

# **Business Plan for an Oyster Farm in Ukraine**

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### Zásady pro vypracování

#### Introduction

Define the objectives and the application methods used in the Master's thesis.

#### I. Theoretical Part

- Explore the theoretical background of a business plan for an agricultural farm.

#### II. Practical Part

- Analyze the oyster market in Europe and in Ukraine.
- Develop a business plan for a farm.
- Submit the project to risk and cost analysis.

#### Conclusion

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## **ABSTRAKT**

Cílem tohoto projektu je vytvořit podnikatelský plán pro ústřicovou farmu na Ukrajině s cílem exportovat produkty na evropský trh. Ačkoli na místním trhu neexistuje tak velká poptávka, je třeba exportovat ústřicové výrobky do některých evropských zemích ve kterých nejsou pokryte. Většina produktů bude nabízena k exportu, ale bude se vztahovat i na ukrajinský trh. Teoretická část obsahuje komponenty obchodního plánu se zvláštním zřetelem k Canvas Business Model, typické vybavení a prostředí, analytické nástroje pro obchodní a právní požadavky. Druhá část analyzuje ústřice na globální úrovni s důrazem na evropský trh. Třetí částí je podnikatelský plán se všemi činnostmi a kroky, které mají být provedeny, časové rámce a analýza rizik.

Klíčová slova: chov ústřic, podnikatelský plán, analýza trhu, canvas.

## **ABSTRACT**

The aim of this project is to create a business plan for an oyster farm in Ukraine with the aim of exporting products to the European market. Although there is no such a huge demand on the local market, there is a need of oyster products that is not covered in some European countries. Mostly products will be offered for export, but Ukrainian market will be covered as well.

The theoretical part contains the components of a business plan with a special attention to Canvas Business Model, typical equipment and environment, analytical tools for business and legal requirements. The second part analyzes the oysters market at a global level with an emphasis on the European market. The third part is a business plan with all the activities and steps to be implemented, time frames and risk analysis.

Keywords: oysters farming, business plan, market analysis, canvas.

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I hereby declare that the print version of my Bachelor's/Master's thesis and the electronic version of my thesis deposited in the IS/STAG system are identical.

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## INTRODUCTION

Without a strategic vision of the future, without setting strategic goals and objectives for several years, developing business plans and understanding where and how to move, what needs to be done, it is impossible to successfully move forward.

On practice of doing business, the fact that it is necessary to draw up a business plan, a document that defines the strategy and tactics of doing business, the choice of a goal, equipment, technology, organization of production and its predicted results, is indisputable. The presence of which allows you to actively develop entrepreneurship, attract investors, partners and credit resources.

The above reasons are quite enough to understand how important it is to draw up a business plan of something new, which confirms the relevance of this research.

My Master's thesis is dedicated to create and develop a business plan for an oyster farm, that will be located in Ukraine, but the products are intended for export as well as for the local market. On the one hand, this industry is almost not developed in the country, because of the lack of the local demand. On the other hand, there is a need in some European countries that is not covered by the current supply. In addition, Ukrainian local market is expanding and the demand for oysters is growing. Oysters' farming is a new and profitable business that requires low investments and generates profit in a short period of time.

The project aims to analyze the current situation in the industry, including global level and more specified European market. This will help with developing the right plan for building a business strategy.

This business plan will be structured according to the Canvas Business Model, describing each area of the project. There will be analyzed the key activities of the project and the needed resources, the value that will be brought, who are the customers, the relationship with them and by which channels to reach them, who are the partners to build the business with. Also, the financial side will be analyzed by the costs structure and revenue streams.

The project will include the risk that must be taken into consideration and how to avoid or diminish them in order not to affect the business.

## **OBJECTIVES AND METHODS OF MASTER THESIS PROCESSING**

The main objective of this Master thesis is to create a business plan for an oyster farm in Ukraine.

Additional objectives of the Master thesis are following:

- Compile the theoretical information about a business plan for agricultural farm.
- Do market research of oyster industry in Europe and in Ukraine.
- Prepare the business plan for the farm.
- Submit the project to risk and cost analysis.

During the preparation of the project were used the following tools and methods: Benchmarking, PESTEL analysis, SWOT analysis, Porter's Five Forces analysis, Break-even point calculation. To conduct the time analysis there was used the software QM for Windows, PERT-CPM Module.

## **I. THEORY**

## 1 BUSINESS PLAN

According to the Business Encyclopedia, a business plan is merely a "plan for the business," where the business may be a profit-making company, a government organization, or a non-profit organization. A business plan can also represent a product line, an individual product, a line of service products, or some other part of a larger business entity.

For companies in private industry, the heart of the business plan is a business model and business strategy, which describe how and where the company expects to make and spend money.

Creating a business plan helps to think through the entire business, better understand true financial needs, secure funding, attract key management, develop marketing messages and materials, identify key strategic partners and customers.

### 1.1 Elements of the business plan

Meeting needs is the basis of all business. You can devise a wonderful new machine, but if it doesn't address some real and important need or desire, people won't buy it, and your business will fail. Even Thomas Edison recognized this fact when he said, "Anything that won't sell, I don't want to invent."

Typically, entrepreneurs get their original business inspiration from one of four sources:

- 1) Previous work experience;
- 2) Education or training;
- 3) Hobbies, talents, or other personal interests;
- 4) Recognition of an unanswered need or market opportunity.

Occasionally, the impetus comes from the business experience of a relative or friend. As you refine the business concept, it is necessary to keep in mind that successful businesses incorporate at least one of the following elements:

- Something New. This could be a new product, service, feature, or technology.
- Something Better. This could be an improvement on an existing product or service encompassing more features, lower price, greater reliability, faster speed, or increased convenience.

- An Underserved or New Market. This is a market for which there is greater demand than competitors can currently satisfy, an unserved location, or a small part of an overall market— a niche market— that hasn't yet been dominated by other competitors. Sometimes, markets become underserved when large companies abandon or neglect smaller portions of their current customer base.
- New Delivery System or Distribution Channel. New technologies, particularly the Internet, allow companies to reach customers more efficiently. This has opened up many new opportunities for businesses to provide products or services less expensively, to a wider geographic area, or with far greater choice.
- Increased Integration. This occurs when a product is both manufactured and sold by the same company, or when a company offers more services or products in one location (Abrams, 2019).

The upcoming business should incorporate at least one of these factors— more than one if possible. Ideally, you can bring a new or better product or service to an identifiable but underserved market, perhaps using a more efficient distribution channel. Evaluate the ways your business concept addresses the elements described above. The concept should be strong in at least one area. If not, you should ask yourself how your company will be truly competitive.

## 1.2 Business plan creation

The emphasis and order of business plan components can, of course, differ from business to business. Business Encyclopedia insists that a business plan template or business plan model for most companies would almost certainly include at least some treatment of all of the following sections:

- Step 1. Write High-Level Description of the Business

Describe the business of the company or organization and provides a brief history and status summary of the firm.

- Step 2. Describe Products and Services

Describe what the organization sells or delivers. Include the company's value proposition. Also, include a strategy for continuing or evolving products/services to

remain competitive and grow the business. This section may also include product, manufacturing, distribution, and service plans.

- Step 3. Describe the Market.

Describe the market the business addresses (or the population served). The description should include marketing strategy and marketing plan.

- Step 4. Describe the Business Location and Manner of Doing Business.

Describe the role physical location does or does not play in the business and the manner of selling. Also, describe how the firm delivers products and services. Such descriptions could refer to "brick and mortar" stores, internet sales, or mail order sales and delivery, for instance. Moreover, finally, describe the role (if any) of a direct sales force.

- Step 5. Describe Management and Governance.

Describe management organization and management levels, lines of reporting and accountability. Also, describe capabilities and professional experience and skills necessary for management.

- Step 6. Develop and Summarize Company Financial Information

Including the following:

1. Expected sources of funds, e.g., invested capital, sales revenues, loans, and other funding sources;
2. Cost structure and expected uses of funds;
3. Working capital requirements and expected cash inflows/outflows;
4. Business performance projections and financial position financial metrics (including investment metrics, such as return on assets, leverage metrics such as the debt/equities ratio, and profitability metrics such as operating margin and profit margin.

- Step 7. Explain the Firm's Business Strategy

Explain how the company defines and distinguishes itself from the competition, and identify critical strategic objectives. For instance, explain how the firm expects to achieve industry-leading customer satisfaction. Alternatively, show how the firm will successfully "brand" company products and services for design and quality leadership.

- Step 8. Build and Test The Quantitative Business Model

It is fair to say that the business model is the "heart" of the business plan. Alternatively, more accurately, the business model is the framework for describing the business and projected results.

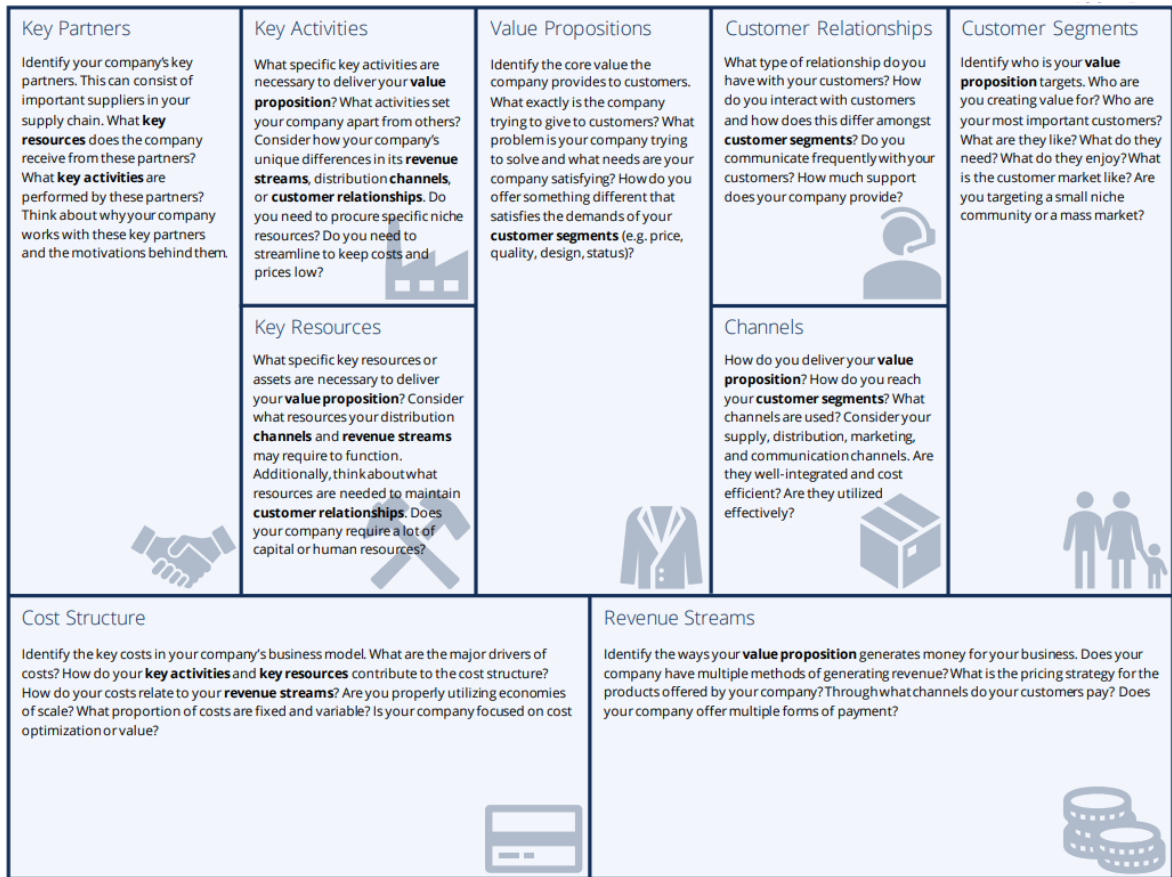
### **1.3 The Business Model Canvas**

The Business Model Canvas was invented and described by the Swiss economic theorist Alexander Osterwalder and the computer scientist Yves Pigneur in 2005. The best-selling book for entrepreneurs with the description to the model with the name "Building Business Models" was published in several languages.

If to consider the creation of various business models as a set of similar tasks, then canvas is such a general algorithm for solving them. It gives people a common language through which they can evaluate traditional processes and bring innovation into their business models.

The Business Model Canvas is a table with nine artfully arranged columns. All of them are logically connected, but you need to answer the questions of each column and after this come to conclusions.

Figure 1. The Business Model Canvas (Corporate Finance Institute)



Each building block of the model describes the activity of the business:

- Customer Segments

In this column you indicate the main segments of your consumers. Who are all these people? What are they afraid of? What do you want to get? How can they be affected? Individually or with bulk tools? What do they listen to, where do they go, what do they value?

Of course, all this must be done in the context of your business. If gender is important, then highlight it, if age is its ... The main thing is that you clearly indicate who specifically buys your goods.

- Value Propositions

In this block, you should highlight the values that your consumers really buy. Please note that it is not the product itself that needs to be described, but exactly what it does, what



problem it solves. For example, if it is a car, then the value may be speed, reliability, and brand identity.

Separately, it should be emphasized that the client is buying and what he would like to buy. It is possible that he does not buy exactly what he needs, there are simply no alternatives. It is worth analyzing.

Perhaps they work with you because of the convenience or delivery conditions, and not the range. Alternatively, vice versa. Your task is to determine exactly the key value that draws the client to your side.

- Channels

The channels through which you contact your customers are an integral part of any business. Moreover, it is important to consider absolutely all channels: first contact, persuasion, delivery, after-sales service, advertising, etc. All points of contact with your customers should be considered.

Do they completely satisfy customers? How comfortable are they for you? Do they fit into the client's business?

- Customer Relationships

What relations do we have with each of the segments? Is this what they expect? Are they all happy? Who do we have an individual contract with? Who is common with? How much does it cost us?

- Revenue Streams

In this section, it is necessary to note all the income that we receive by type. For example: fixed-price fixed income, floating sales, rentals, etc.

Be sure to attach to each source its characteristics and share in the total revenue stream. Thus, we can identify the main, most important flows, and additional ones. This will help determine the development strategy for the future: what to strengthen, what you can not pay special attention to.

- Key Resources

The next step is to identify the necessary resources. Moreover, all the resources that are needed both for production and for building relationships, distribution channels, etc. should be allocated here.

Resources must be separated by type: finance, raw materials, human, intellectual, intangible (for example, patents, certificates).

- Key Activities

In this case, we mean what immediate steps need to be performed for all of the above steps. Stages of the production process, delivery, advertising, the creation of after-sales service, etc.

In other words, this column indicates the main stages of the work of your business process.

- Key Partners

Here you need to write out those partners without whom your business cannot exist. These are advertising agencies, for example, suppliers, consultants, freelancers, outsourcing companies.

What key resources do they supply you? How stable are they? Is there a supply guarantee? Is there any way to save on this? Are there any alternatives? Is barter possible on our products? What is our relationship?

- Cost Structure

What are the most important costs in our business model? Which are the highest? What activities require maximum spending.

Fixed costs, variable costs, payroll costs, taxes, price of resources, etc. All the most significant expenses should be allocated. Similarly, you can indicate their share in the total amount of expenses for the period.

As a result, you can adequately comprehensively evaluate the proposed project, its viability, find weaknesses, see which actions will bring money and which are a waste of time.

## 2 ANALYTICAL TOOLS FOR STRATEGY DEVELOPMENT

In order to start a business it is necessary to identify competition and the situation on the market. For this purpose there are some tools that efficiently summarize all needed factors.

### 2.1 Benchmarking

Benchmarking is a process of comparing own activities with the best companies in the market and in the industry with the subsequent implementation of changes to achieve and maintain competitiveness. According to the Business Dictionary, benchmarking is a measurement of the quality of an organization's policies, products, programs, strategies, etc., and their comparison with standard measurements, or similar measurements of its peers.

Practical apply of benchmarking started to exist with a company Xerox. Faced with a foreign competitor that showed better performance in many ways, Xerox executives decided to find out the sources of such a competitive advantage in order to copy or even surpass them. The task was divided into separate parts to find the answer to the following questions:

1. Which company is the best in terms of products, services and processes?
2. How did this company succeed?

The task was simply to find the best and learn from their experience. Today, these two issues continue to be the basis of benchmarking.

The objectives of benchmarking are the following:

- To determine what and where improvements are called for;
- To analyze how other organizations achieve their high performance levels;
- To use this information to improve performance (Business Dictionary, 2020).

A good benchmarking process begins with data collection to provide a comprehensive picture of your program. Whoever conducts the benchmarking exercise should compile information about your program's strategy and practices, and conduct interviews with your corporation's innovation team. A good benchmarking process can help your team keep the innovation program on track with specific recommendations for continuous improvement. This applies equally to all forms of innovation programs, including internal product

development, business development with startups and established companies, minority investing, and mergers & acquisitions (Lenet, 2018).

There is a variety of forms of the benchmarking:

- Internal benchmarking is a comparison of similar activities (processes) related to different organizational units of one company. In this form, individual production lines, workshops, enterprises and departments of this company or group of companies can participate.
- External benchmarking is in the form of industry benchmarking (competitor-oriented). For comparison, partner enterprises within the industry are involved. With this form, a high degree of comparison is achieved, it is possible to quickly learn the best practices and obtain high performance. However, the data and indicators here are obtained at a considerable cost, since the partner enterprises are not interested in transferring experience to potential competitors.
- Functional benchmarking covers a comparison of similar functions, processes, areas of activity at enterprises of other industries. Due to industry differences, the requirements for the degree of comparison are lower here, so data can be obtained with less cost. At the same time, the implementation of the results of the functional form can greatly affect the performance of key competencies and compared functions, processes, and areas of the enterprise.
- General benchmarking is a comparison of data on the work of companies belonging to different industries. The goal is to conduct broad analogies and comparisons in evaluating the products, processes, technologies of the best companies whose experience deserves implementation.
- Strategic benchmarking is a study aimed at changing the general principles of how an organization conducts its business.

Benchmarking stages:

1. A systematic comparison of the effectiveness of products, services, processes, technologies based on objective criteria.
2. Assessment of the strengths and weaknesses of the enterprise in relation to the reference standard, which is determined during the analysis of performance values.
3. Identification of best practices as well as reasons for differences in performance.

4. The formulation, planning and implementation of activities that lead to a continuous increase in performance.

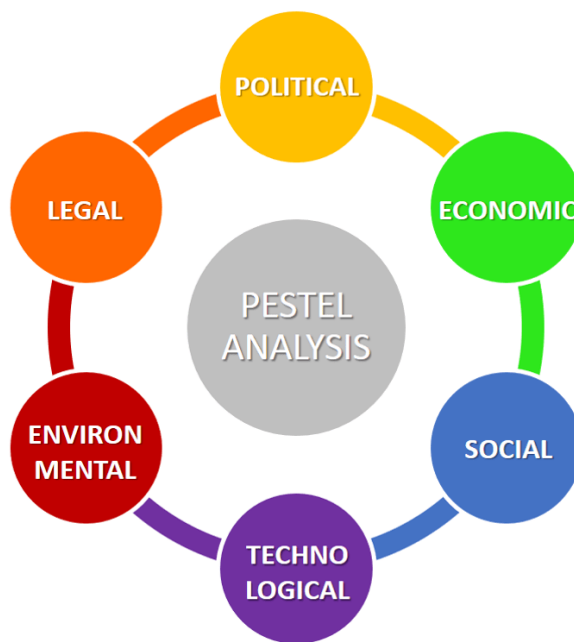
## 2.2 PESTEL Analysis

Harvard professor Francis Aguilar is thought to be the creator of PEST Analysis. He included a scanning tool called ETPS in his 1967 book, "Scanning the Business Environment." The name was later tweaked to create the current acronym.

PESTEL analysis is an extended two-factor version of PEST analysis.

PESTEL – Political, economic, social, technological, environmental and legal; an acronym used for external issues affecting the development and viability of a company apart from its markets and products (Kurian, 2013).

Sometimes other formats are used, for example, SLEPT analysis (plus the Legal factor) or STEEPLE analysis: Socio-demographic, Technological, Economic, Environment, Political, Legal and Ethical factors.



**Figure 2.** PESTEL analysis

Political factors:

- Elections;
- Change of law;
- State regulation.

Economic factors:

- GDP dynamics;
- Inflation;
- The dynamics of the national currency;
- Demand;
- Market and trading cycles;
- Decreased purchasing power of consumers.

Social factors:

- Changes in core values;
- Changes in style and standard of living;
- Demographic changes;
- Religious factors;
- Media influence.

Technological factors:

- Research&Development trends;
- New patents;
- New products.

Environmental factors:

- Weather;
- Climate changes;
- Environmental policies

Legal factors:

- Regulations and standards;
- Taxation policies;
- Employment laws.

### 2.3 SWOT Analysis

SWOT analysis - a method of strategic planning, consisting in identifying factors of the internal and external environment of the organization and dividing them into four categories:

- Strengths (strong sides).
- Weaknesses (weak sides).
- Opportunities.
- Threats.



Figure 3. SWOT matrix (Learned, Christensen, Andrews, William, 1960)

### Strengths

Competitive advantages of your enterprise. These are the company's features that give it a significant advantage over its competitors:

- products or technologies;
- unique available resources;
- modern equipment;
- highly qualified personnel;
- special quality of the product;
- brand popularity;
- special loyalty programs;
- short production times;
- established supply chains, etc.

### Weaknesses

These are the company's shortcomings, the absence or weak development of any important parameters of successful competition. This is where the company or product is worse than competitors or other players in the market. For example:

- a product range that is too narrow or a brand that is too “spread over” (that is, many types of different types of products under the same brand name, which generally reduces its recognition and customer loyalty);
- insufficient investment in new product development or promotion of existing ones;
- negative reputation on the market;
- undeveloped service;
- outdated technologies for production and service;
- insufficiently qualified personnel, etc.



### Opportunities

These are all factors, circumstances and events in the external environment of the company, which can favorably affect its work and market position. The following can be singled out as opportunities:

- weakening of the market position of competitors;
- rapidly growing demand for company products;
- development of technologies and the appearance of new equipment;
- an increase in the standard of living of the population;
- changes in the socio-demographic picture (for example, a sharp jump in the birth rate will affect the volume of children's goods purchased by the population );
- an increase in the level of income;
- current events in society (for example, the Olympic Games will significantly increase sales of souvenirs, food and water).

### Threats

These are all sorts of events that negatively affect the company's activities. This may include the following:

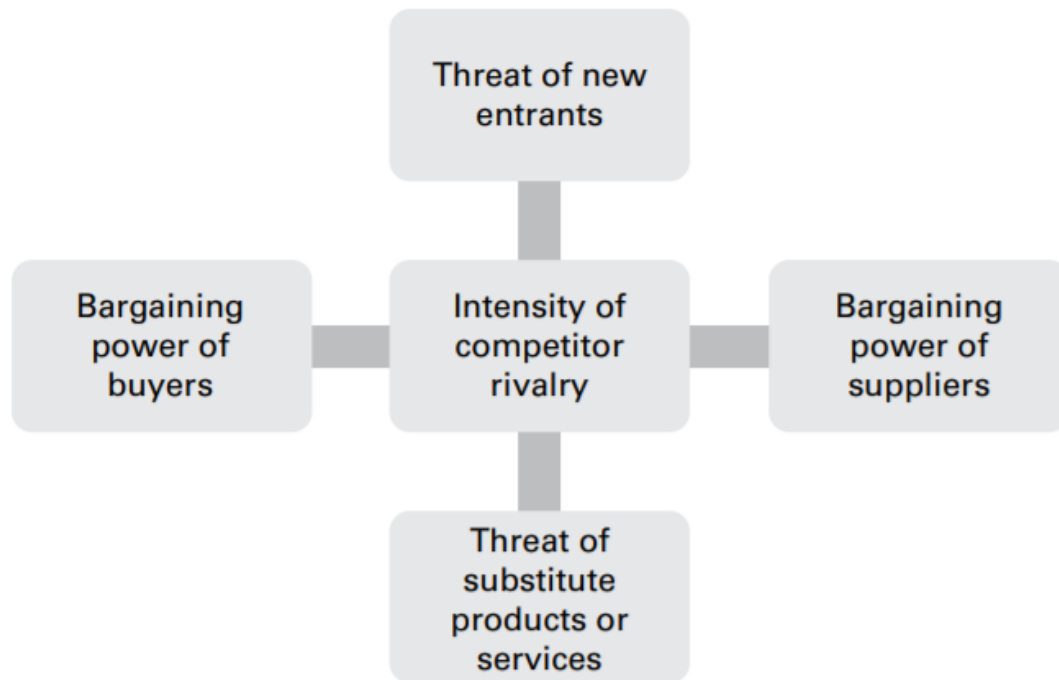
- changes in legislation;
- increased tax rates;
- appearance of new competitors in the market;
- changes in the fashion and behavior of customers;
- negative dynamics in the demography of the area, etc.

The advantages of SWOT analysis are that it allows you to simply, in the right context, look at the position of a company, product or service in the industry, and therefore is the most popular tool in risk management and management decision making.

The result of the SWOT analysis of the enterprise is an action plan indicating the deadlines, priority of implementation and the necessary resources for implementation.

## 2.4 Porter's Five Forces Model

This analysis scheme was created by Harvard Business School Professor Michael E. Porter, who published it in his book "Competitive Strategy: Techniques for Analyzing Industries and Competitors" dated by 1980.



**Figure 4.** Porter's Five Forces model (Porter, 1980)

The Five Forces is used to analyse the level of competition within an industry by utilizing industrial organization economics. The purpose is effectively to ascertain the competitive landscape and potential profitability of an industry. Any changes to these forces can directly affect an industry and the companies within it and so it is important to understand them and react to them in order to retain or gain competitive advantage (Kingsnorth, 2016).

The analysis is carried out in the context of 5 factors, or so-called forces:

- Buyers (Clients);
- Suppliers;
- Current competitors;
- New competitors;
- Substitutes.

### Buyers (bargaining power of buyers)

Everything flows, everything changes. This also applies to customer preferences. Today they love one thing, and tomorrow they love another. When it comes to one-two person it's okay, but when the selection criteria changes massively, it can lead to the collapse of the business system and bankruptcy.

Of course, such changes in the masses do not occur spontaneously. They can be predicted. It is important for us to foresee all cases in which customers can change their point of view or go to competitors. For this, the analysis is carried out according to the Porter method.

### Suppliers (bargaining power of suppliers)

What threat may suppliers make in the future? For example, at one point they will start releasing only a limited amount of goods in one hand due to a lack of raw materials.

Other example, the supplier imagines himself as a monopolist and sets his own rules of the game. Also, if everything turns upside down, he can begin directly sell the product to the final consumer, opening a network of his stores. In this case, a small business will most likely have to look for another supplier and introduce its products into its product matrix. Because of this, cost may increase, and not the fact that the market will be ready for this. He will be quite happy to switch to other more flexible entrepreneurs with other suppliers with whom you have no connection.

### Current and new competitors

Every active entrepreneur understands how terrible could be competition. I decided to combine existing and new competitors in one section, since the principle here remains the same. In the first case, the existing competition influences the business, and in the second, possible risks are assessed when new game participants appear.

An analysis of current competitors will allow you to understand what awaits you in the future with a planned development, for example, if you just go with the flow, without introducing new strategies.

The study of potential competitors gives an understanding of what will happen to the niche and you in that particular case, if they appear. Will there be enough profit for everyone, will there be enough demand. On the one hand, strong competition stimulates the development of the business sector, but only to a certain level. But on the other hand, it is important to understand when you need to restructure or innovate.

### Substitutes (threat of substitute products or services)

There are no unreplaceable goods. Each product has its own substitute. There are different services, but they solve the same problem.

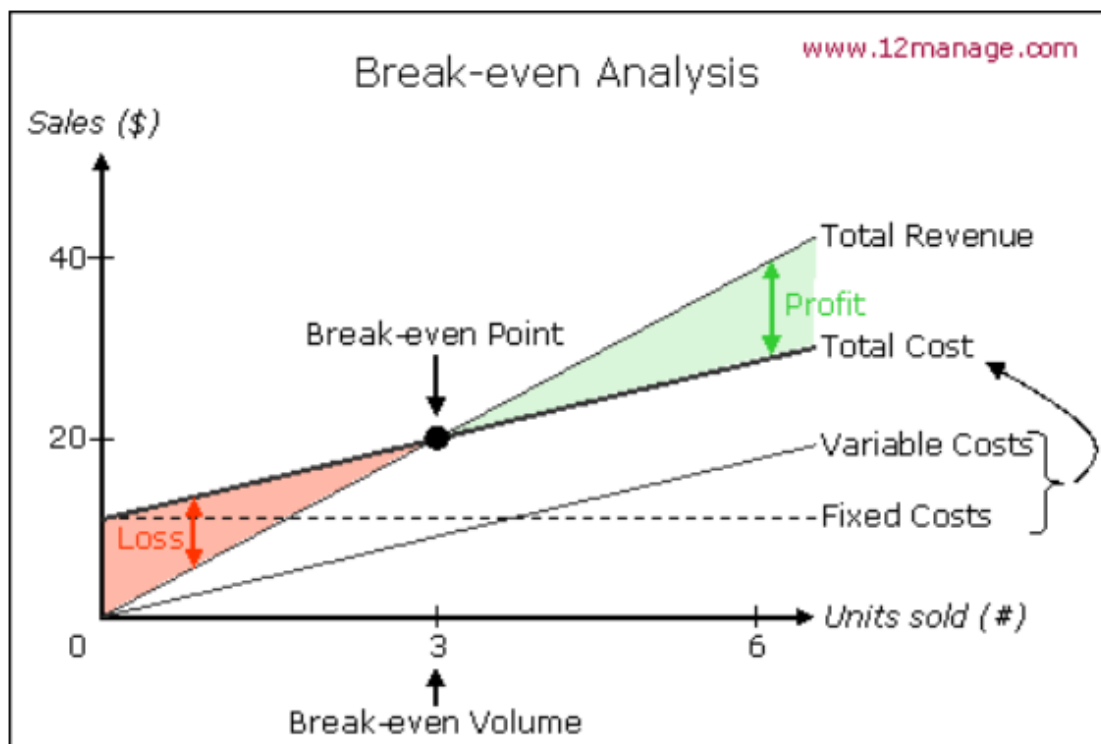
Many people mistakenly do not pay enough attention to substitute products, what is not good position. Because when sales of something grow, the sales of others fall one way or another.

The Porter model allows us to draw the following conclusion: in order to successfully confront the competitive forces, it is necessary to develop a strategy that would protect the company from the action of the five competitive forces of Porter and ensure that the company creates a position that gives it a reliable competitive advantage in the industry.

## **2.5 The Break-Even Point**

The break-even point (BEP) – is the point at which total cost and total revenue are equal, i.e. "even". There is no net loss or gain, and one has "broken even", though opportunity costs have been paid and capital has received the risk-adjusted, expected return. In short, all costs that must be paid are paid, and there is neither profit nor loss (Levine, 2008).

According to McConnell and Bru (1992), BEP is the volume of the enterprise's production at which the total cost and total revenue are equal, and the company does not make a profit and does not incur losses.



**Figure 5.** The break-even analysis

Along with the undoubted advantages, the break-even model has certain shortcomings, which are associated, first of all, with the lacks laid in its foundation. When calculating the break-even point, we proceed from the principle of a linear increase in production and sales volumes without taking into account the potential for a jump, for example, due to the seasonality of production and sales.

Break-even point analysis is one of the important ways to solve many management problems, since when combined with other methods of analysis, its accuracy is quite sufficient to justify management decisions in real life.

### 3 INTERNATIONAL MARKETING

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange that satisfy individual and organisational. Extension of these activities across the globe is referred to as International Marketing (Rao, 2017).

#### 3.1 Definition and importance of the international marketing

Companies that never ventured abroad until recently are now seeking foreign markets. Companies with existing foreign operations realize they must be more competitive to succeed against foreign multinationals. They have found it necessary to spend more money and time improving their marketing positions abroad because competition for these growing markets is intensifying (Cateora, Gilly, Graham, 2011). For all the firms venturing into international marketing for the first time and for those already experienced, there is a need for strong understanding of international marketing, its concepts and rules.

International marketing is a market concept for managing the international activities of a company, focused on the requests of end consumers of various countries and the formation of their preferences in accordance with the strategic goals of optimizing and expanding the business on a global scale. International marketing is a macro- and microeconomic category that defines marketing technologies in relation to international activities at the firm level.

In addition, international marketing managers capture synergies by efficient coordination of the markets. Environmental factors in different countries make the marketing different from one country to another country. Domestic marketing managers mostly go for standard products. But a standard product may not be acceptable to the customers of a foreign country. Hence international marketing managers have a dilemma whether to standardise the product or customise it (Rao, 2017).

International marketing is developed by many multinational companies on a global level. It is then sent to local markets which make changes for their country and starts following new strategy. Such a way of creating marketing strategies ensures that the global brand will be following same strategy and targeting same buyers group (Kotler, Keller, 2012).

### 3.2 The marketing mix in the international marketing

The international marketing mix consists of 4 Ps:

- Product;
- Price;
- Place;
- Promotion.



**Figure 6.** Perspective of international marketing (Rao, 2017)

#### Product

Product is an offer to the market and consumer. The development of the marketing mix begins with this element. The ideal product is based on the awareness and understanding of the needs of the target audience.

The study of product in the international market includes:

1. Product Development;
2. Product Life-cycle;
3. Branding Decisions;
4. Packaging Decisions.

### Price

"Price" determines the final profit. The cost is calculated based on the value of the product perceived by the consumer, cost, prices of competing companies and the expected level of profit.

The study of international pricing includes:

1. Pricing Decisions;
2. Pricing Policies;
3. Factors Affecting International Pricing (cost, competition, exchange rate, government factors);
4. Price Quotations;
5. Dumping (different prices for the same product in different markets);
6. Counter Trade (to pay for import of goods and services with something other than cash.).

### Place

The place of implementation is, in fact, a distribution model, which determines how affordable the product is for the target market, whether customers can see it and buy it when it is really necessary.

Place/distribution channels are divided into:

- Direct Selling (foreign company develops its own overseas marketing department or foreign marketing intermediaries and sells the product in the foreign market);
- Indirect selling (through market intermediaries).

### Promotion

Promotion is advertising and other communications that attract attention to a product or service, build knowledge, form a need. Promotion can be considered as an image advertising, promotions at points of sale, SEO-promotion, PR, direct marketing and others.

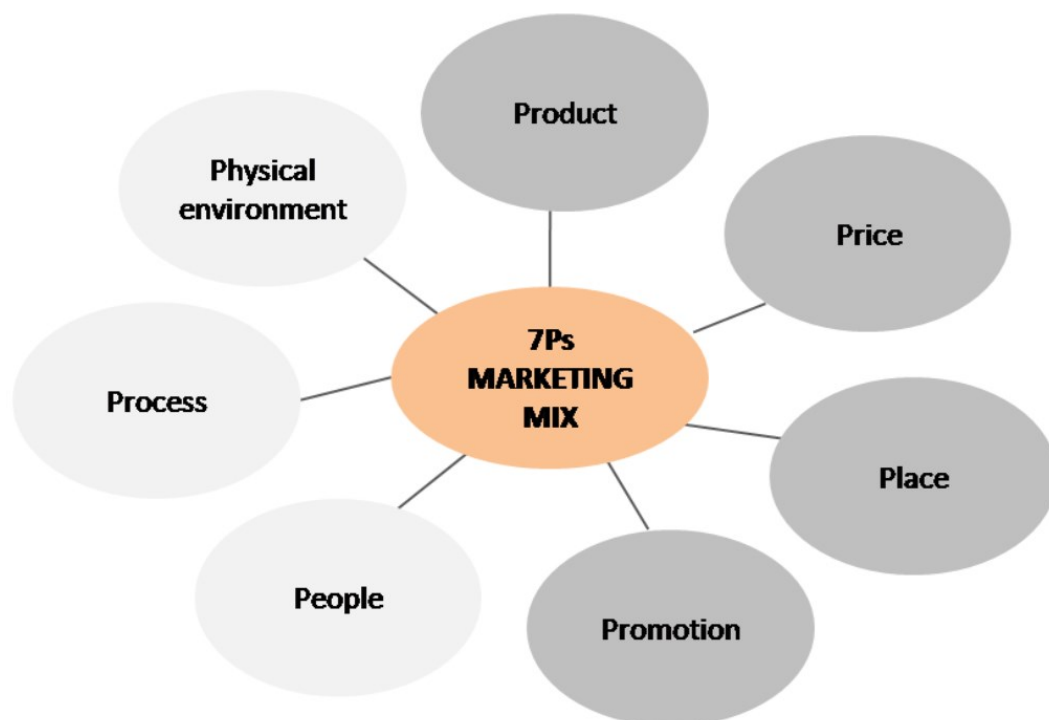
The promotion mix include:

- Advertising;
- Personal Selling;



- Sales Promotion (coupons, in-store promotions, sampling, direct mail campaigns, co-operative advertising and trade fair);
- Public Relations.

In conditions of high competition, the basic concept of the marketing mix developed and received three new variables that are related to the scope of service delivery: People, Process, Physical environment/evidence. The 7P model, formulated in 1981, is called the foundation of the digital marketing mix.



**Figure 7.** Marketing mix (7P model)

### People

People are all who are able to influence the attitude of customers to your product: brand representatives, sales staff, opinion leaders, manufacturers responsible for the price and quality of goods, regular and VIP customers who generate the bulk of sales.

### Process

The moment when the buyer contacts the company and the product. Large brands pay special attention to the "process" when developing a marketing strategy, since it often influences the

decision to make a purchase and forms the emotional affection of customers. The main goal is to make the purchase of a product or the use of a service convenient.

Physical evidence/environment

Everything that surrounds the buyer during the purchase of goods or services. Physical Evidence helps shape the image of the organization and the special emotional characteristics of the product.

Despite the emergence of many P variables in the concept of the modern marketing mix, the basic 4P model remains relevant and fundamental for any business nowadays.

## 4 OYSTERS FEATURES

An oyster is a large flat shellfish. Some oysters can be eaten and others produce valuable objects called pearls.

### 4.1 Types of oysters

Oysters are not only a delicacy, but also a very useful dietary product, which is very popular in resorts and in big cities.

Oysters classification:

1. By the method of cultivation:
  - full sea (wild) - grown in natural conditions;
  - refined - grown in an artificial environment.
2. In size: concave oysters - No. 5, No. 4, No. 3, No. 2, No. 1, No. 0. The smallest size is 5, the largest is 0.

**Table 1.** Oysters' classification by size

Category	Total weight, g
No. 5	30-45
No. 4	46-65
No. 3	66-85
No. 2	86-120
No. 1	120-150
No. 0	150 and more

3. By structure:
  - Flat. These include 4 separate varieties of mollusks that differ in appearance, taste and price. Distributed in the British Isles and in the Mediterranean;

- Deep. They are found in the Pacific Ocean. There are exquisite and special. The first are smaller. They are classified according to the percentage of meat, size and weight.

Oyster farming in Ukrainian seas are based on such species:

- The Black Sea Oyster is a type of European oyster. High taste qualities, appreciated even by French gourmets, have become the reason for demand in the European market.
- Giant Oyster is the most cultivated species in the world. It was acclimatized in the Black Sea at the beginning of the 80s. The advantage is disease resistance.

## 4.2 Benefits of oyster farming

As an ecosystem engineer oysters provide "supporting" ecosystem services, along with "provisioning", "regulating" and "cultural" services. Oysters influence nutrient cycling, water filtration, habitat structure, biodiversity, and food web dynamics (Schulte, 2009). Oyster feeding and nutrient cycling activities could "rebalance" shallow, coastal ecosystems if restoration of historic populations could be achieved (Wikfors, 2011).

Creating an oyster "farm" is not like pegging out a penned area for intensively rearing salmon or trout. It is an attempt to create a clean, organic marine environment that has benefits beyond the oyster itself (Smith, 2015).

Benefits of oyster farms in Ukraine:

- the presence of a sufficiently long sea coastline;
- does not require large investments after investing fixed capital;
- the possibility of harvesting at any time of the year, depending on the order;
- there is almost no competition in the sales market;
- growing based on natural forage base, which simplifies the technology of their breeding.

### 4.3 The growing technology

The growing process includes the following operations:

- periodic cleaning of cages from overgrown algae;
- sorting and transplanting grown oysters into additional cages;
- removal of the rapan-predator and its offspring;
- separation of fused shells.

Oysters grow to adulthood at least 1.5 to 3 years. All this time they are in cages at sea depth in favorable conditions for them and with sufficient food, since they feed on phytoplankton from the water that they suck in and filter through themselves.

When the sinks have reached a commercial size (at least 40 mm), cages are transported to the coastal base, where oysters are washed, sorted, weighed and packed in boxes from 1 to 15 kg. The shelf life of processed live mollusks at high humidity at a temperature of 1-10 °C is 10 days (Leicester, 2017).

### 4.4 The process of opening an oyster farm

The components of a functional oyster farm: a marine farm, a coastal base and a special vessel.

Requirements for choosing an oyster farm water area:

- optimal depth - 15-20 m;
- seabed with a flat surface;
- moderate course;
- protection from waves;
- lack of industrial and domestic sources of pollution;
- the presence of a natural food base, sufficient oxygen content;
- being close to the coastal base and far from public marine infrastructures.

The selected site is checked by microbiological analyzes of the mollusks collected on it. The coastal base is necessary for processing, storage and preparation for the sale of finished

products. The base also collects the components of the marine farm, repairs the ship, and houses a jigging pool with a stock of oysters of commodity size (Leicester, 2017).

Basic requirements for the coastal base:

- accommodation near the sea and the farm itself;
- provision of electrics, water and other conditions.

## **5 LEGAL ASPECTS TO CONDUCT A BUSINESS IN UKRAINE**

Initially, the number of people who are going to conduct entrepreneurial activity matters. To do this, you need to choose the legal form - an individual entrepreneur. This form of management is usually suitable for those engaged in retail trade or the provision of services. Individual entrepreneur is responsible for its business obligations with all of its property. This is essentially the main risk of individual entrepreneur. It does not matter what may be related to entrepreneurial activity.

If there are concomitant insolvency and debt conditions in excess of 30 minimum earnings, the individual entrepreneur can also initiate bankruptcy proceedings. So, if the individual entrepreneur did not pay for the supply contracts, then after the economic litigation, the executive service can necessarily sell, for example, his car to pay off debts.

LLC is the most optimal form for medium-sized businesses.

Registration, reporting, taxation of an LLC are more complicated, therefore it should be chosen for a business that wants to go beyond its workshop or outlet, wants to increase it, and possibly sell products and provide services abroad.

Responsibility under the LLC is limited - each participant is liable for obligations only within the framework of his share, which he invested. This is the main and most important legal aspect.

In this form of management, it is possible for a participant to own a share of less than 50%, whenever he wants. The consent of other participants in this case is not required. All that is needed is a notarial declaration of such a participant and registration of such a change in a single state register - the USR. Upon exit, the participant has the right to payment, in accordance with the market value of all the shares of the participants, proportional to the size of his share.

### **5.1 Required documents to open an oyster farm in Ukraine**

To legalize an oyster farm in Ukraine, it is needed to draw up the following documents:

1. Registration of an LLC or individual entrepreneur.
2. Registration of a trademark.

3. Permits for the use of the water area. Currently, in Ukraine there is a distribution of sections of the water area under the marine economy, which will be redeemed through an auction. Therefore, it is needed to apply in advance to the municipalities.
4. Registration of the right to use land (property or lease), for the equipment of the coastal base.

All seafood, including oysters, does not require a certificate, but you need to draw up a declaration of conformity by providing product information and documents to the certification center. The list of documents is specified in the institution.

## **5.2 Government support**

In Ukraine the Government adopted the law “On the development of mariculture”, with the help of which state support is provided for the business of growing oysters and mussels. Thus, legislatively, the state motivates entrepreneurs to open an oyster farm in Ukraine.

The benefits from the state under the support program:

- tax exemption;
- exemption from lease of water area;
- the possibility of subsidies.

Combining all of the above, we come to the conclusion of the really fabulous profitability of the oyster and mussel farm in Ukraine, taking into account rather small own investments.

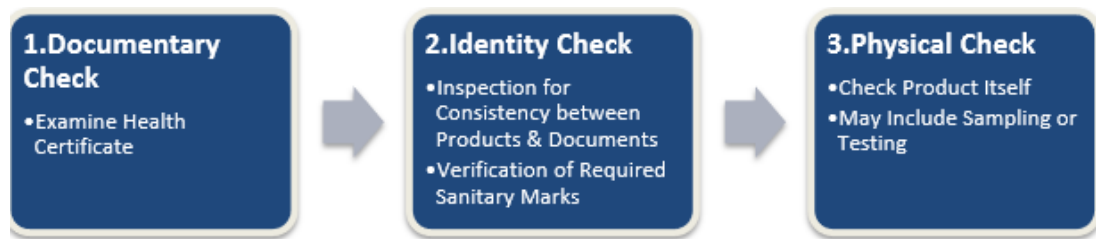
## **5.3 Legal requirements for exporting products from Ukraine to EU countries**

Export of agricultural and food products today is one of the highest priorities in Ukrainian business. Particularly interesting was the issue as part of the expansion of the euro integration program. Starting from January 01, 2016 Ukraine became the part of entry free trade zone.

Principles for veterinary checks for EU importing are laid down in Council Directive 97/78/EC, Council Directive 2002/99/EC, Regulations 882/2004 and 854/2004. Inspections of consignments originating from third countries must be carried out on all consignments, at



the first point of entry into the EU territory and at approved border inspection posts (NOAA Fisheries, 2017).



**Figure 8.** Import control steps (NOAA Fisheries, 2017)

Import controls are done in three consecutive steps:

1. Documentary check: examination of the health certificate;
2. Identity check: visual inspection to confirm consistency between documents and products, verification for the presence of required sanitary marks - country of origin, approval number;
3. Physical check: check of the product itself, organoleptic control, packaging, temperature. This may include sampling and laboratory testing.

At customs, exported goods are made out as follows. The customs authority registers the declaration of customs declaration, and also checks the package of permits submitted by the exporter. There is a list of standard documents for exporting and this:

- FEA agreement (contract);
- Invoice;
- document of goods origin (EUR.1 certificate);
- waybills (their availability depends on the type of transport used);
- documents on the quality of the goods (all kinds of certificates of conformity, quality, safety).

The EUR.1 certificate is issued by the relevant CCIs of Ukraine on the basis of the requirements of EC Regulation No. 2454/93 after studying the documents provided by the exporter. And if goods of Ukrainian origin are exported to the EAEU countries (to

Switzerland, Norway, Iceland, Liechtenstein), then from June 1 of the current year certificates will be issued at customs (letter of the Ministry of Revenue from 05.20.14 No. 11597/7 / 99-99-24- 02-08-17).

For the period of validity of the APTR, the EU also left the GSP (Generalized System of Preferences) regime, for the use of which it is necessary to obtain a certificate of form A.

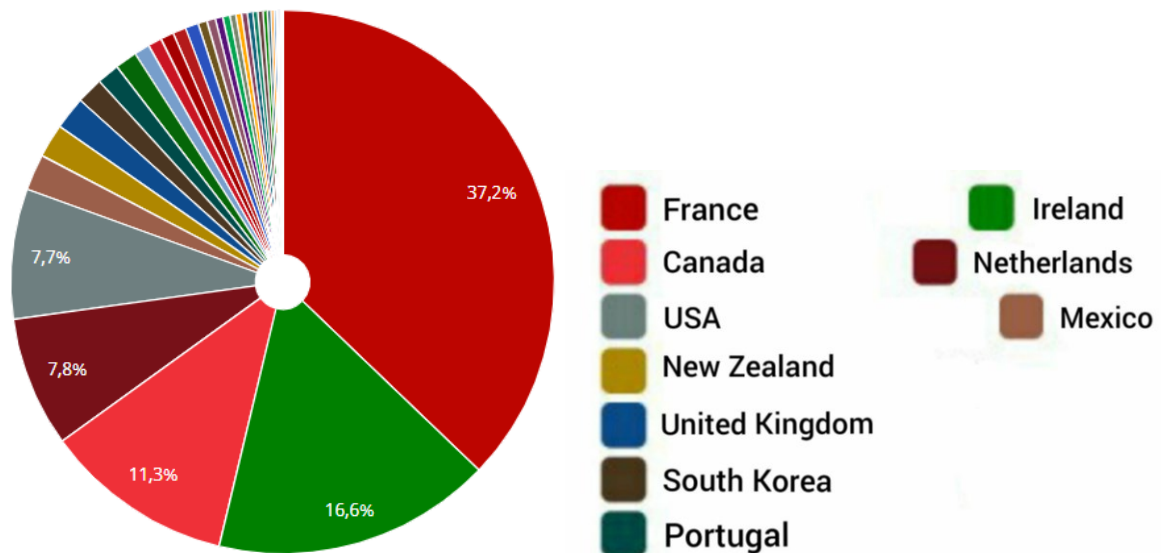
Ukrainian exporters are also given the right to decide under which regime to export to the EU (autonomous preferential trade regime (APTR) or the general system Preferences (GSP)).

## **II. ANALYSIS**

## 6 ANALYSIS OF THE OYSTERS MARKET

### 6.1 Global analysis of the oysters market

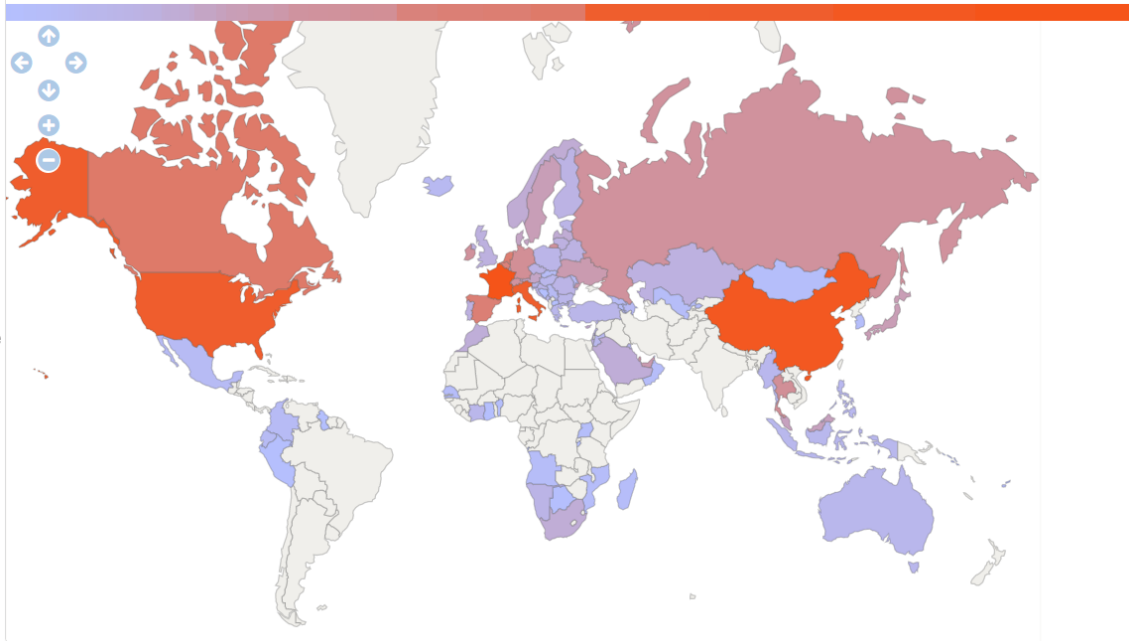
Oysters have no competitors in terms of nutritional value, they contain a small amount of fat, are rich in protein, zinc and minerals such as calcium, iron, copper, iodine, magnesium and selenium. It is safe to say that this product will never go out of fashion. Being an expensive product, oyster producers are very dependent on changes in the global economy. In particular, the Asian economic crisis in the late 90s led to a sharp decline in trading activity, and a similar crisis at the beginning of the millennium also affected the fish and seafood market.



**Figure 9.** World trade of oysters by country, % of total weight (UN Comtrade Database)

The largest producers of oysters are France, Canada, USA, Japan, Portugal, Ireland, Netherlands, Australia, Norway and Spain. French oysters grown in the provinces of Normandy, North and South Brittany, Re, Marenne, d'Oleron, Arcachon are especially appreciated. Thanks to this, France occupied the first place in the world list of countries sorted by oyster production. In addition, according to the UN Comtrade Database, more than a third part of total world trade of oysters belongs to France (Figure 8).

### 6.1.1 Oyster import statistics



**Figure 10.** World import of oysters in 2018 (UN Comtrade Database)

According to the UN Comtrade Database, the main importers of oysters in 2018 were:

- France - 14% of world imports (\$ 39 million);
- Hong Kong - 13% (\$ 36 million);
- China - 12.7% (\$ 35 million);
- USA - 11.1% (\$ 31 million);
- Italy - 11.1% (\$ 31 million).

**Table 2.** Top 5 importers of oysters in 2018 (UN Comtrade Database)

Reporter	Trade Value (US\$)	Netweight (kg)	Qty Unit	Qty
France	\$39,089,446	4,835,343	Weight in kilograms	4,835,343
China, Hong Kong SAR	\$36,457,390	4,415,261	Weight in kilograms	4,415,261
China	\$35,584,962	3,347,307	Weight in kilograms	3,347,307
USA	\$31,145,101	4,699,845	Weight in kilograms	4,699,845
Italy	\$31,023,205	5,173,973	Weight in kilograms	5,173,973

"Oysters" make up a significant portion of import of the following countries:

- Maldives - 0.012% of total import in 2018 (376 thousand dollars out of 2.96 billion dollars);
- Brunei - 0.012% (523 thousand out of 4.16 billion);
- Qatar - 0.01% (3.24 million out of 31 billion);
- Namibia - 0.009% (731 thousand out of 7.48 billion);
- Aruba - 0.009% (119 thousand from 1.25 billion);
- Andorra - 0.008% (138 thousand out of 1.6 billion);
- Canada - 0.007% (33 million out of 450 billion);
- Cyprus - 0.007% (795 thousand out of 10.8 billion);
- Bermuda - 0.007% (78 thousand from 1.07 billion);
- Italy - 0.006% (31 million out of 503 billion).

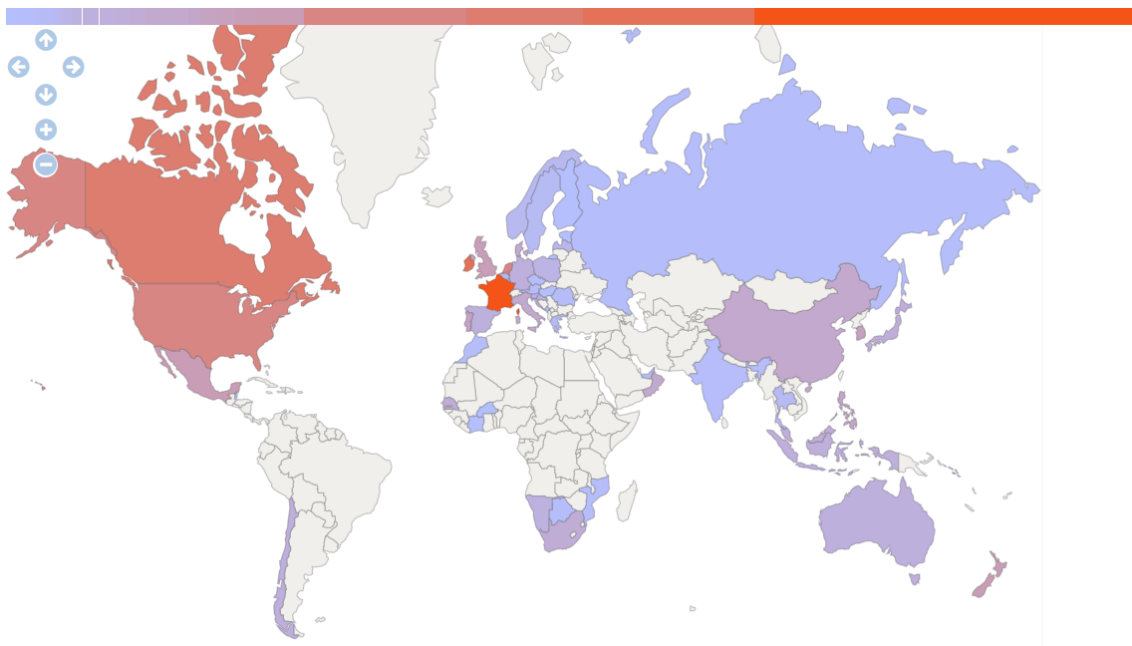
According to the reports of the main importers, the largest trade flows of imports of Oyster goods in 2018 were:

- Imports to Canada from the United States (4.39% of world exports, \$ 12.2 million according to Canada reporting);
- Imports to China from France (8.39% of world exports, \$ 23 million according to China reporting);
- Imports to China from Ireland (2.01% of world exports, \$ 5.62 million according to the external trade statistics of China);
- Imports to France from Ireland (11.9% of world exports, \$ 33 million according to the external trade statistics of France);
- Imports to Hong Kong from Canada (2.95% of world exports, \$ 8.24 million according to Hong Kong reporting);
- Imports to Hong Kong from France (4.34% of world exports, \$ 12.1 million according to Hong Kong reporting);
- Imports to Italy from France (9.03% of world exports, \$ 25 million according to the Italian accounts);

- Imports to the Netherlands from France (2.42% of world exports, \$ 6.77 million according to the external trade statistics of the Netherlands);
- Imports to the United States from Canada (8.17% of world exports, \$ 22 million according to US reporting);
- US Imports from Mexico (2.22% of world exports, \$ 6.2 million according to US statistics).

The volume of world exports of Oyster goods in 2018 exceeded \$ 295 million. A year earlier, this numbers was \$ 284 million.

### 6.1.2 Oyster export statistics



**Figure 11.** World export of oysters in 2018 (UN Comtrade Database)

According to the UN Comtrade Database, the main exporters oysters in 2018 were:

- France - 37% of world exports (\$ 109 million);
- Ireland - 16.5% (\$ 49 million);
- Republic of Korea - 11.2% (\$ 38 million);
- Canada - 7.75% (\$ 33 million);
- Spain - 7.73% (\$ 26 million).

**Table 3.** Top 5 exporters of oysters in 2018 (UN Comtrade Database)

Reporter	Trade Value (US\$)	Netweight (kg)	Qty Unit	Qty
France	\$109,901,804	11,265,732	Weight in kilograms	11,265,732
Ireland	\$49,088,645	7,782,670	Weight in kilograms	7,782,670
Rep. of Korea	\$38,583,072	6,245,319	Weight in kilograms	6,245,319
Canada	\$33,398,720	3,667,735	Weight in kilograms	3,667,735
Spain	\$26,559,033	5,638,677	Weight in kilograms	5,638,677

"Oysters" make up a significant portion of exports in the following countries;

- Solomon Islands - 0.112% of Solomon Islands exports in 2018 in 2018 (640 thousand dollars out of 569 million dollars);
- Palau - 0.06% (5.25 thousand out of 8.62 million);
- Senegal - 0.043% (1.57 million out of 3.62 billion);
- Ireland - 0.029% (49 million of 167 billion);
- France - 0.019% (109 million of 568 billion);
- New Zealand - 0.014% (5.93 million out of 39 billion);
- Maldives - 0.012% (376 thousand out of 2.96 billion);
- Brunei - 0.012% (523 thousand out of 4.16 billion);
- Qatar - 0.01% (3.24 million out of 31 billion);
- Namibia - 0.009% (731 thousand out of 7.48 billion).

According to the reporting of the main exporters, the largest trade flows of the export of Oyster goods in 2018 were:

- Exports from Canada to Hong Kong (2.63% of world exports, \$ 7.79 million according to Canada reporting);
- Exports from Canada to the United States (7.7% of world exports, \$ 22 million according to Canada reporting);
- Exports from France to China (6.61% of world exports, \$ 19.5 million according to the external trade statistics of France);
- Exports from France to Hong Kong (3.65% of world exports, \$ 10.8 million according to France reporting);



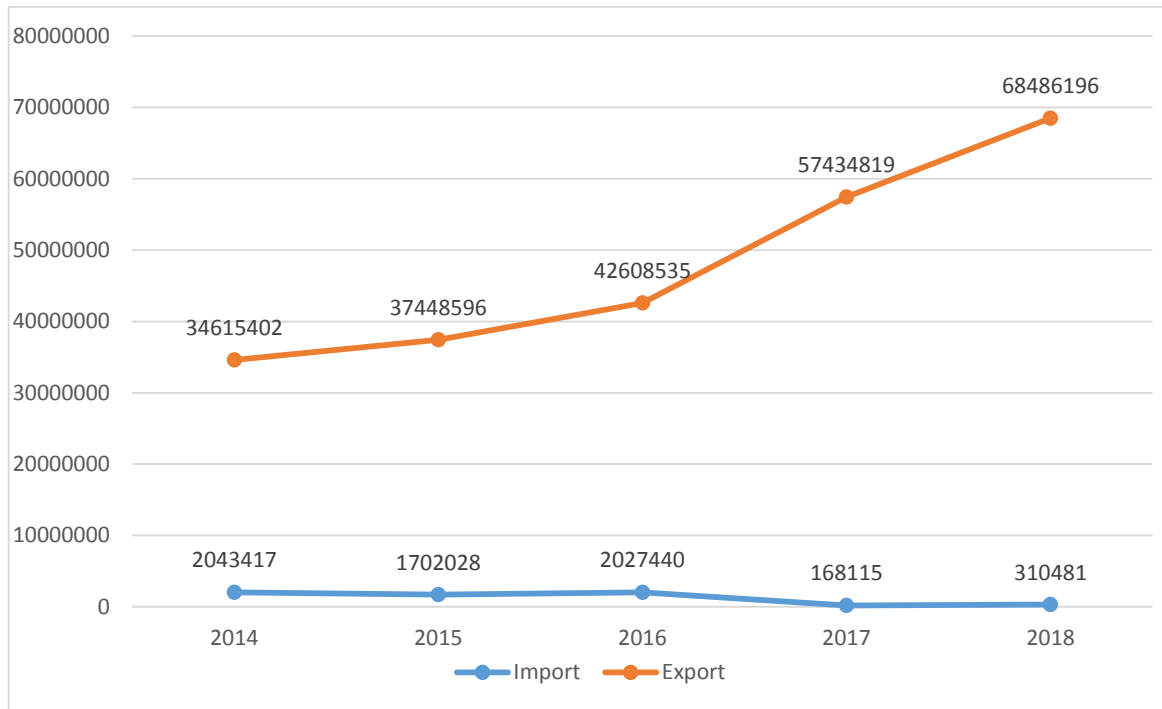
- Exports from France to Italy (7.58% of world exports, \$ 22 million according to the external trade statistics of France);
- Exports from France to the Netherlands (2.45% of world exports, \$ 7.25 million according to the external trade statistics of France);
- Exports from France to Spain (2.24% of world exports, \$ 6.65 million according to the external trade statistics of France);
- Exports from Ireland to France (11% of world exports, \$ 32 million according to the external trade statistics of Ireland);
- Exports from the Netherlands to Belgium (4% of world exports, \$ 11.8 million according to the external trade statistics of the Netherlands);
- Exports from the United States to Canada (4.22% of world exports, \$ 12.4 million according to US reporting).

## 6.2 Analysis of the oysters market in Europe

The industrial production of oysters in Europe began to develop actively from the beginning of the 60s of the last century, and consumption grew to about 2 kg / year per person. Generally, this type of aquaculture is occupied by small and medium producers - 7.8 thousand enterprises, in general, more than 28 thousand people are involved in the industry. The total number of oyster farms in the EU covers 35 thousand hectares, and production volumes reach 700 thousand tons per year, which is estimated at 400 million euros. The main industrial zones are based on the coasts of France, Italy, Denmark and Portugal, where the growing conditions are more favorable.

France, however, is the largest oyster market in all of Europe, producing up to 180 thousand tons of oysters per year. At the same time, the country consumes more than 90% of its own production, the rest is exported to the markets of Belgium, Germany and Asian countries. According to the UN statistics, in 2018, oysters amounted to 0.001% of imports of the goods to the EU (in total, \$ 23 billion of goods were imported into the EU in 2018). Compared to 2017, the share of oysters in imports to the EU of goods decreased by 0 percentage points. (in 2017, it was 0.001%, and imports to the EU of group goods - \$ 22 billion).

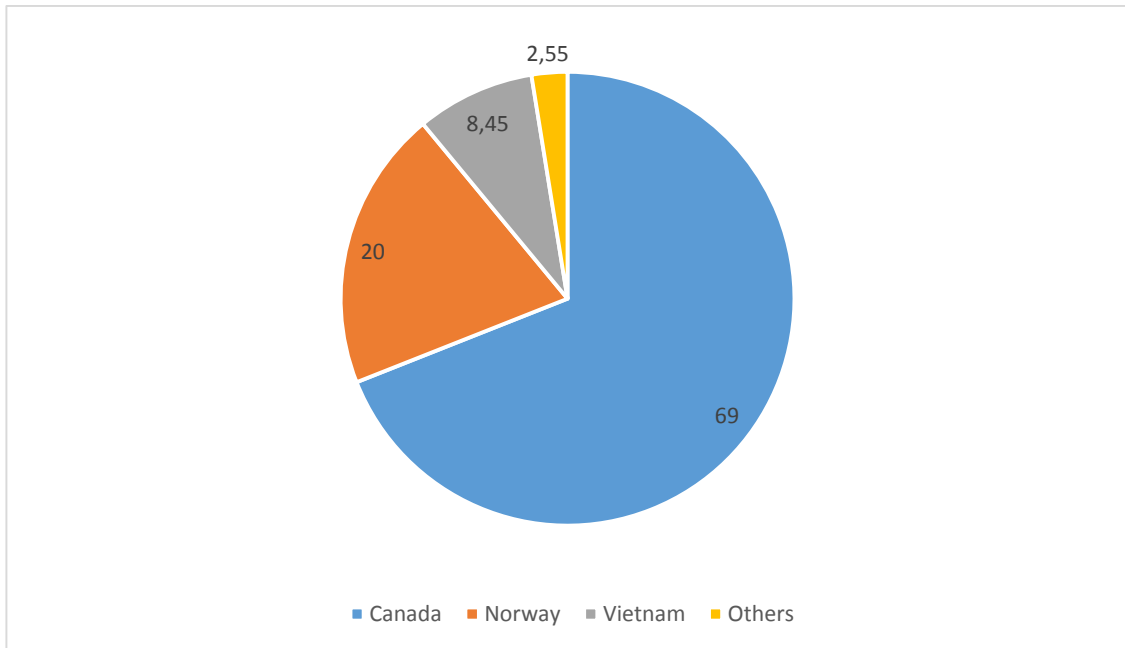
In 2018, oysters amounted to 0.002% of total exports of goods from the EU (in 2018, exports from the EU amounted to \$ 2.3 trillion). Compared to 2017, the share of oysters in total exports from the EU did not change. (in 2017, it amounted to 0.002 percent, and total exports from the EU - \$ 2.12 trillion).



**Figure 12.** European import and export of oysters in 2014-2018, USD (UN Comtrade Database)

EU has a potential to satisfy the needs almost without importing of oysters. That is why during 2014-2018 years there is a decreasing trend of importing this good. Talking about recent years, import of oysters to the EU in 2018 amounted to 310 thousand dollars. In value terms, the growth in the supply of oysters compared to 2017, it amounted to 84%. Import of oysters increased by 142 thousand dollars (in 2017 were imported to the EU amount of 168 thousand dollars).

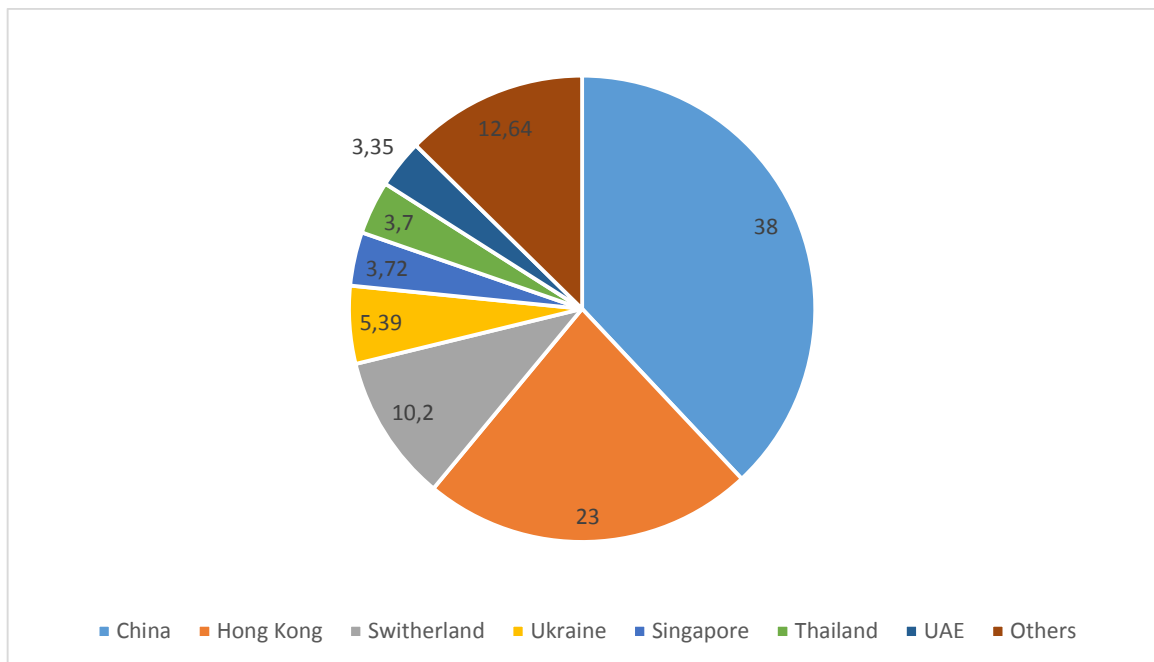
Export of oysters during the recent 5 years is having a rapidly increasing motion due to increase of European oyster farming in France and Ireland. Export from the EU in 2018 amounted to 68 million dollars. In value terms, the growth in the supply of oysters from the EU compared to 2017, it was 19.2%. Exports of oysters increased by \$ 11 million (in 2017 in the amount of 57 million dollars).



**Figure 13.** Importers of oysters to the EU in 2018, % (UN Comtrade Database)

The main importers of oysters to the EU in 2018 were:

- Canada with a share of 69% (\$ 216 thousand);
- Norway with a share of 20% (\$ 64 thousand);
- Vietnam with a share of 8.45% (\$ 26 thousand).



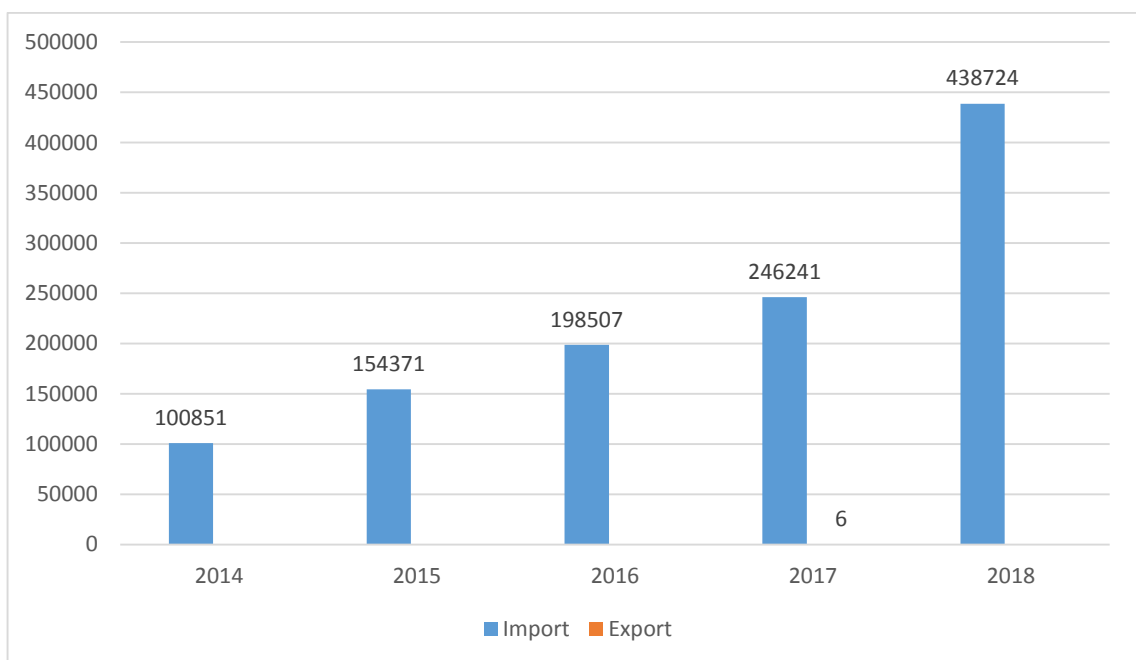
**Figure 14.** Exporters of oysters to the EU in 2018, % (UN Comtrade Database)

The main directions of export of oysters from the EU in 2018 became:

- China with a 38% stake (\$ 26 million);
- Hong Kong with a 23% stake (\$ 15.9 million);
- Switzerland with a share of 10.2% (\$ 7.03 million);
- Ukraine with a share of 5.39% (\$ 3.69 million);
- Singapore with a share of 3.72% (\$ 2.54 million);
- Thailand with a share of 3.7% (\$ 2.53 million);
- UAE with a share of 3.35% (\$ 2.29 million).

### 6.3 Analysis of the oysters market in Ukraine

By the beginning of the last century, the Ukrainian coast from Ishmael to Sevastopol was the largest exporter of oysters in the world. However, negative environmental changes have destroyed this industry. Nowadays Ukrainian mollusks are gradually conquering the market. The first and so far the only oyster farm in Ukraine - "Oysters of Scythia" - is located in the Odessa region. Since 2014, unique oysters have been grown here in the ecologically clean waters of the Black Sea.



**Figure 15.** Imports and exports of oysters in Ukraine in 2014-2018, kg (UN Comtrade Database)

During 2014-2018 years there is an increasing potential of oysters consumption in the Ukrainian market. That is why import of oysters is increasing yearly. Talking about recent years, import of oysters to Ukraine in 2018 amounted to 438 thousand kg, which is 2,6 million dollars in value terms. The growth in the supply of oysters almost doubled comparing to 2017.

Ukraine has only one oyster farm, which is not enough to cover the demand within the country. That is why oysters are not exported. Anyway, in 2017 there was a situation of exporting only 6 kg of oysters with a total price of \$80.

### **6.3.1 The offer for consumers in Ukraine**

Imported product in Ukrainian supermarkets is offered at 50-150 UAH / pc, depending on size. Of course, in France there are more expensive varieties of oysters, but they practically do not enter Ukraine: as a rule, oysters of the most affordable price category are delivered here.

Ukrainian oysters are sold at a price of 35 UAH (\$1,43) per piece or 399 UAH (\$16,26) per dozen (this is the amount that is considered a normal portion for dinner). And the demand for them is growing every year. Restaurants and supermarkets are willing to take this product, and there are also prospects for export to neighboring countries.

Unlike an imported oyster, which is on the road for 4-5 days, and then gets to the table from overexposure with artificially prepared sea water, Ukrainian oyster can be delivered anywhere in the country in a maximum of 24 hours.

### **6.3.2 The existing oyster farm in Ukraine**

In Ukraine there is only one oyster farm for now. After exploring the domestic coast, Andrey Pigulevsky (the owner) built a farm in the Iron Port of Kherson region.

The owner of the only one oyster farm named "Oysters of Scythia" says that the oyster business is very profitable. His starting investments was up to \$ 200 thousand including:

- Purchase of 25 acres of land on the first line - \$ 100 thousand;
- Communications and technology for the farm - \$ 100 thousand.

When Andrey were ready to sell the first small number of the first Ukrainian oysters, calls simply rained down. However, Dmitry Borisov was ahead of everyone. Dmitry Borisov is a restaurateur, founder and owner of the Sheep Hunting, GastroRock, RibaLove restaurants and the White Loading cafe. The latter sells the cheapest oysters in Kiev - only one euro per piece. "Oysters of Scythia" deliver here at least one thousand oysters almost every day - this is the leader of orders among 300 customers of the company.

Gradually, oysters cease to be a delicacy, today it is street food. So, given the increase in oyster production and consumption, the market will grow, while there are still few competitors in it.

## 6.4 Benchmarking

Benchmarking is a way to study the activities of business entities, especially competitors, in order to use their positive experience in their work.

For the oyster farms business it is important to create a benchmarking of direct competitors, who serves similar food or has a similar positioning as yours. That creation is crucial due to understanding of the competitors' strengths and how to win the market. We are considering only direct competitors because oyster is a unique product with unique minerals, which can't be substituted.

As our competitors, we are considering top 7 producers of oysters from France, Ireland, Netherlands, USA and Canada.

### La Calvadosienne Oysters (France)

Adapted Shellfish Farming Company created by ACSEA in 1991, it is an oyster farming company.

It is located east of the historic harbor of Arromanches, in the shellfish farming area of Asnelles-Meuvoines, on the Cote de Nacre, "La Calvadosienne" offers a special open sea oyster with firm and crunchy flesh, whose unique flavor, appreciated by the finest palates. They produce of oysters mainly for the national market and in neighboring countries.

### France Naissain (France)

France Naissain and Vendée Naissain were created by Stéphane ANGERI, whose passion for oyster farming developed by chance in 1983 while working alongside an oyster farmer in Beauvoir sur Mer.

This company markets diploid and triploid cupped oyster spat, produced by Vendée Naissain, a company with extensive expertise in operating cupped oyster hatcheries and nurseries.

Located on the Polder des Champs between Bouin and Beauvoir sur mer on France's west coast, France Naissain and Vendée Naissain benefit from all the advantages of this basin that is unique in France, the Baie de Bourgneuf. This extraordinary site boasts an underground salt water table that supplies water with an extremely high concentration of nutrients for phytoplankton at a constant temperature.

### DK Connemara Oysters (Ireland)

Originally the whole of the Dawros peninsula belonged to J McSheehy Esq to whom licence number 171 was granted on 9 November 1893.

The farm is located in Ballinakill Bay, Dawros, Letterfrack, Co. Galway, in the western reaches of Ireland.

All oysters originate in EU approved hatcheries. There, they are fully tested to ensure every oyster is in perfect health to thrive in the pristine waters of Ballinakill Bay. The oysters enjoy a unique habitat in the sheltered bay, influenced and refreshed by the North Atlantic drift and other subsurface currents.

### Dungarvan Shellfish Company (Ireland)

The Harty family's prime dairy land adjoins Dungarvan Bay. The family has lived and worked here for over six generations since 1835, farming the land in a sustainable way.

The overall health of their bio-diverse ecosystem has been their family's raison d'être for generations. Sustainable oyster farming was a core family belief and a natural progression on their voyage to create the perfect Irish 'speciale' oyster.

### Oesterij (Netherlands)

As a family business (Dhooge) they have been active in the cultivation of crustaceans and shellfish in the Netherlands since 1906.

Their breeding grounds are located in the Oosterschelde, the Grevelingen lake and the Wadden Sea. Each day they put out to sea to harvest or move our briny delicacies or to protect them against their natural enemies (starfish, crabs, etc.).

You can enjoy their fresh products in the Proeverij, their tasting room. They also have a shop & webshop where you can order their fresh products.

Glidden Point Oyster Farms (USA)

The farm was established in 1987 by the work of a dedicated marine biologist who believed that the only way to grow an oyster was to grow a great one. They are working on the salty waters of the Damariscotta River.

Those farms are providing oysters to wholesalers, chefs, and individuals; locally, regionally, across the country and beyond.

Fanny Bay Oysters (Canada)

Started by three local farmers, Fanny Bay Oysters got its name in the 1980s from the beautiful landscape in the Baynes Sound. They are a fully integrated company that farms oysters, clams, and mussels in the Baynes, Desolation, and Okeover Sounds.

They are motivated by the environment and work hard to make sure their local waters stay clean so they can always ensure their products are fresh and safe to eat.

**Table 4.** Benchmarking (own source)

	La Calvadosienne Oysters	France Naissain	DK Connemara Oysters	Dungarvan Shellfish Company	Oesterij	Glidden Point Oyster Farms	Fanny Bay Oysters
Quality of service	3	5	5	4	5	5	5
Level of price	3	2	2	2	2	1	1
Communication	4	5	4	5	5	4	5
Locations	5	5	5	5	5	3	3
Brand	3	5	5	4	5	5	4
Marketing	3	5	5	4	4	4	5
Experience on the market	4	4	5	5	5	5	5
<b>Total</b>	<b>25</b>	<b>31</b>	<b>31</b>	<b>29</b>	<b>31</b>	<b>27</b>	<b>28</b>



According to the benchmarking analysis, three companies should be considered as the main competitors. Those companies are France Naissain from France, Connemara Oysters from Ireland and Oesterij from Netherlands. French company comparing to others is lacking experience on the market, Irish one – communication and the Dutch one – marketing.

## 6.5 PESTEL analysis

PESTEL analysis is used to assess the impact of market and consumer trends on company sales and profits.

### Political factors

As the political situation in Ukraine is very unclear, there are demonstrations for changing government and because of the present political situation, the economic sector is also suffering due to all these demonstrations and unstable situation. For making a little bit clear about the political situation lets consider some data from The World bank:

*Ukraine: Political stability index (-2.5 weak; 2.5 strong)*

For that indicator, The World Bank provides data for Ukraine from 1996 to 2018. The average value for Ukraine during that period was -0,64 points with a minimum of -2,02 points in 2014 and a maximum of 0.17 points in 2007. In 2018 this index was -1,83 due to instability in the country. ("Political stability by country, around the world | TheGlobalEconomy.com").

In Ukraine, the standard rate of VAT is 20% and applies to the base of taxation for any taxable operation that is not exempt or that is not subject to the reduced VAT rate.

### Economical factors

Ukraine's economic freedom score is 52,3, making its economy the 135th freest in the 2019 Index. Its overall score has risen for three places (from 138 to 135). Ukraine is the only European country of Europe which stays in the least free group.

The improvements in the economic freedom of Ukraine are spotted in such indexes as the size of government, regulation and freedom to trade internationally; the deterioration is observed in the legal system and property rights.

Hong Kong and Singapore occupy the beginning of the rating, while Iraq, Congo, Egypt, Syria, Angola, Algeria, Sudan, Libya and Venezuela show the worst results.

Ukrainian hryvnia is placed on the fifth place from the end in the top list of the most unrated currencies according to the Big Mac index.

Besides, Ukraine has climbed up to 150th position (out of 163 places) in the rating of peaceful states according to the results of the annual research of the Institute of Economy and Peace “Global Peace Index 2019”.

**Table 5.** Ukrainian economical factors, 2019

Economic data	Value
Population (million)	42,3 millions
GDP per capita	\$ 8713
Economic growth (GDP, annual variation in %)	4,6 %
Unemployment rate	9,5 %
Public debt (% of GDP)	75,6 % of GDP
Inflation rate (PPI, annual variation in %)	14,4 %
FDI Inflow	\$ 2,2 billion

### Social factors

A strange demographic situation has developed in Ukraine. No one really knows how many people currently live in the country. According to the State Statistics Service, as for July 1, 2019, the population of Ukraine is 42,3 million people, and this does not include Crimea. The number is calculated, as it is based on the data of the last population census, which was carried out a very long time ago - 18 years ago (in 2001).

Ukraine as a whole is characterized by permanent (systemic) factors of significant social differentiation of society, related to objectively existing inequalities, which are getting sharper and becoming more visible, as well as temporary (transformational) factors related to the change in financial policy in times of economic crisis. The practical relevance of the analyzed problem requires the study of the factors of rapid growth of poverty among the

population of Ukraine. Any socio-economic system must end with a general government policy that is consistent with the overall financial policies implemented or in place in the country that ensure the methodological unity of the activities of the system of financial support for the standard of living of the population. Therefore, it can be summed up that in developed countries whose social life is unrelated to any financial, economic and social cataclysms, common or systemic factors impact on the financial support for the standard of living of the population, permanent and characteristic of any state.

### Technological factors

Ukraine, today has some problems with unstable economic issues, but still it has relatively fast growing economy, has pool of well-educated talents, combined with low wages and cheap operating costs which makes it an attractive place for international companies looking to outsource. But it is also fast turning into a center for home-grown tech startups (particularly those looking to do so cheaply).

With a population of 42,3 million, Ukraine is also a relatively small market with a wide gap between rural and urban populations. As a result, many Ukrainians in the tech sector have had to look overseas to seek opportunities to grow their businesses.

We can say that Ukraine has a lot of potential in the technological sector and that it could become the next tech-startup hub in Europe. While the Ukraine education system has created a pool of talented product developers, they trail behind when it comes to sales and marketing skills.

### Environmental factors

The remoteness of Ukraine from the oceans, continental Eurasia and the predominantly flat character of its territory determine the country's climate as temperate continental, with continentality gradually changing from west to east. As continentality rises, summers become hotter and winters colder and less rainfall. A significant role in the formation of climate is played by temperature conditions, characterized by significant fluctuations. The air temperatures of the coldest month (January) in a significant part of Ukraine are negative (on average  $0^{\circ} \dots -7^{\circ} \text{C}$ ), and the warmest (July) -  $+17^{\circ} \dots +24^{\circ} \text{C}$ .

The Environmental Performance Index is compiled on the basis of more than 20 indicators in 10 categories. Each of these indicators characterizes the state of the country's environment, biodiversity, methods to combat climate change, public health, state environmental policy,

etc. Ukraine in this rating in 2018 was in 109th place out of 180, its environmental performance index is 52.87. By the way, in 2016 Ukraine ranked 44th.

The EPI study allows us to understand not only the achievements of each particular country, but also the global dynamics of the fight against environmental problems. For example, in the report for 2018 it was established that one of the main world problems is air quality.

In addition, from a policy point of view, the great value of the EPI is that it is possible to analyze the effectiveness of each specific indicator. This will help in the formation of state policy in the field of ecology.

### Legal factors

The legislation of Ukraine is a system of regulatory legal acts of Ukraine adopted by the Verkhovna Rada of Ukraine, other bodies issuing regulatory legal acts. All acts are registered with the Ministry of Justice of Ukraine.

The system of legislation of Ukraine:

- Constitution of Ukraine – the basic law of the state. Has the highest legal force in Ukraine.
- The Law of Ukraine – is a regulatory act adopted by the Verkhovna Rada of Ukraine.
- The Code of Ukraine is a codified regulatory act having the status of the Law of Ukraine.

It is possible to distinguish three groups of income from which Ukrainians pay direct taxes:

1. The first group is taxes that are paid into the budget by the employer from the salary.

These include:

- personal income tax (PIT) of 18% of wages;
  - the single contribution to compulsory state social insurance (single social contribution) is 22%;
  - military fee - 1.5%.
2. The second group is taxes on entrepreneurs. They pay a single tax and single social contribution independently, depending on the particularities of the activity, as well as the PIT and the military levy subject to a common tax system.
  3. The third group is taxes on passive income: bank interest, royalties, etc. They are subject to a tax of 18%.

Additionally, every time we buy something in a store or receive a service (including utility bills), we pay 20% of the cost of the product in the form of Value Added Tax.

Moreover, tobacco and alcoholic beverages and fuel are also subject to excise duty and imported goods are subject to import duties.

### 6.6 SWOT analysis

It is very important for a business to analyze all situations, opportunities and strategies very carefully so as not to make mistakes and to make everything work. One of the tools that will help with this is SWOT analysis.

SWOT analysis is a method of evaluating internal and external factors that affect the development of a company or project. This technique will help you assess the strengths and weaknesses of your business, find new opportunities and identify possible threats.

**Table 6.** SWOT analysis (own source)

	Strengths	Weakness
Internal factors	<ul style="list-style-type: none"> <li>• The farming land is fertile</li> <li>• Environmental sustainability</li> <li>• Short payback period</li> <li>• High demand</li> </ul>	<ul style="list-style-type: none"> <li>• The need to build a farm from scratch</li> <li>• Seasonal products</li> <li>• Biomass purchase</li> </ul>
	Opportunities	Threats
External factors	<ul style="list-style-type: none"> <li>• Expansion of sales geography</li> <li>• The introduction of new technologies</li> <li>• Import substitution</li> <li>• High unemployment rate</li> </ul>	<ul style="list-style-type: none"> <li>• Risk of oyster diseases</li> <li>• Increasing competition</li> <li>• Lack of own funds and investments</li> <li>• High inflation</li> </ul>

So, the strengths and weaknesses of establishing an oyster farm identified during the analysis made it possible to determine those parameters that are winning, which need to be developed and maintained at the required level, and parameters whose improvement can optimize the processes of improving management and minimize the possibility of image degradation.

The SWOT analysis has been completed, a full picture of the potential business is presented: parameters and characteristics that can lead to commercial risks are identified, positive and negative characteristics of the establishment are determined. This analysis is used not only

to assess the competitiveness of the farm, it is very important for choosing a development strategy: based on the parameters analyzed, the manager can easily choose development priorities.

## **6.7 Porter's five forces analysis**

A usual SWOT analysis is not suitable for assessing threats to business, as it considers the situation as a whole and does not see particular cases. Therefore, in such situations, we use the method of Porter's five forces. It helps in a matter of hours to understand the level of economic competition and how to act to avoid it.

### Rivalry

Oyster business is a new highly demanded profitable business. It requires low investment and has a short payback period, what makes this business very attractive.

### Buyers

In Ukraine there are plenty of restaurants and bars that have oysters in the menu, so the buyer power is very high, what could be considered as a financial advantage. In other countries, as France, Ireland, Great Britain, Italy, the demand is high as well, but the price offered for oysters is higher than proposed in Ukraine.

### Suppliers

There is a risk that at one point suppliers of biomass will start releasing only a limited amount of goods due to a lack of raw materials. In a few years perspective that biomass could be grown by the owner of the farm, which gives us a possibility to say that there is no bargaining power of suppliers in the future.

### Current and new competitors

There is only one oyster farm in Ukraine, which is relatively small and not able to cover consumers' needs in Ukraine. Additionally, European oyster market still has a niche for potential producers of oysters due to lack of local producers.

Substitutes (threat of substitute products or services)

There is a huge variety of seafood products, which can be a substitute for the oysters. The most well-known is the fish, but this is not a serious threat, because oysters are unique by their nature and useful vitamins. Anyway, in order to overcome any potential threat, there must be settled a good marketing strategy showing profits of oyster eating.

## **7 BUSINESS PLAN FOR AN OYSTER FARM IN UKRAINE**

During the analysis it was pointed out that globally there is already a high demand of oysters that is not covered by the domestic producers. This situation is visible in every country of EU if not counting France and Ireland. The European market is the most convenient one for creating distribution channels as well as establishing export channels.

It is clear that Ukraine is a quite proper market for oysters, as the demand is growing fast. There will be created some opportunities for creating partnership with local restaurants and supplying products to final consumers.

It is convenient to create an oyster farm in Ukraine, as costs and prices are much lower than in other European countries, so the investments will be less.

### **7.1 Oyster farm business plan – Canvas model**

The business plan for the oysters farm will be created based on the Canvas model, which consists of all the basic aspects for a business startup. These aspects include the financials, partnerships, operations, customers, and other important topics to consider when establishing a solid baseline for a business. The farm will be located next to sea, near the urban-type settlement in the Limansky district, Odessa region, Ukraine.

#### **7.1.1 Customer segment**

When compiling the characteristics, it is recommended to remember that:

1. Different values and the type of relationships being built are important for different groups of customers;
2. One group of customers with similar interests pays for the product and the other tries to find it for free;
3. There are groups that are willing to pay more for the same services.

For the oyster farm there could be distinguished three customer segments:

1. Intermediaries – companies which will order oysters for further processing and resale on the European or Ukrainian market).



2. Local restaurants – this segment is characterized by high prices in the menu, that have French/ Italian/ Spanish cuisine. For now they are open for future collaboration due to lack of domestic supply.
3. Final customers – people who prefer some unique cuisine or who live in the urban area (16-65 years). This segment of customers can order a delivery on the website or contact us on the social media.

### **7.1.2 Value proposition**

Here we need to analyze exactly what values in the proposed product will attract existing customers. Here it is important to understand what attracts not the “product” itself, but those features that solve customer problems. The core values are the following:

- Freshness (from farm directly to the plate);
- Eco-friendly farming;
- Interesting promotions and wholesale discounts;
- Accesible information about breeding and transporting processes;
- Availability to receive additional information (through phone, e-mail or social medias);
- Delivery of the product on a particular time (could be scheduled on the website).

### **7.1.3 Channels**

This block includes all channels, starting with the first contact and receiving the order, ending with delivery. In general, the channels solve the following tasks:

- Inform about the availability of the product;
- Allow to evaluate the product by potential customers;
- Give the opportunity to buy;
- Form value;
- Guarantee satisfaction.

We are going to use two types of channels for delivering our products to customers:

1. Direct channels (from the farm to end-users who bought oysters online and from farm to local restaurants or stores);
2. Intermediaries (companies which will buy from our farm and resell in other cities or countries our products under our brand).

#### **7.1.4 Customer relationships**

The goal is to create long-term relationships with consumers and partners by having a professional attitude and deliver the products on time and being able to react promptly in case of necessity.

Target customers will be different during the time:

1. Getting new customers;
2. Keeping previous customers;
3. Receiving more income from previous customers.

It should be noticed that relationship strategies could change over time depending on market conditions.

#### **7.1.5 Revenue stream**

The revenue stream of an oyster farm is directly connected to the profits from selling oysters. The firm will sell only live oysters.

From an area of 75 acres each year can be harvested at least 1,5 million oysters. Establishing the price at the same level as our the only one competitor at 35 UAH (\$1,43) per piece, we should receive a revenue of 52 500 000 UAH (\$2 145 000) in a year, but it's not that easy. During the first two years the farm brings no revenue. So, this amount as a revenue we will receive in three years, addind approximately same amount each year.

The local demand is expected to be relatively low from online sales, approximated of 7000 pieces a year. Still, it is creating a customized offer:

**Table 7.** Customized offer for the local market (own source)

Quantity	Price per piece
1	35 UAH (\$1,43)
≥12	33,25 UAH (\$1,35)

### 7.1.6 Key resources

- Personnel:
  - a) Owner (full-time) – will also act like a farmer and chief operating officer;
  - b) Farmers (full-time or part-time possible) – four or five people who will take care of oysters, cleaning cages, packing for transportation and selling;
  - c) Secretary (full-time) – assistance in dealing with partners, updating social medias and website;
  - d) Accountant (full-time) – maintaining accounts of customers, planning budget, reporting financial activities;
  - e) Microbiologist (part-time);
  - f) Jurist (external person) – taking care of legislative activities and documents;
  - g) IT specialist (part-time) – creation and support of website.
- Materials:
  - a) Biomass – whitebait (baby oysters), that will be purchased in the beginning of farm opening for further growing into oysters;
  - b) Oysters – they must be maintained in a safe and healthy environment; they will be protected from predators (rapans) in an escape-proof containment structure.
  - c) Facilities for local transportation – cars and refrigerators;
  - d) Coastal zone for building a farm – for the beginning we will buy a land of 75 acres. It is a place that has all the necessary characteristics for oysters breeding.

### 7.1.7 Key activities

The key activities of the farm are going to be:

- Oysters breeding, growing;
- Marketing through promotions on the website and social medias (Facebook, Instagram) including online sales, making online or live excursions on the farm, master-classes, participation at gastronomic festivals;
- Delivery of oysters through transporting or direct sales.

This also includes hiring employees, maintaining financial statements and processes administration.

### 7.1.8 Key partners

Here should be mentioned those partners without whom the business cannot work, and the features of their activities. As we are trying to establish and run a new business, our key partners could be divided into two groups:

1. Suppliers of what is needed to build a farm:
  - a) Supplier of necessary construction materials for building a farm. Those materials could be bought in France, for instance, and brought to Ukraine for further installation by Ukrainian workers;
  - b) Biomass suppliers (could be the only competitor or could be imported from France). Anyway, in a few years perspective that biomass could be grown in our farm;
2. Partners for delivery and selling processes:
  - a) Delivery partners (we will cooperate with a transportation company, which will deliver products to domestic customers or abroad);
  - b) Partners for local selling (there are a lot of seafood restaurants located near to the sea, so we will have contracts with them).

### 7.1.9 Cost analysis

A hierarchy of expenses is created according to the most important, highest and lowest expenses. Costs are created by various types of activities: buying of resources, work with partners, customer service, etc.

The biomass will initially be bought from a local farmer or French company. Oysters are the what we are going to sell so they are the most important priority.

The key resources that could be expensive are transportation expenses, for which a contract will be concluded with a transportation company.

Additionally, expenses for paying salary for employees should be taken into account, because without them the process is unable to go on.

The costs are divided into fixed and variable, but here we are calculating the initial investments costs:

**Table 8.** Initial investment (own source)

Activity	Total cost
Buy biomass (2 mill pieces)	\$ 4 500
Build a farm	\$ 500 000
Build a coastal base	\$ 170 000
Buy a special car for transportation	\$ 190 000
Buy a special ship	\$ 300 000
Create a website	\$ 1 000
<b>Total</b>	<b>\$ 1 165 500</b>

Further we should take into account costs that will be each year according to the current planning:

**Table 9.** Variable costs (own source)

Activity	Costs per month	Yearly costs
Advertising	\$ 200	\$ 2 400
Salary for owner	\$ 1 500	\$ 18 000
Salary for 4 farmers	\$ 3 000	\$ 36 000
Salary for secretary	\$ 500	\$ 6 000
Salary for accountant	\$ 900	\$ 10 800
Salary for microbiologist	\$ 300	\$ 3 600

Salary for jurist	\$ 100	\$ 1 200
Salary for IT specialist	\$ 300	\$ 3 600
Transportation needs	\$ 400	\$ 4 800
Utilities (electricity, water)	\$ 200	\$ 2 400
Additional small expenses	\$110	\$ 1 320
<b>Total</b>	<b>\$ 7 510</b>	<b>\$ 90 120</b>

It must be mentioned that there is an exemption from taxation and subsidies for agricultural businesses in Ukraine thanks to the maricultural law.

The investment money will be allocated from the personal saving of the founder and owner of the farm.

So, for the first year the total cost will be  $\$ 1\,165\,500 + \$ 90\,120 = \$ 1\,255\,620$ . The next years costs will be  $\$ 90\,120$ .

## 7.2 Break-even point

The breakeven point is the time when the total costs and revenues are equal. Before this point there is loss and after this point there is profit.

**Table 10.** Profit calculations (own source)

Year	Revenue	Cost	Calculations	Profit/Loss
First	\$ 0	\$ 1 255 620	0 - 1 255 620	\$ (-) 1 255 620
Second	\$ 0	\$ 90 120	0 - 90 120 - 1 255 620	\$ (-) 1 345 740
Third	\$2 145 000	\$ 90 120	2 145 000 - 90 120 - 1 345 740	\$ 709 140
Fourth	\$2 145 000	\$ 90 120	2 145 000 - 90 120 + 709 140	\$ 2 764 020
Fifth	\$2 145 000	\$ 90 120	2 145 000 - 90 120 + 2 764 020	\$ 4 818 900

We will reach the Break-even point in the 9<sup>th</sup> month of the third year, starting getting profit of \$ 84 260. The profit will increase gradually, ending the third year with the profit of \$ 709 140.

### 7.3 Risk analysis

Any business activity is at risk of loss or loss. It is completely impossible to exclude them. But every entrepreneur who cares about the success of his business should investigate the possible adverse factors affecting profit and take appropriate measures. Risk analysis is aimed precisely at such activities.

This concept is associated with random losses - that is, those that cannot be calculated directly. The process also includes evaluating and managing adverse factors. In business, probable threats can and should be managed.

In the table below I have evaluated the probabilities, importance, score and rating of the risks that may occur. The probability of each risk is from 0 to 1, where 0 means no probability and 1 is very high probability. Importance of the risk is evaluated from 1 to 5, where 1 is unimportant, 2 is low importance, 3 is certain importance, 4 is for important and 5 for high importance.

**Table 11.** Risk analysis (own source)

Risk	Probability	Importance	Score	Priority
Financial risks	0,5	3	1,5	3
Legal riskss	0,2	4	0,8	6
Increasing utility costs	0,3	1	0,3	9
Problems with utilities	0,3	3	0,9	5
Lack of demand	0,5	4	2	1
Delayed payments from partners	0,3	2	0,6	7
Issues with export documents	0,4	4	1,6	2
Predators	0,3	5	1,5	3
Extreme weather conditions	0,1	5	0,5	8
Spoiled biomass	0,2	5	1	4
Thefts	0,1	1	0,1	10
Bad reviews	0,2	4	0,8	6

### Financial risks

The probability of appearing financial consequences in the form of loss of income and capital in a situation of uncertainty about the conditions for the implementation of its financial activities. Need to follow the number of satisfied clients and understand how to reduce costs by implementing new solutions and technologies.

### Legal risks

Risks connected with law and legal aspects of the business. It is important to consult with the jurist to have all documentation in order to avoid such risk in the future.

### Increasing utility costs

Payments for electricity and water are always willing to increase in Ukraine. This risk can be mitigated by planning in advance some extra budget. For long-term perspective could be taken into consideration some energy saving technologies.

### Problems with utilities

Sometimes it can happen that there will be a blackout or some technical works on the station. We need to be ready for situation like this, having own generator for emergency situations.

### Lack of demand

In the beginning of doing business a brand remains unknown, so insufficient amount of customers could arise. That is why some powerful advertising campaigns will help to mitigate that kind of risk. After a while, customers will remain loyal to our products due to the system of discounts and promotions.

### Delayed payments from partners

Sometimes there could be a delay in receiving money from our partners. For mitigating that risk we will mention the terms in the contracts with our partners, charging some extra fees for unrespected conditions of their contracts.



### Issues with export documents

For this case we will hire a jurist for a part-time or a an external person to help us dealing with legal documentations or problems and informing us about changing rules.

### Predators

Rapana – predatory mollusks eating oysters and mussels. This is a big problem for aquatic animals now and no one knows how to protect from rapana invasions for sure. Still, farm workers should keep the aquatic territory clean and always control the breeding conditions trying to mitigate the appearance of those predators.

### Extreme weather conditions

The weather where we want to open a farm is likely to remain constant, but we should take this risk into account anyway. For extra case we should mare a kind of a storage tank to transfer our oysters there.

### Spoiled biomass

Before the purchase we should take into consideration transporting conditions to mitigate this risk. Moreover, we could buy 5% more biomass than necessary. Additional measure could be purchase of biomass from our Ukrainian competitors.

### Thefts

Thefts are not common at farms. Anyway, farm workers will work in shifts, so at the same time they will be guardians against thieves.

### Bad reviews

Our customers can leave bad reviews on our social media pager or on Google Maps if they will not be satisfied with something. We should control not only the quality and freshness of our oysters, but also delivery conditions and customer relations.

## 7.4 Time analysis of project implementation

Defining basic stages is important part of a project. It helps not only with understanding the overall project length, but also with identifying critical path that can impact the timing. For building the oyster farm there was developed a list of activities with a duration in days. For calculation of project length QM for Windows program was used.

**Table 12.** List of activities for project realization (own source, QM)

Activity	Activity time
Decision to start a business	5
Current market situation analysis	8
Make a business model	14
Define customers	5
Make documents for the business	3
Land purchase	5
Find a construction firm	2
Build a farm	30
Build a coastal base	20
Find employees	15
Find where to buy biomass	3
Buy a special transportation car	1
Buy a special ship	1
Create and fulfill a website and social pages	15
Find a company for transportation abroad	3
Conclude a contract with transportation company	1
Conclude contracts with buyers	1
Selling the first oysters	700
Business evaluation	5
Business activities improvements	7

With the help of QM we can see the time frame in the Gantt chart (Figure 16).

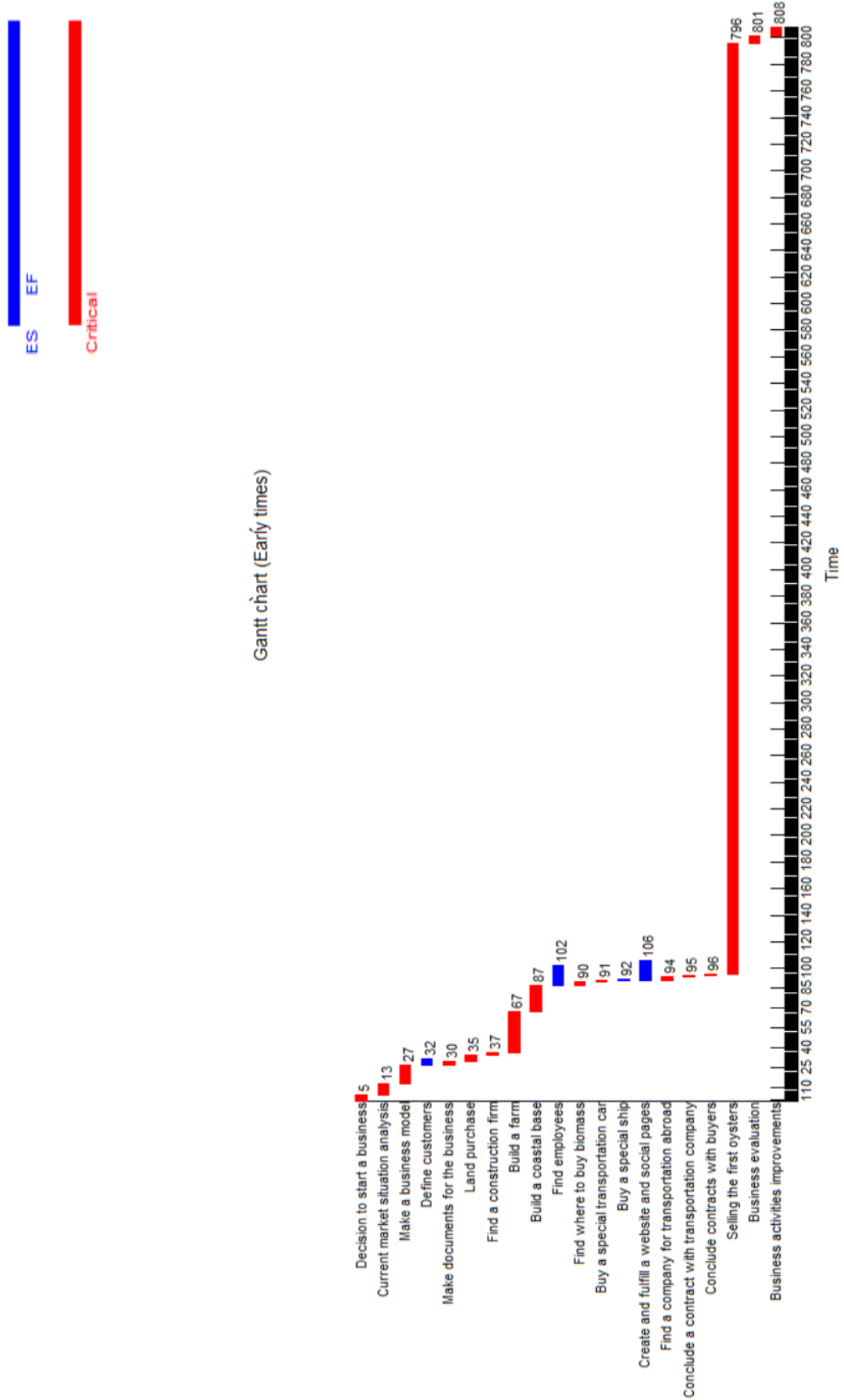


Figure 16. Gantt chart (own source, QM)

According to the QM for Windows program, the total time of the project realization running through the critical path is approximately 808 days, which equals to 2,2 years. Such a long period of project realization explained by oyster breeding, which will not bring profit during first two years.

There are some activities that can be reduced, like: defining customers, finding employees, buying special ship and website creation. Reduction of them is saving us 36 days. These activities are not crucial as for beginning of this business and could be done later.

## CONCLUSION

The aim of the project was a creation of business plan for oyster farm in Ukraine. The business model Canvas was used for better description and understanding. The project was submitted to time, cost and risks analyzes. Moreover, the break-even point was calculated and it shows the appearance of profit after 9<sup>th</sup> month of the third year, which is great.

The business will be mainly focused on the export, but there will be some customized offers for the local market, according to the amount ordered. Also, the e-sales will be available. The online promotion will include a website and pages on the social media (Facebook and Instagram), where will be posted all the updated information, achievements, development, events and special offers.

Oysters belong to the category of delicacies not only for their refined taste, but also for excellent dietary properties. Oyster dishes often decorate tables of both high-level receptions and corporate events. They mostly present in huge amounts in the menu of Ukrainian restaurants, and in the southern resorts most tourists and vacationers are dreaming to try them. Therefore, you will always have unlimited demand for products, which creates an advantage over most other business ideas. The costs of organizing and launching are minimal and mainly these are primary construction investments and biomass purchase.

We see that the cultivation of oysters is indeed a very profitable business. The costs more than pay off when the planned production volume is reached, and the farm begins to make huge profits. At the same time, buyers themselves will come to you and line up for a delicacy.

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**LIST OF ABBREVIATIONS**

BEP	Break-Even Point
SEO	Search Engine Optimization
LLC	Limited Liability Company
USR	United State Register
APTR	Autonomous Preferential Trade Regime
NOAA	National Oceanic and Atmospheric Administration
EU	European Union
GSP	Generalized System of Preferences
EU	European Union
PIT	Personal Income Tax
VAT	Value Added Tax

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