

**BUSINESS PLAN
VIET BREAD COMPANY IN VIETNAM**



NGUYEN THI DIU

**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE GRADUATE SCHOOL
STAMFORD INTERNATIONAL UNIVERSITY
MASTER OF BUSINESS ADMINISTRATION
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**The Research has been approved by
Stamford International University
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Nguyen Thi Diu

EXECUTIVE SUMMARY

Vietnamese prefers to dining out, especially in breakfast, Vietnam is considered as a breakfast nation. But most of sellers do not care of food safety and hygiene, food poisoning often happen and some of them were killed after enjoying food. Beside that increasing chronic diseases make customers more concern on daily food. Bread is very popular in Vietnam and is top priority in the morning. Viet Bread company is a chain of shops selling bread as fast food that is a convenient, fresh, nutrition balance meal for white collars.

Vietnam is a promising market for fast food industry. High economic growth with an average GDP growth rate of 6.1% per year over last ten year, Vietnam is one of the fastest growing Asia economies. Disposable incomes and urbanization are rising, government policies encourage market liberalization, consumer preferences are changing, these elements contribute strong growth in the fast food industry.

Basing on survey about habit eating out of target customers, Viet Bread plans to sell for breakfast and snack lunch. Location for the first year is in Dong Nai province where there are over 500,000 potential customers; Potential customers for daily breakfast are 324,215 people and for daily snack lunch is 32,631 people. The forecast for daily sales is 1,000 breads per day after opening 10 months. It is equivalent with 0.5% market share in the morning and 1% market share for snack lunch. We plan to open 3 shops for the first year. In Jan 2019 we expand more 3 shops at Binh Duong province. In Jan 2020 we expand more 3 shops in Ho Chi Minh city. We plan to franchise our business after three years. For marketing strategy, we give free sample to customers before opening day 3 days. We discounts 30% for the first week and on special occasion during year, we concentrate on marketing by word of mouth.

The total initial investment for Viet Bread company is \$30,000. Breakeven point will be on the second year in Feb 2019, with total sales by \$211,484. Payback period is 2.68 years.

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CHAPTER 1 BUSINESS DESCRIPTION

1.1 Reason for starting the business

Viet Bread company will be a chain of shops selling Vietnamese sandwich (Banh Mi) in Vietnam. The business plan considers 2 main causes to start the business: the problem and the gap in the market place.

1. Food poisoning: From 2011 to 2016, the annual average, the country had 167,8 cases of food poisoning so Vietnamese has significantly increased concerns about hygiene and food safety in the last few years.

2. Health concern increase: Vietnamese customers are considering food as medicine. According to survey of Nielsen company, 79% Vietnamese responded that they actively choose diets to help prevent health conditions such as obesity, diabetes, high cholesterol or high blood pressure; Nearly 8 in 10 Vietnamese say they are willing to pay extra for food and beverages that do not contain unwanted ingredients.

3. Vietnam is a breakfast nation: Vietnamese especially at big cities tend to eat out a lot, Canvassco conducted a survey about dining out habit of Vietnamese in 2014, the result demonstrated that breakfast is the most common meal Vietnamese eat outside the home.

Need to live healthy life is great for most Vietnamese consumers, they want to eat in ways that address real dietary concerns, this opens up many opportunities for food and beverage business.

Banh Mi is considered as street food in Vietnam and easy for anyone who wants to trade. However customers suffering from food poisoning after eating bread sometimes happen because sellers do not care about food safety. Reasons causing food poisoning are materials, ingredients and food are not original, out of date. The market lack places selling quality, safety, healthy fast food.

We want to upgrade the Vietnamese sandwich as convenient, healthy fast food by building professional standard shops that can compete with Western fast food chain.

1.2 Product/ service description

Banh Mi is one of the most famous dish in Viet Nam. It is rated as one of the 20 most delicious street foods in the world and the world's best sandwich by news sites Huffington Post and reaches top 5 voted dishes you should definitely try when traveling to Vietnam.

Bread (is made from flour) is combined with variety kind of fillings such as fish, pork, beef, liver pate... When ordering, customers choose some fillings on their taste, sellers will put these fillings in the middle of bread. Viet bread company is planning to provide the following service:

Production and sales of Vietnamese sandwich, additional side dishes like mixed salad, coffee, cereal milks.

Providing the service: taking away, eating at table, delivery to customers.

1.3 Vision, mission, goals and objectives

1. Mission

Our mission of Good Food, Happy Life is to provide consumers high quality products with balance nutrition at competitive price.

2. Vision

To become a leading fast food chain that offers healthy food in Viet Nam.

Our core value is quality, nutritious and healthy.

3. The objective

Providing the high quality meal with reasonable price at a lot of crowded places in Vietnam.

Market share leader of bread in 2022.

In the future our shop will be franchised.

Training staffs working professionally, maximum working capacity and minimum expenses.

4. Goal

1. Building brand reputation and brand awareness within 1 year.

2. Expanding within 6 months.

3. Satisfying quickly maximum number of customers and making them loyalty with the product within 1 year.

1.4 Canvas Business Model

1. Customer segment: white collars and business people; focus selling on morning for breakfast; snack lunch.

2. Value proposition: excellent quality; convenient location; healthy and delicious fast food; offer food of a constant quality that serve quickly, reasonable price, help people reducing risk of obesity, chronic illnesses.

3. Channel: products are distributed directly at shops; easily accessible location; delivery service to customer's location; social media advertisement.

4. Key partners: raw material suppliers, farmers, supermarket that supply raw material.

5. Key activities: selling food and beverage; franchise in the future.

6. Key resource: company's employees.

7. Customer relationship: online feedback, feedback at shops; promotion, special combo.

8. Cost structure: labour, raw materials, marketing cost, facilities construction cost, tool and equipment cost, motorcycle cost, uniform cost.

9. Revenue stream: food and beverage, franchise fee.

CHAPTER 2

MARKET ANALYSIS

2.1 External factors

Table 2.1: PEST factors that affects to Viet bread company

Political	Economic
Stable government, many policies support for business and economy growth. <div style="text-align: center;">↓</div> Good condition for owner setting the strategy for long time.	Stable economic growth; controlling inflation rate; increase of GDP and GPD per capital, middle class, employee's income. <div style="text-align: center;">↓</div> Increase the purchasing power of customer.
Social	Technological
Entering a "golden opportunity" of population. Increase of dining out habit compared with before. Paying more attention and concern to food hygiene and safety when dining out. <div style="text-align: center;">↓</div> Opportunity for healthy food.	Quickly developing internet user. <div style="text-align: center;">↓</div> Opportunity to use internet for sales and marketing.

1. Political factors

Political situation is stable; there are not the threat of civil war, domestic conflict and terrorism. Vietnam is ranked the 2nd place for Political stability after Hong Kong according to Business Monitor International. Since joining WTO in 2007, Vietnamese government has issued a lot of policies to attract foreign investments. Administrative

systems are improving better more and more to make good conditions for enterprises and businesses. These are very important for businesses setting their goal and strategy for a long time.

Legal environment: to make the investment more transparent, recently government has made revisions of some major legal frameworks such as labour code, Enterprise Law and Investment law, Tax system. According Enterprise Law and Investment law, all individuals are freedom to conduct businesses in areas that are not prohibited by Law. Vietnam has improved its enable business friendly environment over time. For labour code, minimum wage is considered to increase each two years, this helps to increase income but it also increase expense for all businesses that employee a lot of employees. Tax policy and tax reform are regulated to align with international rules and practices, tax collection and tax administration processes have been improved. Tax system has clear guidance for business.

For opening a company at Dong Nai province, businesses have to prepare documents and work with governmental office in Dong Nai province: Department of Investment and Planning for registering business license; Food Hygiene and Safety Department for certificate of Food Hygiene and Safety; Environment Police Department who is authorized to supervise government regulations of food hygiene and safety.

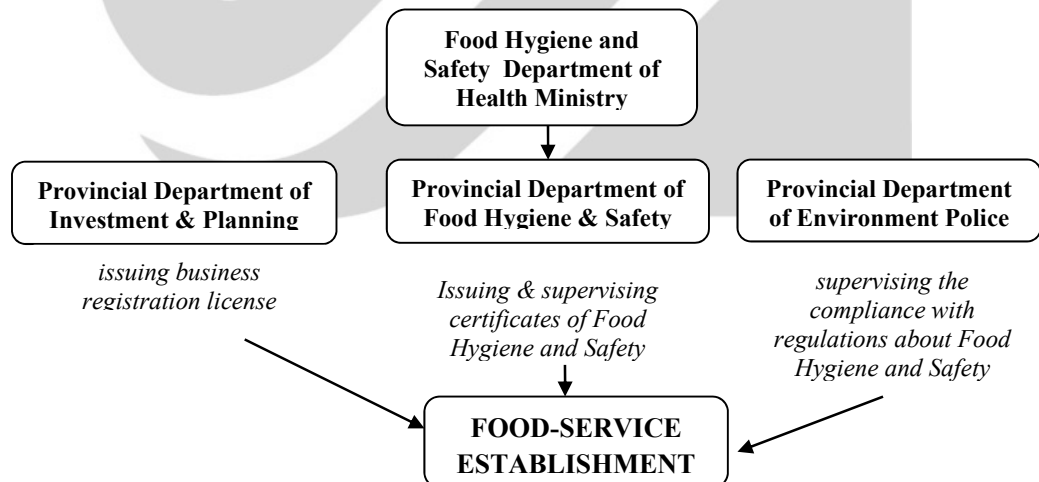


Figure 2.1 Structure of State administration on Foodservice business

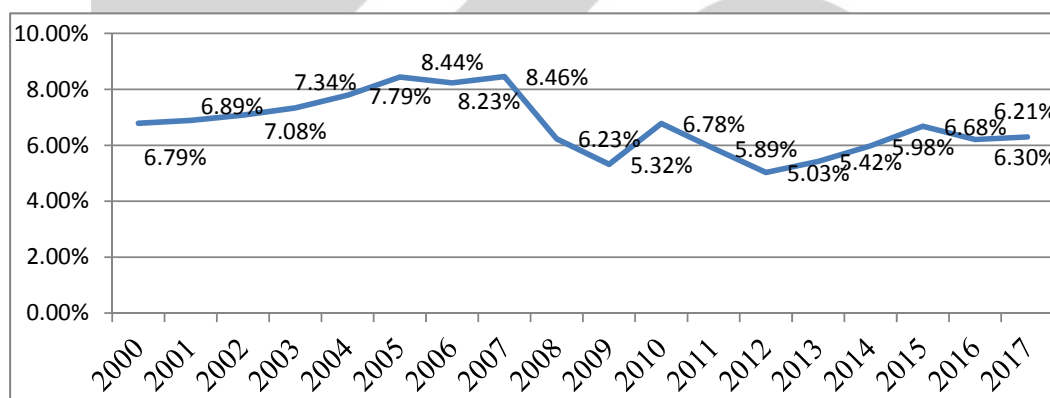
Source: moj.gov.vn, 2004: Online

A company have to pay three kinds of Tax: License tax (the normal payment level is from 1,000,000 VND to 3,000,000 VND/1 year depending on the charter capital of the enterprise); Enterprise income tax: in case of non-preference, the normal tax rate is 20% of the profit before tax (turnover minus reasonable expenses); VAT (if the subject is directly consuming goods / services): the tax rate (0%, 5% or 10%) depending on the type of goods / services consumed.

2. Economic factors

Vietnam has high economic growth, with an average GDP growth rate of 6.1% per year over last ten year, Vietnam is one of the fastest growing Asia economies.

Figure 2.2 Vietnam GDP growth rate (2000 – 2017f)



Source: General statistics office of Vietnam 2017, online

GPD per capital improves steadily since 2000. It is forecasted that each Vietnamese citizen will spend about VND5.8 million (US\$255.2) on food in 2016 according to the Vietnamese Ministry of Industry and Trade.

3. Social factors

As April 2017 Vietnam has over 95 million people with a median age of 29, is ranked as the 14th most populous country in the world, the third largest population in Southeast Asia. With the working age group (68%) that doubles the dependent age group (32%), Vietnam has entered a “golden opportunity” for national growth.

According to VNS, Vietnamese prefer safe food and beverages which are good for health and products that protect the environment (“green” products). They like products that are packaged seeing eye-catching. They also prefer foreign brands to local ones, so naming products with foreign languages will help to boost sales.

Middle class is increasing in Vietnam, demand to improve living quality is rising. According to HIB-Nielsen database, middle class in 2012 is 8 million people, the estimation for 2020 is 44 million people and in 2030 is 95 million people.

4. Technological factors

Table 2.2: Internet usage and population statistic

Year	Users	population	%Pop.	Usage source
2000	200,000	78,964,700	0.3%	ITU
2005	10,711,000	83,944,402	12.8%	VNNIC
2012	30,802,752	90,549,390	34%	VNNIC-Feb/12
2016	49,063,762	95,261,021	51.5%	IWS-Jun./16

Source: internetworldstats, 2016

Based on the table above, the number of internet users are developing quickly in Vietnam; E-commerce are also becoming popular, mobile device are increasing, we will take advantage of Internet for sales and marketing, building customer relationship such as free wifi, order on line, food blogs, mobile food ordering.

2.2 Industry analysis

According to the data of Euromonitor, annual growth rate of fast food industry for value sales was from 15% to 18%, value sales increased 57% from US\$465 in 2011 to US\$ 730 million in 2014, the estimation will reach US\$ 1,612 million in 2019. The number of fast food outlet increased, from 8,000 in 2013 to 8,152 in 2014; estimation will reach 9,862 outlets in 2019.

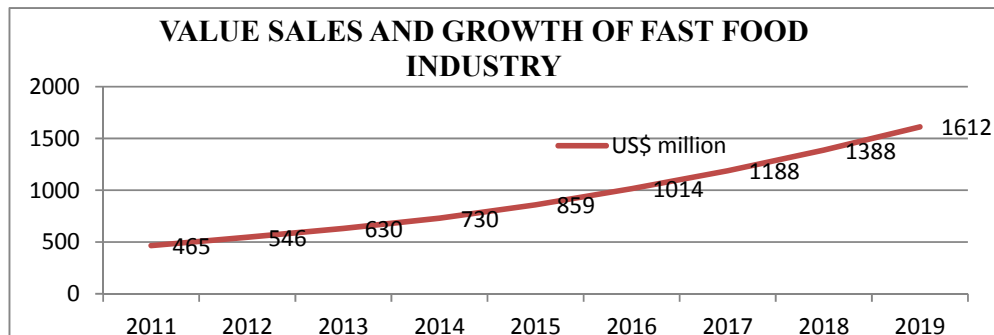


Figure 2.2 value sales and growth of fast food industry

Source: Euromonitor International, 2016

Since 2016 some foreign fast food chains have failed to continue expansion as their initial plans. McDonald's planned to open 100 restaurants within 10 years, it now has only 15 restaurants. Subway set a goal of 50 restaurants in Vietnam by 2015, however, at present, there are only six of them in Ho Chi Minh City, as previously reported by VIR. The reason are that the increasing number of domestic and foreign food companies, high price; hamburgers and French fries are not suitable for Vietnamese people. Many fast foods are fried, high in fat and sodium, and low in fiber, vitamins, and some minerals.

Fast food industry is developing slower comparing with before because of eating trend changes, consumer demand for more protein in diets and healthier food product is growing, consumers are concerned more for their health.

2.3 Market research

Mr. Truong Manh Thang, director of Tam Nam, said: "According to the Focus group and personal observations, I see clearly the tendency of consumers like to eat bread and demand for fast food will increase". The survey of 500 consumers of doctor Le Dang Minh, director of Minh and Huynh company, conducted to explore the possibility of success before opening B4 bread shop showed that: up to 71,6% of people choosing bread is the top priority every morning, compared to 26,6% of the sticky rice. Nearly 60% people regularly eat bread at about 1-2 times a week.

In order to identify necessary informations about need, habit, customer satisfaction so that we have suitable strategies for short term, long term, sales,

marketing.... The questionnaire survey was conducted to collect information of customer demand for products.

Sample size: the sample size is 269 respondents. Estimation of sample size bases on the calculation formula which is seen as a principle of selecting sample size method (Zikmund, 2014).

Method of delivery: email

Target respondents: Our target customers are white collars who are living and working in Bien Hoa city. They are also our target respondents.

Time of research: 2 weeks.

Determine the need eating out of target consumer

Basing on analysis of fast food industry above, we find that Vietnamese has habit eating out, especially for breakfast, but our target customers are white collars who work and live in Bien Hoa city, so we need to determine the need eating out of this market. With the question which time you often eat out, we collected results that 62% people often eat out for breakfast, 1% for morning snack, 10% for lunch, 24% for afternoon snack, 2% for dinner and 1% for late night snack. The result shows that white collars are very busy, they have to work early in the morning, they cannot cook at home so demand for eating out is big; but they have lower need for lunch because most of companies offer free lunch for employees; usually taste of meal at companies is not good so they want to have snack lunch around 14h30 pm to 16h30pm; After they finish work and go home, most of them cook at home and have dinner with their family so need for eating out after 19h00 pm is not much.

The result shows that opportunity for selling food for breakfast is huge if we understand well customer's tastes and offer them good products.

Favorite food for breakfast

There are a lot of foods that are sold in the morning for demand of eating out, we want to know the most favorite food that customers often choose for breakfast. Basing on observation, we find that the three most popular foods are bread, sticky rice and noodle soup so we list these food on the question; the results of question what kind of food you often buy for breakfast, bread is chosen the most with 48%, 25% respondents choose noodle, rate of sticky rice is 10%, rice is 9% and others are 8%.

Habit to enjoy bread

In order to determine what time within day we need to concentrate for selling products, we ask respondents that what time you often eat bread during the day, the results are 61% enjoying bread for breakfast, 1% for snack breakfast, 9% for lunch, 26% for snack lunch, 2% for dinner, 1% for snack dinner. Basing on the result we decide to do business from 6h00am to 10h00 am and from 14h00 pm to 19h00 pm.

Important factors when decide to buy bread

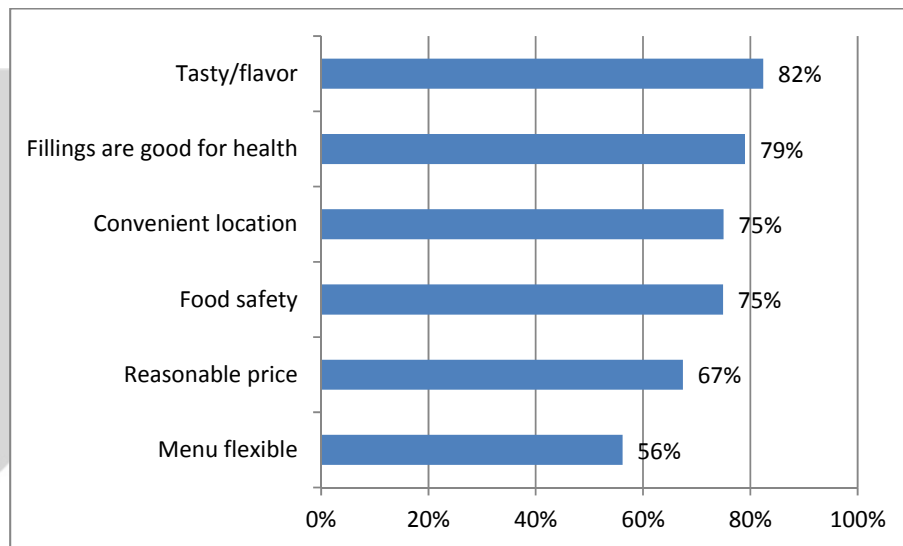


Figure 2.4: Important factors when decide to buy bread

The tasty and flavor is the most important factors (82%), after that is fillings good for health (79%), convenient location and food safety and hygiene are the third important factor (75%). Reasonable price is 67% and flexible menu is 56%.

Delicious taste is the most important factor for any food, before doing business we will spend for 3 months to try and study bread taste of some famous stores around Vietnam, after that we will make taste for our own brand, for each taste of filling, we test the market by taking customers' ideas with focus group, customers will try products and give their comments about the taste. We will continue to take customers' idea during the time doing business.

The fillings of bread that is good for health are chosen after taste, this is suitable for the healthy eating trend nowadays and our strategy.

Customers also do not care a lot about flexible menu, because until now most of stores offer the same fillings of bread for a long time. We plan to create new menus

for each two weeks, we want to attract them enjoying products more often with new taste.

2.4 Target market

The target market of Viet bread is white collars who work at Bien Hoa city.

According to report of General statistic office, in 2017, there are about 980,000 potential users in Bien Hoa city, in which there are around 522,928 white collars. Some their main characteristics are stable income that is increasing year by year; they have high demand in healthy fast food; they have to go to work early from 6 am to 8 am, they do not have enough time to prepare food at home, they prefer to eat out for breakfast. Most of companies often offer free lunch for their employees, but company canteens have to cook with big quantity from hundreds to thousands meal daily, so quality and taste are not good, white collars cannot eat full, they often have demand eating more at break lunch. Our products that are fresh and nutrition balance will be the best choice for them.

They get salary more than USD 300 per month, average price of products is 0.9 USD, if they enjoy product every day, they will spend around 30 USD, accounted by 10% their income so they can handle to buy products.

Target segmentation:**Table 2.3:** Target segmentation

Segmentation	Target	
Demographic	Gender	Male and female
	Age	22 – 55 years old
	Income	300 USD and above
	Occupation	White collars and businessman
Psychological	Frequently use internet and social media Don't have time to cook at home or lazy to cook Healthy concern	
Geographic	Bien Hoa city, Dong Nai province	
Behavioral	Busy lives Willing to try new foods Eating out every day Positive attitude with healthy products, food safety	

2.5 Five force analysis of Viet bread**1. Threat of new entrance: high**

Entry barrier: Procedure for new entrance is simple; cost of entry is from low to high depending on the scale of business. Time to open this business depends on big size or small size, but it just takes from 1 month to some months. The production process is not difficult and do not require many experience in cooking. Staffs can do well after training on the job some days. Technology for doing products is easy, machine and formula are available on the market, everyone can buy machine and do business. But the success will depend on the taste and quality of products.

New entrant's threat: as analysis above, it is not difficult to do business with bread, so many investors may want to sell Banh Mi, and this is pressure for our business.

2. Threat of substitute: medium

Although there are a lot of kind of food selling for breakfast from low price to high price such as noodle soup, sticky rice., but foods that are safety and good for health just have a few, so our products can be considered as new service.

3. Power of suppliers: low

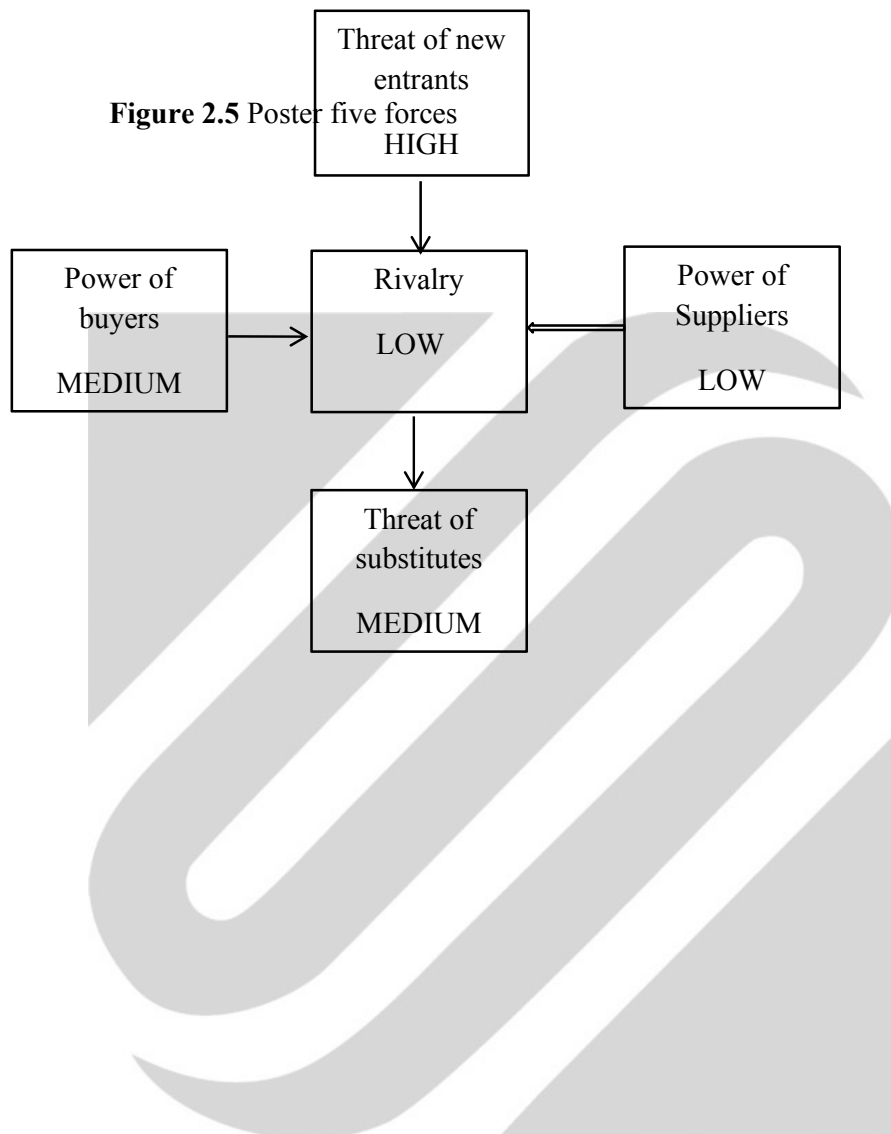
The major suppliers of our products are raw materials like flour, meat, vegetable, coffee, kinds of bean. These materials are available and easy to find on the market, there are a lot of competitive suppliers from big size to small size that can supply with similar price. The cost of switching from one supplier to another supplier does not take cost, sometimes we can enjoy lower cost because we find another supplier offering lower price with better service. However we should keep long relationship with suppliers to maintain low cost and high quality products.

4. Power of customers: medium

There are the big number of population coming Bien Hoa from other areas to work and study including white collars, businessmen, foreigners. Demand for food service, especially for breakfast is high. A lot of shops selling fast food but there are a few shops selling fresh, healthy foods with reasonable price, so customers have a little choice for high quality food.

5. Competitive rivalry: low

There are a lot of direct competitors near our locations. Their product taste is good but service and food safety are often complained by customers. They have a lot of loyalty customers because they sell products for many years. Most of these products are have too much fat, poor in vitamin.

Overall Poster five forces analysis

CHAPTER 3

COMPETITOR ANALYSIS

3.1 Main direct competitor

In Bien Hoa city we also have 3 foreign direct competitors and 3 local competitors

1. KFC

Strengths:

They offer many discount programs.

Promotion programs are updated frequently.

Their menu is renewed with new and special dishes.

Weakness:

Safety from source of chicken suppliers is threat because of H5N1 flu.

Food contains too much fat.

The price is quite high.

2. Lotteria:

Strengths:

They offer plentiful discount program.

They give free gift for special occasion.

They have goodwill for birthday party.

They have the ambience of restaurant and delivery service.

Weakness:

Customer service is poor.

In March 2016 Lotteria in Vietnam was fined \$6,821 due to violating food safety regulations, maintaining an unhygienic food processing section and operating without a certification of safe food

3. McDonald's:

Strength:

They have animation character toys for happy meals.

They offer discounted meals in happy time.

Weakness:

Menu is not plentiful, diverse.

Their dishes are not suitable for Vietnamese appetite.

They do not have delivery service.

4. Thu Ha Bread

Table 3.1 Thu Ha bread

Overview and profile	Thu Ha bread is a bakery that offers a lot of kinds of Vietnamese bread and sandwich. It was established in more than five years. It is one of the most famous bakery in Bien Hoa City.
Target Market	Foreign tourist and local Children and adults. Low income to middle income
Marketing strategy	Word of mouth Brand management Customer relationship management
Product	Vietnamese bread and different kind of sandwich
Pricing	Average price: 7 USD to 10 USD
Strength	Thu Ha bakery is large scale, it can serve more than 700 breads per day. Strong brand and delicious taste. Good service. Location is placed in central of Bien Hoa city with high traffic of tourist and offices.
Weakness	They do not concentrate on food safety, innovation, advertising They have only one shop. The menu is not plentiful.

5. Nhu Hue bread

Table 3.2 Nhu Hue bread

Overview and profile	Nhu Hue is a traditional bread shop, established over 30 years and famous for bread loving community in Bien Hoa.
Target market	Foreign tourist and local Teenager and adults
Marketing strategy	Word of mouth
Product	Vietnamese traditional bread and some kinds of Vietnamese cakes.
Price	Average price: 8 USD to 12 USD.
Strength	Famous for Bien Hoa community for hot bread and two kinds of fillings of bread: pate and Vietnamese sausage. Using secret family recipes Beside bread, they offer Banh Gio that is delicious and attract customers. A huge number of loyal customer. Convenient location.
Weakness	They do not concentrate on food safety, innovation, advertising. Communication with customers is not good. The menu is not plentiful. Price is higher than value of product.

6. Tuan Map bread

Table 3.3 Tuan Map bread

Overview and profile	Tuan Map bread is a bread shop chain with main dish that is beef sausage. They have three shops at Bien Hoa city.
Target market	Students and officers, foreigner
Marketing strategy	Word of mouth Online marketing Sales promotion Brand management Franchise
Product	Vietnamese bread and sticky rice
Price	Average price from 7 USD to 12 USD
Strength	Strong brand Good service Innovative for new dishes of bread Large distribution channel Franchise with cheap price
Weakness	They do not concentrate on food safety Poor menu Taste is worse than taste of Nhu Hue and Thu Ha bakery.

3.2. Indirect competitor

A lot places selling food for breakfast and snack lunch are our indirect competitors such as noodle soup, banh cuon, broken rice... They offer cheap food, variety of menus, long experience in serving, but most of these food are very poor hygiene, low nutrient; the owners are local players and mostly operate through small family-owned units with minimal equipment and furniture.

3.3 Future competitor

Currently there are 3 competitors that offer bread the same as us including Ibread, Banh Mi Masterchef, Vbread. They are famous in Vietnam. They have a lot of stalls in Ho Chi Minh city and Ha Noi city. Their plan is to expand more stalls at other provinces in Vietnam. So in the future they may be our strong direct competitors.

Table 3.4 Strength and Weakness of future competitors

Strength	Weakness
<ul style="list-style-type: none"> - The fast food chains are designed in a modern style. - The target customer: office workers and young people, foreigners. - They open a lot of high end stalls in Ho Chi Minh city and Ha Noi capital. - The menu is plentiful - They follow hygiene and food safety. - Strong financial support - Strong in marketing and large distribution channel. 	<ul style="list-style-type: none"> - They open a lot of stalls, but quality and taste do not the same at stalls, customers complain about that. - They offer higher price comparing with other places, and the price is higher than price of our products. - Some customers complain that their price is higher than value of products. - Sellers at some stall do not follow food safety.

3.4 Product positioning

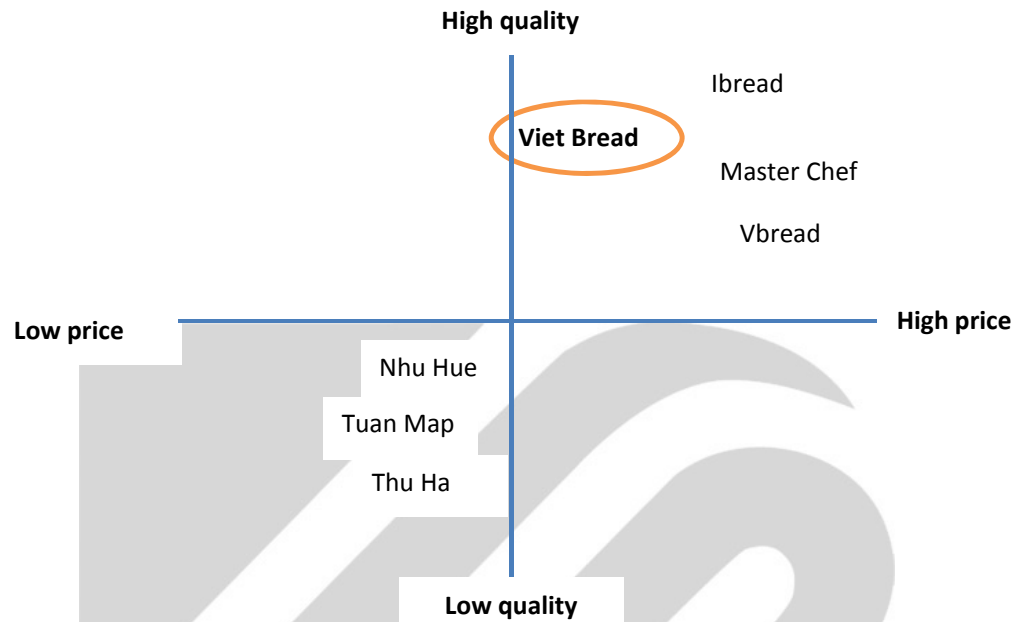


Figure 3.1 Positioning map

3.5 SWOT analysis of Viet Bread

Table 3.5 SWOT of Viet Bread

Strength	Weakness
A unique shop concept in the area.	Lack of brand awareness.
Easy to find fresh ingredient from local source.	The price is higher than some local direct competitors.
Two kind of menu: general menu and recommendation menu for customer on diet.	Lacking of real experience in fast food business.
Affordable price.	Limited budget to expand.
Convenient location.	
Offering take a way and eating at table, delivery.	

Not have pressure to pay debt and interest to bank.

Opportunity	Threat
Consumer demographics support the business.	High competitor.
Growing demand for healthy food.	Good quality suppliers require higher price.
Vietnamese prefer traditional food.	Some customers are not ready to pay high price for high quality product.
Purchasing power is rising in Vietnam.	High and unstable rental fee.
Government support to introduce Vietnamese food.	
Easy to open a lot of shop at many areas.	

1. Strengths

Viet bread is a unique shop concept that offers healthy food with balance nutrition, so it is easy for Viet bread joining the market, customer demand for safety food are high, and Bien Hoa city lacks of healthy fast food.

All materials to make foods and drinks are easy to find at Bien Hoa city. There are many suppliers with competitive price, Viet bread can sort high quality materials with best price.

We offer two groups of menus, general menus and recommendation menus that help consumers on diet to prevent some typical diseases such as diabetes, cholesterol diet...Currently there is not any shop offering the second menu like us.

We offer affordable price that make customer ready to buy. Although price is higher than current direct competitors but we offer higher quality.

We locate at convenient areas on the main roads that close to industrial zones with thousands of employees.

We invest by our own money so there is not pressure to pay debt and interest to bank.

2. Weaknesses

Lack of brand awareness, we are new so it takes us time to convince customers and attract loyalty customers. Our price is a little higher than strong direct competitor from 15% to 25%.

We lack of real experience in fast food business. We have limited budget, so we cannot expand quickly.

3. Opportunities

Consumer demographics support for business. Vietnamese is a breakfast nation. There are around 522,928 white collars that are potential users in Bien Hoa city, their income is stable and is increasing.

Consumers are rising health concern, they limit to eat fast food because: “many fast foods are fried, high in fat and sodium, and low in fiber, vitamins, and some minerals”. Our products that are low in fat and rich in vitamin adapt their demand. Vietnamese prefers traditional food.

Government has issued Law and policies that support for businesses. More and more foreign investors are coming to Vietnam doing business, so white collars with stable income are increasing.

Vietnamese food culture including bread is introduced around the world by Vietnamese government, so this is a chance for Viet bread to expand a lot of shops and franchise in the future.

Capital for expanding more shop is not too much so it is easy to open a lot of shops at many areas.

4. Threats

High competitive market with a lot of local and foreign food providers, they locate in this area for a long time such as KFC, McDonal, Lotterial...More international food and beverage brands are coming Vietnam. The cost to open a banh mi shop is not too much so many people can open the same shop in the future.

Suppliers that supply high quality ingredients will require higher price so it's difficult for us build the reasonable price and get profit. Some customers are not ready to pay high price for high quality food.

Rental fee at nice location is high; when business becomes successful and famous, landlord can increase rental fee or stop contract at any time to do the same business. This sometimes happens in Vietnam, so we have to discuss carefully the renting contract.

3.6 Competitive advantages

High quality: Banh Mi is popular and sold everywhere on the market, but product with high quality, fresh ingredients, all ingredients are used within a day are rare in Bien Hoa market so we have a few strong direct competitors.

Cheap side dish: beside selling Banh Mi, we will offer some kinds of food and drink that are suitable for breakfast and good for health like salad, café, green tea, cereal meals with cheap price. These kinds of food will be one of factors to attract customers, but we just consider them as side dish, we plan to not take a lot profit from these foods.

Offering comfortable place to enjoy hot meal: all Banh Mi shop in Bien Hoa city just sell Banh Mi as taking away, they do not have a seat for customers that want to eat immediately after buying. We will design a nice space and music in shop, customers can enjoy their meal with green **Table 3.6** Competitive strategy of Viet Bread

Delicious taste: taste is the most important factor in the food, Banh Mi has many kind of fillings such as meat, fish, egg, vegetable... We plan to have 4 kinds of outstanding fillings: fish, smashed pork meatballs, shrimp, barbecue.

Two groups of menus: We will create two groups of menus, general menus for all people, and recommendation menus to prevent some typical diseases such as diabetes, cholesterol diet...Currently there are not any Banh Mi shop offering the second menu like us.

Best cost provider: Affordable price that make customer ready to buy and feel it's worth to buy product. Although price is higher than current direct competitors but

we offer higher quality. Our price is cheaper than future competitors that will be strong direct competitors if they do business near our shops, or when we expand and locate near them in future.



CHAPTER 4

MARKETING AND SALES PLAN

4.1 Overall marketing strategy

Banh Mi is new brand in the market, it is very important to create a marketing strategy to develop brand awareness and push sales into the market. The most important factors of our products are the good quality and good taste. At Bien Hoa city people do not have many choices for fast food that is healthy and safety. So we need to let people know our brand and convince them about the quality. Once customers are confident with our products and become loyalty customers, they will introduce to lots of people, the product will sell itself by word of mouth.

4.2 Marketing mix

1. Product

Viet bread offers bread with varieties kind of fillings such as meat, fish, pork, liver pate. Bread will be kept hot when delivery to customers. All fillings such as pork, beef, egg...that customers choose when they order will be clipped in the middle. To make sure high quality and delicious taste that will be our competitive advantage, we will cook by ourselves bread and all kind of fillings. Bread will be designed as traditional size on the market but taste of bread will be different from market. Bread is always kept hot, crispy on the outside and soft, tender on the inside. At other shops, sellers just concentrate on some of the fillings, they buy bread from some suppliers so their taste is the same.

Everyday Viet bread will serve at least five difference kinds of fillings. The menu will be changed every day to ensure that there does not repeat within 1 week. All bread is packaged by using wrapping paper to ensure safety for customers. All materials for our products will be fresh and good for health, we avoid using frying products or use a lot of oil, fat in our products. All materials are bought from suppliers that are known names in Bien Hoa city. We do not use additives and food preservatives in our products. All materials for bread are processed within one day.

We plan to name company Viet bread. As our research Vietnamese customers have trend to choose products that have foreign name, so with name of Viet bread, we hope to attract more customers.

2. Price

We have to consider the factors that can convince customers to purchase the product immediately to set a suitable price. Our target group is white collars who have stable income and they are ready to pay higher to receive a better product. But we cannot set price too high, more than value that customers receive from product, customers maybe buy products from competitors or substitute. If we set price too low, it will make us difficult for business because we have to maintain a big sales volume to reach break- even and get profit. As the result of survey, 70% customers are ready to pay from VND 15,000 to VND 30,000 for breakfast. At Bien Hoa area, bread has high competitive, competitors' average price are VND 17,000 however but quality and food safety are low. We offer the average price VND 20,000.

3. Place or distribution channel

For the first 6 months, we will open 3 shops at the same time. Basing on our survey, convenient location is one of three important factors that customers consider to take decision for buying bread. Motorbike culture is all-pervasive in Bien Hoa, most of white collars travel to work by motorbike, they like to stop some minute to buy food and take away. Therefore all shops will be located at busy areas like main streets, near supermarkets, schools, industrial zones, offices, building, residence areas... Beside selling at shop, we will delivery to customers.

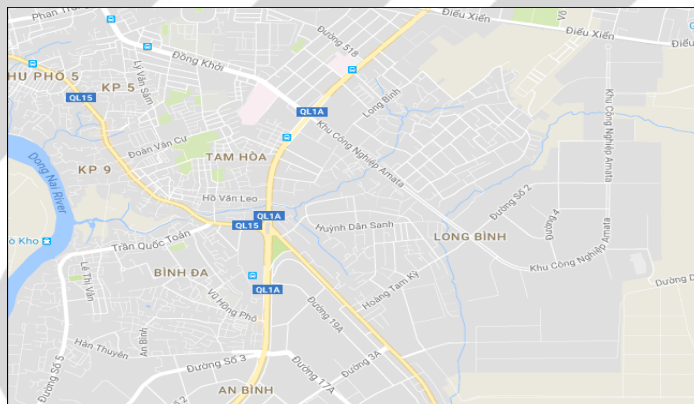
Table 4.1 The number of passers on roads where Viet bread shop plans to be located.

Time	the number of passers crossing the road (people/minute)
6h00-7h00	150-200
7h00-8h00	200 – 250
8h00 – 9h00	100

The first store is at Nga Ba Thanh. This area is center of Bien Hoa city, near high schools, university, market, offices, banks.



The second store is at Binh Da ward. This area is one of two main roads that white collars go to industrial zones for working.



The third store is at Long Binh Tan. This is the second main road that white collars go to work at industrial zones, it is also near university, offices.



4. Promotion

1. Sales promotion

Sale promotion is very useful for our product especially during the opening grand, it will encourage customers to buy products, ready to try new taste; it is good time for advertise by word of mouth. However we will not abuse sales promotion and not repeat promotion many times because it maybe create crisis situation for our business, sales promotion can bring low image, making customers feel that product is low quality.

1.1 Discount

For the first week of operation, we will offer promotion program on the occasion inauguration, discount 25% during the first week, giving free salad or coffee or cereal milk if total invoice are above VND100,000, giving more free bread if buying from 10 breads and above. We plan to give 25% discount on the special occasion during year. For example on the international women day on 8th March and Vietnamese Woman day on 20th October, all women coming to buy bread will enjoy discount.

1.2 Free sample

To create brand awareness, we will offer free sample to customers before opening day 3 days; each bread will be cut into three pieces, each piece will be packed and attached with a brochure that give customers detail information of products and its value. At three stores, staffs will delivery to customers in the rush hour from 6h00 am to 8h00 am.

1.3 Patronage rewards for customers

When customers buy the products, we will inform them that if they give their idea about the products on our website or facebook, they will receive rewards for the next purchase. The objective of patronage rewards is to encourage customers repurchase products, make brand awareness, increase sales.

2. Direct marketing

We will use internet marketing as the main channel by creating website and facebook. We will post new menu, promotion program, stories, news about healthy food, nutritious knowledge on facebook and website weekly. In Vietnam customers often comment their idea about food on two websites foody.com and diadiemanuong.com, customers often reference these website to choose new food, therefore we will create account and interactive with customers on those websites.

3. Public relation

The objective of public relation is to gain the brand awareness, attract the attention of customers and encourage them to search the information about our product; increase the number of Like on the Facebook and the number of customers visiting the website; help customers trust and have a positive attitude with the product.

Our PR team will write about our product story and send press release to popular magazines in Vietnam like webtretho.com, thanhnien.com, tuoitre.com, dongnai.com, vnexpress.com, afamily.com; the contents will include information related to current health problems, how to choose the suitable fast food for daily meal. The purpose of these presses encourages customers searching the healthy fast food on social media.

After one month of opening day all positive recommendations from customers will be seeding on foody.com and diadiemanuong.com, facebook, website to make customers feeling trustworthy to enjoy our product daily.

4. Advertising

Viet bread will focus on Word of Mouth strategy that is low cost and effective tool to promote our brand. One of the characteristic of Vietnamese is community, thus when customers feel happy with our product, they will quickly introduce it to their family and friend. To gain real word of mouth from customers, Viet bread concentrates on high quality and good customer service all the time.

5. Marketing plan budget

We set marketing budget by \$3,000 before opening and for the first month, 10% of monthly sales revenue for next five months, 5% for next six months of the first year. From the second year, marketing budget is 2% of monthly sales revenue.

Table 4.2 Marketing plan budget

Marketing Activities	Budget
Discount	\$ 1,000
Free sample	\$ 800
Patronage rewards for customers	\$ 500
Web development	\$700
Total	\$3,000

4.3 Sales forecast

We will do business from 6h00 am to 10h00 am and from 14h00 pm to 1900 pm. During lunch time we will delivery to customer location.

On the morning, there are a lot of direct and indirect competitors selling food for breakfast, so our sales forecast on the morning is 600 breads (by 0.5% market share of Bien Hoa market). On the snack afternoon, there are also many competitors offering food but most of them selling for eating at table, we will concentrate for ordering online and delivery to buyers' places, so the forecast is 400 breads (1% market share for snack lunch).

We plan to open 3 shops for the first year. In Jan 2019 we expand more 3 shops at Binh Duong province. In Jan 2020 we expand more 3 shops in Ho Chi Minh city.

Detail forecast is shown and calculated in below table.

Table 4.3 market share forecast

Items	Units	Fingures
Labour and population information (General statistic office – GSO in quarter 1 2017)		
Bien hoa population (General statistic office - GSO)	Person	1,400,000
Population in working age (GS	Person	980,000
Percentage of people have jobs / total population (53% - GSO)	%	53%
Population has jobs (GSO)	Person	522,928
Market share for breakfast at Bien Hoa city		
Percentage of potential customer for breakfast (survey)	%	62%
Total potential customer	Person	324,215

Frequency of using banh mi for breakfast (survey)	%	48%
Total potential customer for breakfast	Person	155,623
Market share for snack lunch at Bien Hoa city		
Percentage of potential customer for snack lunch (survey)	%	24%
Total potential customer	Person	125,503
Frequency of using banh mi for snack afternoon (survey)	%	26%
Total potential customer for snack afternoon	Person	32,631
Sales forecast		
Forecast for breakfast (market share 0.5%)	%	0.5%
Forecast for snack afternoon (market share 1%)	%	1.0%
Daily bread sold out for breakfast	Bread	778.12
Daily bread sold out for snack afternoon	Bread	326.31
Total bread sold per day		1,104
Price per bread	VND	20,000
Working day per month	Day	26

Sales forecast for first year:

Month -year 1	Jan	Feb	Mar	Apr	May	June
Average price per bread	0.88	0.88	0.88	0.88	0.88	0.88
Estimation for quantity of daily sales per store	110	135	135	190	190	190

Number of bread sold (6h-8h)	40	50	50	70	70	70
Number of bread sold (8h-10h)	20	25	25	30	30	30
Number of bread sold (10h-14h)	10	10	10	30	30	30
Number of bread sold (14h-17h)	30	35	35	40	40	40
Number of bread sold (17h-19h)	10	15	15	20	20	20
Total stores	3	3	3	3	3	3
Total sales per day	330	405	405	570	570	570
Total sales per month (volume)	8,580	10,530	10,530	14,820	14,820	14,820
Sales revenue per month	7,559	9,278	9,278	13,057	13,057	13,057

Month -year 1	July	Aug	Sept	Oct	Nov	Dec
Average price per bread	0.88	0.88	0.88	0.88	0.88	0.88
Estimation for quantity of daily sales per store	210	210	210	350	350	350
Number of bread sold (6h-8h)	90	90	90	120	120	120
Number of bread sold (8h-10h)	30	30	30	80	80	80
Number of bread sold (10h-14h)	30	30	30	30	30	30
Number of bread sold (14h-17h)	40	40	40	80	80	80
Number of bread sold (17h-19h)	20	20	20	40	40	40
Total stores	3	3	3	3	3	3
Total sales per day	630	630	630	1,050	1,050	1,050
Total sales per month (volume)	16,380	16,380	16,380	27,300	27,300	27,300
Sales revenue per month	14,432	14,432	14,432	24,053	24,053	24,053

CHAPTER 5

OPERATION AND MANAGEMENT PLAN

5.1 Organization chart

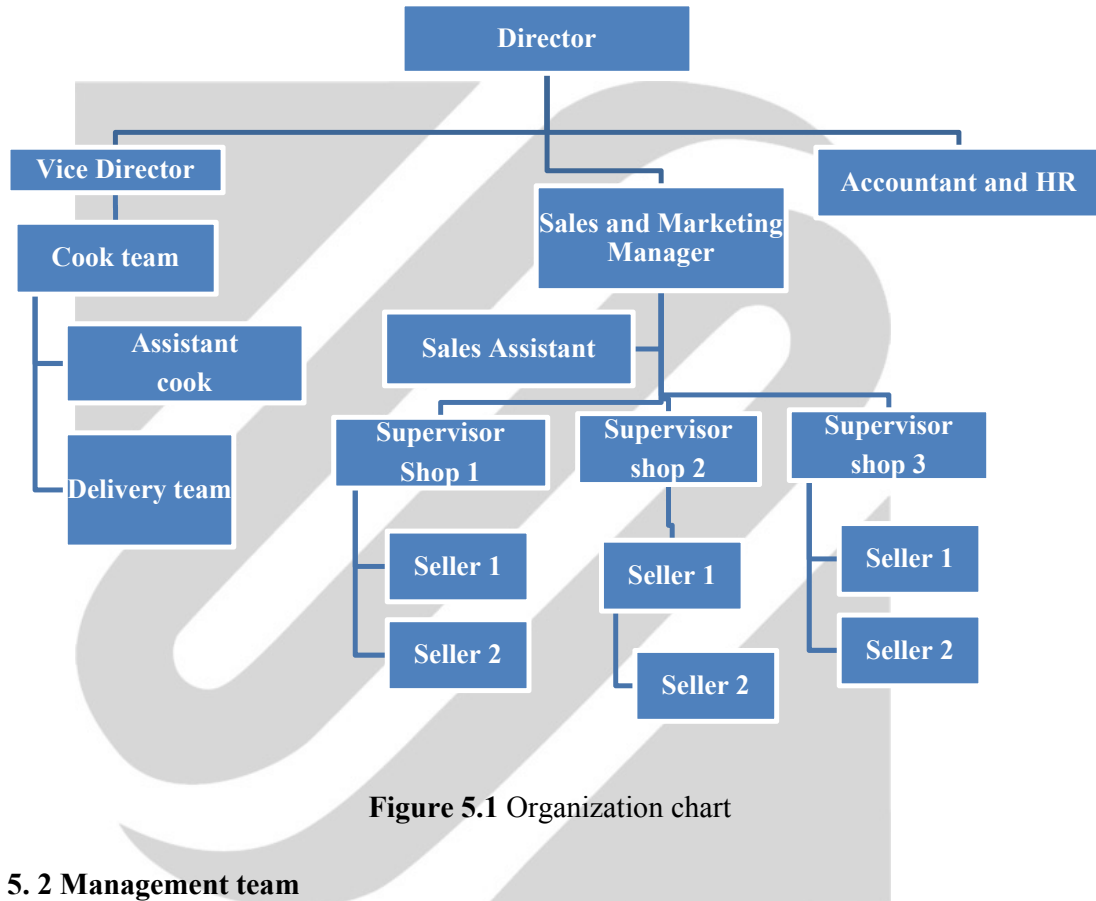


Figure 5.1 Organization chart

5.2 Management team

Nguyen Thi Diu, Director. She worked many years in Human resource field for foreign companies that managed thousands of employees including daily meals, canteen job. Therefore she understands well demand of white collars for healthy food. She will be responsible for Sales, Marketing, Financial and expansion.

Le Thi Minh Tuyet, Vice Director. Tuyet has many years of experience in the sales of food. She has knowledge about international cuisine. She is a food technology engineer. She upgraded her skills by completing Management course at Economic university in Ho Chi Minh city. Her career started in 1995 in Binh Duong province,

where she was responsible for nutrition and educated people about new lifestyle and healthy eating habit. Since in 2000 she was a head cook for many foreign companies that had thousands of employees in Vietnam. Since 2010 she has had her own business by providing catering service for companies in industrial zones at Binh Duong province. At Viet bread company, she will be responsible for new products, control manufacturing, cooking.

5.3 Company employee

Job position: Marketing and Sales Manager

Basic salary: USD 1,000

Education: Bachelor holder

Experience: 3 years in Sales and Marketing field

Job description:

Develop the marketing strategy align with company's objective

Organize and manage marketing activity for company

Plan, implement and control promotional programs

Prepare online and offline marketing program

Monitor and report on effectiveness of marketing program

Assist new product launches

Support owner to open more stores

Communicate with the customers at stores to know if they are pleased with food quality

Work closely with chef and sellers

Report to Director

Job position: Cook

Basic salary: USD 400

Education: 12/12

Experience: having experience in cooking

Job description:

Daily and weekly order ingredients

Check freshness ingredients when receiving from suppliers

Prepare and cook all foods for daily sales.

Divide foods, send bread and other ingredients to shops.

Monitor and guide staff.

Comply with nutrition and sanitation regulations and safety standards.

Report to Vice Director

Job position: Supervisor at each shop

Basic salary: USD 300

Education: 12/12

Experience: having experience in sales

Job description:

Receive bread and ingredients from delivery employee.

Greet customers who enter the shop

Receive order from customers

Be responsible for processing cash and card payments

Stock control and management

Keep the shop tidy and clean

Responsible for dealing with customer complaints

Update with promotion program

Motivate staff

Serve customer

Set work schedule for employee

Communicate with customer

Report to Sales and Marketing Manager

Job position: Seller at each shop

Basic salary: USD 200

Education: 12/12

Experience: having experience in sales

Job description:

Prepare the bread when customers order

Obey the selling policy when prepare food to customers

Put the fillings into bread with fixed quantity as regulation

Follow food safety

Report to Supervisor

Job position: **Delivery staff**

Basic salary: **USD 150**

Education: **12/12**

Job description:

Receiving bread and ingredients from Cook and delivery to shops

Delivering products to customers

Report to Cook

5.4 Number of personnel

Table 5.1 number of employee

Year	1	2	3
Sales and Marketing Manager	1	1	1
Assistant Sales and Marketing		1	1
Supervisor at shop	3	6	9
Seller	3	6	9
Seasonal seller	3	6	9
Accountant		1	1
Delivery staff	3	4	6
Cook	2	4	6
Assistant cook	1	3	4
Cleaner	1	2	3
Total	17	36	49

5.5 Daily processes

Daily processes of Viet Bread:



Figure 5.2 Daily process

Fresh food, safety food, high quality, affordable price are our priority factors for selecting suppliers that supply all materials for us. In order to ensure consistency for whole system, we issue procedures for each position, and it will be controlled strictly to ensure all employees following exactly. All employees will be trained before working and on job for food storage procedure, food quality standards, daily operation procedure and communication with customers.

5.6 Supply chain management plan

For the first time, we choose 4 suppliers that are known names in Bien Hoa city for quality food: Big C supermarket for flour, spices; Nam Chau Son store for all kind of fresh vegetables; CP store for pork meat; Metro for beef and shrimp. Every Saturday basing on menu and quantity selling of week, we will set menu and forecast sales for next week, basing on that we calculate materials, sending purchase order to suppliers. At 11h00 am daily we will recalculate total materials needing for next day, inform to suppliers and they will delivery at 15h00 pm.

All suppliers have to make sure to sell materials to us with high quality and good price. We will always update and sort price of materials at other suppliers, if we find that other suppliers can supply the same quality but with cheaper price we will negotiate with current suppliers for reducing price or we will change suppliers. These activities are one of the important factors that will help us maintaining competitive advantage by producing good products with affordable price.



Figure 5.3 Daily ordering and delivery process for material

CHAPTER 6

FINANCIAL PLAN

6.1 Assumptions

Investment plan will include 3 periods: 3 shops in 2018, more 3 shops in Jan 2019, more 3 shops in 2020. Since 2020 total will be 9 shops. So the number of employees and salary will be increased accordingly. To retain employees, salary will be increased by 5% for second year and third year. According to Labour law Viet Bread has to pay the social, medical and unemployment insurance fee for employees by 21.5% basing on their monthly salary. The owners do not take salary, they receive dividend.

Sales are cash basis, nonaccrual accounting.

All materials are purchased in cash immediately.

Rental fee is USD 440 per month per shop.

Two owners will invest by cash USD 30,000 at the beginning with the rate by 50% per owner.

Marketing budget is set by \$3,000 before opening and for the first month, 10% of monthly sales revenue for next five months, 5% for next six months of the first year. From the second year, marketing budget is 2% of monthly sales revenue.

Machine and equipment is depreciated for 5 years.

Corporate income tax rate is 20%.

6.2 Startup costs

Table 6.1 startup expenses

Name of expense	USD
Expense for business license	220
Machines/ Equipment at kitchen	2,500
Marketing activity	3,000
Initial investment cost per shop	
Design and Décor at shop	441
Equipment	1,200
Fixed line telephone	22
ADSL	44
1-month rental deposit for business premise	441
3-month rental fee in advance for business premise	1,322
Total cost per shop	3,469
Total Initial investment cost for 3 shops	10,406
Cash to provision for working capital need	13,874
Total start up requirement in USD	30,000

6.3 Income statement

1. Cost of good sold (COGS)

1.1 Direct material cost:

Material cost per bread

Material	USD
Bread	0.07

Meat/fish/shrimp 75g	0.35
Pate 10g	0.04
Vegetable	0.07
Other spices	0.02
Total	0.48

1.2 Direct labour cost

Monthly direct labour cost

Year	1	2	3
Position	Monthly labour cost		
Cook	972	2,041	3,215
Assistant cook	486	765	1,072
Cleaner	182	383	603
Total	1,640	3,189	4,889

1.3. Manufacturing overhead

Depreciation expense – equipment at kitchen

Investment	Cost	Year	Note
Machines/ Equipment at kitchen year 1	2,500	5	Jan 19 - Dec 23
Machines/ Equipment at kitchen (expansion year 2)	2,500	5	Jan 20 - Dec 24
Machines/ Equipment at kitchen (expansion year 3)	2,500	5	Jan 21 - Dec 25

Depreciation time	Monthly
Jan 19 -Dec 19	\$42
Jan 20 - Dec 20	\$83
Jan 21 - Dec 23	\$125
Jan 23 - Dec 24	\$83
Jan 24-Dec 25	\$42

2. Operating Expense

2.1 Salary

Year	1	2	3
Position	Monthly labour cost		
Sales and Marketing Manager	1,215	1,276	1,340
Assistant Sales and Marketing	-	304	319
Supervisor at shop	1,094	2,296	3,617
Seller	729	1,531	2,411
Seasonal sales	210.0	420.0	630.0
Accountant	-	319	335
Delivery staff	547	1,148	1,206
Total	3,794	7,294	9,857

2.2. Depreciation

Investment cost at 3 shops	Cost per shop	Number of shop	Total	Year
Expense for business license	220		220	5

Design and Décor per shop	441	3	1,322	5
Equipment	1,200	3	3,600	5
Fixed line telephone	22	3	66	5
ADSL	44	3	132	5

Depreciation cost for 3 investment plans in year 1, year 2, year 3.

Depreciation time	Monthly
Jan 19 -Dec 19	89
Jan 20 - Dec 20	178
Jan 21 - Dec 23	267
Jan 23 - Dec 24	178
Jan 24-Dec 25	89

2.3. Other expense

Other expenses	Note
Rental per shop	440
Utility cost	2.00%
Other administrative expenses	0.50%
Sales and marketing expenses	40% first month
Sales and marketing expenses	10% 5 months of first year
Sales and marketing expenses	5% 6 months of first year
Sales and marketing expenses	2% since second year

3. Income statement

Table 6.2 Monthly income statement for the first year

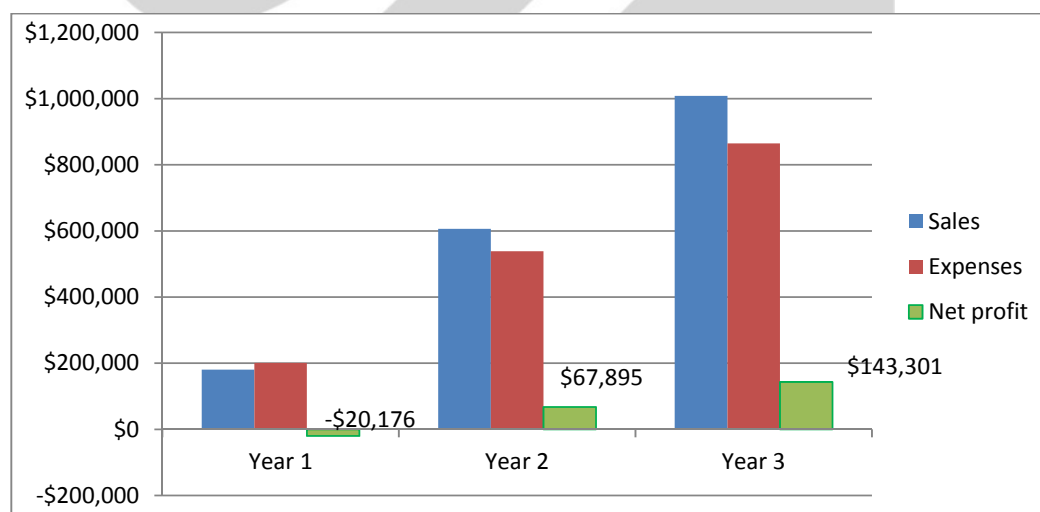
Month -year 1	Jan	Feb	Mar	Apr	May	June
Average price per bread	0.88	0.88	0.88	0.88	0.88	0.88
Estimation for quantity of daily sales per store	110	135	135	190	190	190
Number of bread sold (6h-8h)	40	50	50	70	70	70
Number of bread sold (8h-10h)	20	25	25	30	30	30
Number of bread sold (10h-14h)	10	10	10	30	30	30
Number of bread sold (14h-17h)	30	35	35	40	40	40
Number of bread sold (17h-19h)	10	15	15	20	20	20
Total stores	3	3	3	3	3	3
Total sales per day	330	405	405	570	570	570
Total sales per month (volume)	8,580	10,530	10,530	14,820	14,820	14,820
Sales revenue per month	7,559	9,278	9,278	13,057	13,057	13,057
Cost of Good Sold						
Direct material cost	4,158	5,103	5,103	7,181	7,181	7,181
Direct labour cost	1,397	1,397	1,397	1,397	1,397	1,397
Depreciation	41.7	41.7	41.7	41.7	41.7	41.7
Total COGS	5,597	6,542	6,542	8,620	8,620	8,620
Gross profit	1,963	2,736	2,736	4,437	4,437	4,437
Expense						
Rental	1,320	1,320	1,320	1,320	1,320	1,320
Salary	3,794	3,794	3,794	3,794	3,794	3,794
Depreciation	89	89	89	89	89	89
Utility cost 2%	151	186	186	261	261	261
Other administrative expenses 0.5%	38	46	46	65	65	65
Marketing and Sales (10%-5%)	3,000	928	928	1,306	1,306	1,306
Total Expense	8,392	6,363	6,363	6,835	6,835	6,835
Net profit before tax	(6,429)	(3,627)	(3,627)	(2,399)	(2,399)	(2,399)
Tax 20%	0	0	0	0	0	0
Net profit after tax	(6,429)	(3,627)	(3,627)	(2,399)	(2,399)	(2,399)
Net profit %						

Month -year 1	July	Aug	Sept	Oct	Nov	Dec
Average price per bread	0.88	0.88	0.88	0.88	0.88	0.88
Estimation for quantity of daily sales per store	210	210	210	350	350	350
Number of bread sold (6h-8h)	90	90	90	120	120	120
Number of bread sold (8h-10h)	30	30	30	80	80	80
Number of bread sold (10h-14h)	30	30	30	30	30	30
Number of bread sold (14h-17h)	40	40	40	80	80	80
Number of bread sold (17h-19h)	20	20	20	40	40	40
Total stores	3	3	3	3	3	3
Total sales per day	630	630	630	1,050	1,050	1,050
Total sales per month (volume)	16,380	16,380	16,380	27,300	27,300	27,300
Sales revenue per month	14,432	14,432	14,432	24,053	24,053	24,053
Cost of Good Sold						
Direct material cost	7,937	7,937	7,937	13,229	13,229	13,229
Direct labour cost	1,640	1,640	1,640	1,640	1,640	1,640
Depreciation	41.7	41.7	41.7	41.7	41.7	41.7
Total COGS	9,619	9,619	9,619	14,911	14,911	14,911
Gross profit	4,812	4,812	4,812	9,142	9,142	9,142
Expense						
Rental	1,320	1,320	1,320	1,320	1,320	1,320
Salary	3,794	3,794	3,794	3,794	3,794	3,794
Depreciation	89	89	89	89	89	89
Utility cost 2%	289	289	289	481	481	481
Other administrative expenses 0.5%	72	72	72	120	120	120
Marketing and Sales (10%-5%)	722	722	722	1,203	1,203	1,203
Total Expense	6,286	6,286	6,286	7,007	7,007	7,007
Net profit before tax	(1,473)	(1,473)	(1,473)	2,135	2,135	2,135
Tax 20%	0	0	0	427	427	427
Net profit after tax	(1,473)	(1,473)	(1,473)	1,708	1,708	1,708
Net profit %				7%	7%	7%

Table 6.3 Income statement for 3 years

Income statement for 3 years	Year 1	Year 2	Year 3
Total sales	180,740	606,132	1,008,159
Cost of good sold			
Direct material cost	99,407	333,373	554,487
Direct labour cost	18,225	38,273	58,672
Depreciation	500.0	1,000.0	1,500.0
Total COGS	118,132	372,645	614,659
Gross profit	62,608	233,487	393,500
Expense	0		
Rental	15,840	31,680	47,520
Salary	45,531	87,526	118,282
Depreciation	1,068	2,136	3,204
Utility cost 2%	3,615	12,123	20,163
Other administrative expenses 0.5%	904	3,031	5,041
Marketing and Sales (10%-5%)	14,545	12,123	20,163
Total Expense	81,503	148,618	214,374
Net profit before tax	(18,895)	84,869	179,126
Tax 20%	1,281	16,974	35,825
Net profit after tax	(20,176)	67,895	143,301
Net profit %		11%	14%

Net profit and loss for three years

**Figure 6.1:** Net profit and loss for three years (USD)

6.4 Balance sheet

Table 6.3 Balance sheet for three years

Year	1	2	3
Asset			
Cash	21,883	71,789	173,669
Inventory	0		
Equipment	7,840	7,840	15,680
Receivable	0	0	0
Investment (expansion)		7,840	7,840
Depreciation	(1,568)	(4,704)	(9,408)
Total asset	28,155	82,765	187,781
Liability	18,330	30,046	40,837
Account payable	17,049	13,072	7,840
Tax payable	1,281	16,974	35,825
Equity	9,824	52,719	146,943
Owner capital	30,000	30,000	30,000
Retained earning	(20,176)	22,719	114,115
Total liability and equity	28,155	82,765	187,780

6.5 Cash flow

Table 6.4 Monthly cash flow for 3 years:

Year 1	Jan	Feb	Mar	Apr	May	June
Cash flow from operating activities						
Cash received from customer	7,559	9,278	9,278	13,057	13,057	13,057
Cash paid for supplier	(4,158)	(5,103)	(5,103)	(7,181)	(7,181)	(7,181)
Cash paid for rent	(1,320)	(1,320)	(1,320)	(1,320)	(1,320)	(1,320)
Cash paid for employee	(5,192)	(5,192)	(5,192)	(5,192)	(5,192)	(5,192)
Cash paid for sales and marketing	(3,000)	(928)	(928)	(1,306)	(1,306)	(1,306)
Cash paid for utility	(151)	(186)	(186)	(261)	(261)	(261)
Other administrative expenses 0.5%	(38)	(46)	(46)	(65)	(65)	(65)
Tax 20%						
Net cash provided by operating activities	(6,299)	(3,496)	(3,496)	(2,268)	(2,268)	(2,268)
Cash flows from investment activities						
Purchase of equipment	14,455					
Net cash used by investing activities	14,455	0	0	0	0	0
Cash flow financing activities						
Investment by owner	30,000					
Dividend payment						
Net cash provided by financing activities	30,000	0	0	0	0	0
Net increase in cash	38,157	(3,496)	(3,496)	(2,268)	(2,268)	(2,268)
Cash ending balance	38,157	34,660	31,164	28,896	26,628	24,360

Year 1	July	Aug	Sept	Oct	Nov	Dec
Cash flow from operating activities						
Cash received from customer	14,432	14,432	14,432	24,053	24,053	24,053
Cash paid for supplier	(7,937)	(7,937)	(7,937)	(13,229)	(13,229)	(13,229)
Cash paid for rent	(1,320)	(1,320)	(1,320)	(1,320)	(1,320)	(1,320)
Cash paid for employee	(5,435)	(5,435)	(5,435)	(5,435)	(5,435)	(5,435)
Cash paid for sales and marketing	(722)	(722)	(722)	(1,203)	(1,203)	(1,203)
Cash paid for utility	(289)	(289)	(289)	(481)	(481)	(481)
Other administrative expenses 0.5%	(72)	(72)	(72)	(120)	(120)	(120)
Tax 20%				(427)	(427)	(427)
Net cash provided by operating activities	(1,343)	(1,343)	(1,343)	1,838	1,838	1,838
Cash flows from investment activities						
Purchase of equipment						
Net cash used by investing activities	0	0	0	0	0	0
Cash flow financing activities						
Investment by owner						
Dividend payment						
Net cash provided by financing activities	0	0	0	0	0	0
Net increase in cash	(1,343)	(1,343)	(1,343)	1,838	1,838	1,838
Cash ending balance	23,018	21,675	20,333	22,171	24,009	25,848

Year 2	Jan	Feb	Mar	Apr	May	June
Cash flow from operating activities						
Cash received from customer	38,485	38,485	38,485	48,106	48,106	48,106
Cash paid for supplier	(21,167)	(21,167)	(21,167)	(26,458)	(26,458)	(26,458)
Cash paid for rent	(2,640)	(2,640)	(2,640)	(2,640)	(2,640)	(2,640)
Cash paid for employee	(10,483)	(10,483)	(10,483)	(10,483)	(10,483)	(10,483)
Cash paid for sales and marketing	(770)	(770)	(770)	(962)	(962)	(962)
Cash paid for utility	(770)	(770)	(770)	(962)	(962)	(962)
Other administrative expenses	(192)	(192)	(192)	(241)	(241)	(241)
Tax 20%	(440)	(440)	(440)	(1,220)	(1,220)	(1,220)
Net cash provided by operating activities	2,023	2,023	2,023	5,140	5,140	5,140
Cash flows from investment activities						
Purchase of equipment	7,840					
Net cash used by investing activities	7,840	0	0	0	0	0
Cash flow financing activities						
Investment by owner						
Dividend payment						
Net cash provided by financing activities	0	0	0	0	0	0
Net increase in cash	9,863	2,023	2,023	5,140	5,140	5,140
Cash ending balance	35,710	37,733	39,756	44,896	50,036	55,176

Year 2	July	Aug	Sept	Oct	Nov	Dec
Cash flow from operating activities						
Cash received from customer	57,727	57,727	57,727	57,727	57,727	57,727
Cash paid for supplier	(31,750)	(31,750)	(31,750)	(31,750)	(31,750)	(31,750)
Cash paid for rent	(2,640)	(2,640)	(2,640)	(2,640)	(2,640)	(2,640)
Cash paid for employee	(10,483)	(10,483)	(10,483)	(10,483)	(10,483)	(10,483)
Cash paid for sales and marketing	(1,155)	(1,155)	(1,155)	(1,155)	(1,155)	(1,155)
Cash paid for utility	(1,155)	(1,155)	(1,155)	(1,155)	(1,155)	(1,155)
Other administrative expenses						
0.5%	(289)	(289)	(289)	(289)	(289)	(289)
Tax 20%	(1,999)	(1,999)	(1,999)	(1,999)	(1,999)	(1,999)
Net cash provided by operating activities	8,257	8,257	8,257	8,257	8,257	8,257
Cash flows from investment activities						
Purchase of equipment						
Net cash used by investing activities	0	0	0	0	0	0
Cash flow financing activities						
Investment by owner						
Dividend payment						(25,000)
Net cash provided by financing activities	0	0	0	0	0	(25,000)
Net increase in cash	8,257	8,257	8,257	8,257	8,257	(16,743)
Cash ending balance	63,433	71,690	79,947	88,204	96,462	79,719

Year 3	Jan	Feb	Mar	Apr	May	June
Cash flow from operating activities						
Cash received from customer	76,282	76,282	76,282	86,590	86,590	86,590
Cash paid for supplier	(41,955)	(41,955)	(41,955)	(47,625)	(47,625)	(47,625)
Cash paid for rent	(3,960)	(3,960)	(3,960)	(3,960)	(3,960)	(3,960)
Cash paid for employee	(14,746)	(14,746)	(14,746)	(14,746)	(14,746)	(14,746)
Cash paid for sales and marketing	(1,526)	(1,526)	(1,526)	(1,732)	(1,732)	(1,732)
Cash paid for utility	(1,526)	(1,526)	(1,526)	(1,732)	(1,732)	(1,732)
Other administrative expenses 0.5%	(381)	(381)	(381)	(433)	(433)	(433)
Tax 20%	(2,359)	(2,359)	(2,359)	(3,194)	(3,194)	(3,194)
Net cash provided by operating activities	9,829	9,829	9,829	13,169	13,169	13,169
Cash flows from investment activities						
Purchase of equipment	7,840					
Net cash used by investing activities	7,840	0	0	0	0	0
Cash flow financing activities						
Investment by owner	0					
Dividend payment						
Net cash provided by financing activities	0	0	0	0	0	0
Net increase in cash	17,669	9,829	9,829	13,169	13,169	13,169
Cash ending balance	97,388	107,216	117,045	130,214	143,383	156,551
Year 3	July	Aug	Sept	Oct	Nov	Dec
Cash flow from operating activities						
Cash received from customer	86,590	86,590	86,590	86,590	86,590	86,590
Cash paid for supplier	(47,625)	(47,625)	(47,625)	(47,625)	(47,625)	(47,625)
Cash paid for rent	(3,960)	(3,960)	(3,960)	(3,960)	(3,960)	(3,960)
Cash paid for employee	(14,746)	(14,746)	(14,746)	(14,746)	(14,746)	(14,746)
Cash paid for sales and marketing	(1,732)	(1,732)	(1,732)	(1,732)	(1,732)	(1,732)
Cash paid for utility	(1,732)	(1,732)	(1,732)	(1,732)	(1,732)	(1,732)
Other administrative expenses 0.5%	(433)	(433)	(433)	(433)	(433)	(433)
Tax 20%	(3,194)	(3,194)	(3,194)	(3,194)	(3,194)	(3,194)
Net cash provided by operating activities	13,169	13,169	13,169	13,169	13,169	13,169
Cash flows from investment activities						
Purchase of equipment						
Net cash used by investing activities	0	0	0	0	0	0
Cash flow financing activities						
Investment by owner						
Dividend payment						(50,000)
Net cash provided by financing activities	0	0	0	0	0	(50,000)
Net increase in cash	13,169	13,169	13,169	13,169	13,169	(36,831)
Cash ending balance	169,720	182,889	196,058	209,226	222,395	185,564

Cash flow for 3 years:

Year	1	2	3
Cash flow from operating activities			
Cash received from customer	180,740	606,132	1,008,159
Cash paid for supplier	(99,407)	(333,373)	(554,487)
Cash paid for rent	(15,840)	(31,680)	(47,520)
Cash paid for employee	(63,756)	(125,799)	(176,954)
Cash paid for sales and marketing	(14,545)	(12,123)	(20,163)
Cash paid for utility	(3,615)	(12,123)	(20,163)
Other administrative expenses 0.5%	(904)	(3,031)	(5,041)
Tax 20%	(1,281)	(16,974)	(35,825)
Other	(3,965)	(3,965)	(3,965)
Net cash provided by operating activities	(22,573)	67,066	144,040
Cash flows from investment activities			
Purchase of equipment	14,455	7,840	7,840
Net cash used by investing activities	14,455	7,840	7,840
Cash flow financing activities			
Investment by owner	30,000	0	0
Dividend payment		(25,000)	(50,000)
Net cash provided by financing activities	30,000	(25,000)	(50,000)
Net increase in cash	21,883	49,906	101,880
Cash ending balance	21,883	71,789	173,669

6.6 Break even analysis

Table 6.5 Break even analysis

Fixed cost			72,211			
Variable cost			0.58			
Unit price			0.88			
Safety margin (unit)			240,034			
Break event (time)			1 year 2 months			
	Unit	Revenue	Fixed cost	Variable cost	Total cost	Total profit
	120,000	105,727	72,211	69,626	141,837.52	(36,111)
	160,000	140,969	72,211	92,835	165,046.33	(24,077)
	200,000	176,211	72,211	116,044	188,255.14	(12,044)
	240,034	211,484	72,211	139,273	211,483.68	0
	300,000	264,317	72,211	174,066	246,277.17	18,040
Payback period			2.68 years			

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APPENDIX
SURVEY QUESTIONNAIRE

1. Which time do you often eat out?

Breakfast
Snack breakfast
Lunch
Snack lunch
Dinner
Snack dinner

2. Which food do you often buy for breakfast?

Bread (meat pate...)
Sticky rice
Rice
Noodle
Other

3. How much do you often pay for breakfast?

< VND 15,000
VND 15,000-30,000
VND 30,000 – 50,000
>VND 50,000

4. How often do you often eat bread?

Every day
1 – 3 times per week
4 to 6 times per week

1 – 3 times per month

Never

5. What time do you often eat bread during the day?

Breakfast

Snack breakfast

Lunch

Snack lunch

Dinner

Snack dinner

6. When you choose location to buy bread, what do you care about?

Not important at all Slightly important Somewhat Important

Very important Extremely important

1. Reasonable price
2. Food safety
3. Convenient location
4. Tasty/flavor
5. Fillings are good for health
6. Menu flexible

7. Where do you like to buy bread?

Trolley in the street

Shop/store

8. Which service do you like when buying bread?

Delivery

Eating at table

Drink

Order online

9. Which kind of drink do you often drink on the breakfast?

Coffee

Milk cereal

Fruit juice

Other

10. Demographic

Age:

1. 16 -22

2. 23-40

3. 41-55

4. >55

Job:

1. Student

2. Office employee

3. Other

Living or working area:

1. Bien Hoa

2. Other

Monthly income:

No income

< USD250

> USD 250 – USD 700

>USD 700

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