</b>
<b>D. TOTAL OPERATING COSTS</b>	<b>2866</b>	<b>2974</b>	<b>3107</b>	<b>8.947</b>
<b>E. EBITDA (E=A-D)</b>	<b>176</b>	<b>715</b>	<b>1.589</b>	<b>2.481</b>
Depreciation & Amortization	166	166	166	498
<b>F. PROFIT/LOSS OF OPERATION (EBIT)</b>	<b>10</b>	<b>549</b>	<b>1.423</b>	<b>1.983</b>
<i>Accumulated</i> Finance revenues	10	559	1.983	0
Finance costs	44	44	44	132
<b>G. SUM FINANCE</b>	<b>-44</b>	<b>-44</b>	<b>-44</b>	<b>-132</b>
<b>H. PROFIT / LOSS after Finance (F+G)</b>	<b>-34</b>	<b>505</b>	<b>1.379</b>	<b>1.851</b>

Table 14 Detailed calculation of revenues and costs of operations

<b>NEWCO BUDGET 2016 - 2018</b>														
<i>All figures in thousand NOKs</i>														
		<b>16-Q1</b>	<b>16-Q2</b>	<b>16-Q3</b>	<b>16-Q4</b>	<b>17-Q1</b>	<b>17-Q2</b>	<b>17-Q3</b>	<b>17-Q4</b>	<b>18-Q1</b>	<b>18-Q2</b>	<b>18-Q3</b>	<b>18-Q4</b>	<b>SUM</b>
<b>REVENUES</b>														
Sale of goods and services		825	700	1.075	800	975	850	1.275	925	1.250	1.075	1.575	1.300	12.625
<b>Operating revenues</b>		<b>825</b>	<b>700</b>	<b>1.075</b>	<b>800</b>	<b>975</b>	<b>850</b>	<b>1.275</b>	<b>925</b>	<b>1.250</b>	<b>1.075</b>	<b>1.575</b>	<b>1.300</b>	<b>12.625</b>
COGS Cost of Goods Sold		81	65	114	98	80	64	112	80	126	110	142	126	1.198
<b>A. Gross Margin</b>		<b>744</b>	<b>635</b>	<b>961</b>	<b>703</b>	<b>895</b>	<b>786</b>	<b>1.163</b>	<b>845</b>	<b>1.124</b>	<b>965</b>	<b>1.433</b>	<b>1.174</b>	<b>11.428</b>
<b>COST OF OPERATIONS</b>														
<b>SALARIES &amp; PERSONNEL COSTS</b>														
Salaries		435	435	435	435	444	444	444	444	453	453	453	453	5.325
Holiday payment (12%)		52	52	52	52	53	53	53	53	54	54	54	54	639
Employers tax - 14,10%		61	61	61	61	63	63	63	63	64	64	64	64	751
Insurance (OTP) and related costs		18	18	18	18	19	19	19	19	20	20	20	20	228
Other Personnel Costs		15	15	15	15	15	15	15	15	15	15	15	15	180
<b>B. Salary &amp; Personnel cost</b>		<b>-582</b>	<b>-582</b>	<b>-582</b>	<b>-582</b>	<b>-594</b>	<b>-594</b>	<b>-594</b>	<b>-594</b>	<b>-606</b>	<b>-606</b>	<b>-606</b>	<b>-606</b>	<b>-7.123</b>
<b>OTHER OPERATING COSTS</b>														
Equipment, furnishing, etc		20	20	20	20	25	25	25	25	30	30	30	30	300
Repairment		20	20	20	20	20	20	20	20	20	20	20	20	240
Fees - consultancy, accounting legal		50	50	50	50	50	50	50	50	50	50	50	50	600
Phone & Administrative Costs		10	10	10	10	11	11	11	11	13	13	13	13	136
Travel Costs		10	10	10	10	13	13	13	13	16	16	16	16	156
Sales & Marketing Cost		15	15	15	15	16	16	16	16	17	17	17	17	192
Other Operating Costs		10	10	10	10	15	15	15	15	25	25	25	25	200
<b>C. SUM Other Operating Costs</b>		<b>-135</b>	<b>-135</b>	<b>-135</b>	<b>-135</b>	<b>-150</b>	<b>-150</b>	<b>-150</b>	<b>-150</b>	<b>-171</b>	<b>-171</b>	<b>-171</b>	<b>-171</b>	<b>-1.824</b>
<b>D. TOTAL OPERATING COSTS</b>		<b>-717</b>	<b>-717</b>	<b>-717</b>	<b>-717</b>	<b>-744</b>	<b>-744</b>	<b>-744</b>	<b>-744</b>	<b>-777</b>	<b>-777</b>	<b>-777</b>	<b>-777</b>	<b>-8.947</b>
<b>E EBITDA (E=A-D)</b>		<b>27</b>	<b>-82</b>	<b>245</b>	<b>-14</b>	<b>151</b>	<b>42</b>	<b>419</b>	<b>101</b>	<b>347</b>	<b>188</b>	<b>657</b>	<b>397</b>	<b>2.481</b>
Depreciation & Amortization		42	42	42	42	42	42	42	42	42	42	42	42	498
<b>F. Profit &amp; Loss of operation (EBIT)</b>		<b>-14</b>	<b>-123</b>	<b>203</b>	<b>-56</b>	<b>110</b>	<b>1</b>	<b>378</b>	<b>60</b>	<b>306</b>	<b>147</b>	<b>615</b>	<b>356</b>	<b>1.983</b>
Cummulative		27	-54	190	176	328	370	790	891	1.239	1.427	2.083	2.481	
Finance revenues		0	0	0	0	0	0	0	0	0	0	0	0	0
Finance costs		11	11	11	11	11	11	11	11	11	11	11	11	132
<b>G. TOTAL Finance og EO</b>		<b>-11</b>	<b>-11</b>	<b>-11</b>	<b>-11</b>	<b>-11</b>	<b>-11</b>	<b>-11</b>	<b>-11</b>	<b>-11</b>	<b>-11</b>	<b>-11</b>	<b>-11</b>	<b>-132</b>
<b>H. PROFIT / LOSS after Finance (E+F)</b>		<b>16</b>	<b>-93</b>	<b>234</b>	<b>-25</b>	<b>141</b>	<b>32</b>	<b>409</b>	<b>91</b>	<b>336</b>	<b>177</b>	<b>646</b>	<b>386</b>	<b>2.349</b>

Pictures of the services which will be provided at Pet Paradis



