



UNIVERSITY OF HUDDERSFIELD

BUSINESS SCHOOL

***An Evaluation of Applicability of the UK Business
Model to the Conditions of the Czech Market***

THE LOW-COST TRANSPORT INDUSTRY

*Dissertation submitted to the University of Huddersfield (Business School) in partial
fulfilment of the requirements for the degree of MSc International Business Management*

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Abstract

In the current high-speed changes in markets, customer behaviour, technological breakthroughs, and generally in the time of globalization process; organizations are being increasingly more ingenious when developing their new business models in order to beat the competition and gain the customer. Moreover, in last decade there has increased rapidly emergence of the term “business model” in the academic and business literature. Nevertheless, since the the global crisis erosion in 2008, especially „price-war“ and low-cost based companies are coming to the fore. Therefore, because of the fact that author saw a great business opportunity, a „market gap“, in her own country, this dissertation focuses on evaluation of the applicability of the low-cost UK business model to the conditions of the Czech market.

This dissertation provides deep internal and external analysis of the low-cost business model of chosen company which operates in the UK, namely Megabus. To evaluate the feasibility of application of the UK Business model to the Czech Market, this study compares both markets also through appropriate PESTEL analysis of the business environment in the Czech Republic, as well as investigates potential interest of the Czech customer through questionnaire and in-depth interview survey.

The results of this dissertation indicate significantly positive general view on given low-cost business model among potential Czech customers of all levels of income, as well as distinctive potential of growth in the Czech market. Overall, this dissertation provides beneficial starting point for author’s own real business plan that author would like to realize in the Czech Republic.

Keywords: Business model, low-cost business model, Business model Canvas, PESTEL analysis, international marketing, cultural differences, customer behaviour, EU grants.

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Content

The List of Figures	vi
The List of Tables	ix
The List of Appendices	x
1 Introduction	1
1.1 Background to the Study and Justification.....	1
1.2 Research Questions	2
1.3 The Aim and Research Objectives	3
1.4 Research Structure	3
2 Literature Review.....	4
2.1 Introduction.....	4
2.2 Business Models	7
2.2.1 Definitions of the Business Model.....	8
2.2.2 Business Models, Strategy and Tactics	10
2.2.3 Components of the Business Model.....	12
2.2.4 Purpose of the Business Model.....	14
2.2.5 Types of Business Models	17
2.2.6 Examples of Business Models	20
2.3 Analysing Business Models	23
2.3.1 Crucial Areas and Techniques of Business Model Analysis	25
2.3.2 Environment of the Business Model.....	27
2.3.3 Customer, Culture and Marketing Mix	29
2.4 Successful Business Models	31
2.4.1 Analysing Existing Business Models and Building New Ones	31
2.4.2 Barriers to Imitating Business Models.....	32
2.4.3 Low-cost Business Models	33
3 Research Methodology.....	34
3.1 Introduction.....	34
3.1.1 Clarification of Research Questions.....	35
3.1.2 Conceptual Framework	37

3.2	Philosophies to be Employed	38
3.3	Approaches.....	39
3.4	Strategies	40
3.5	Adopted Research Methods	41
3.5.1	Secondary Data Collection.....	41
3.5.2	Primary Data Collection.....	42
3.6	Timescale	50
3.7	Strengths, Weaknesses and Limitations of the Research.....	51
3.8	Research Ethics	52
3.9	Resources	53
4	Research Results, Analysis and Discussions	54
4.1	Dealing with the 1st Main Question and Related Objectives	54
4.1.1	PESTEL Analysis of the UK Transport Industry.....	54
4.1.2	PESTEL Analysis of the Czech Transport Industry	65
4.1.3	Comparison between the UK and Czech External Environment.....	76
4.1.4	Analysis of Megabus Business Model	78
4.1.5	Related Results of the Questionnaire Survey.....	83
4.1.6	Related Results of the In-Depth Interview.....	89
4.2	Dealing with the 2nd Main Question and Related Objectives	90
5	Discussion	93
5.1	Key Drivers of Success of Chosen Business Model	93
5.2	Applicability of the UK Business Model to the CR Market	95
6	Conclusion	97
7	Bibliography.....	98
8	Appendices.....	113

The List of Figures

- Figure 1** – Two Main Research Questions
- Figure 2** – Visualisation of the Business Model: Business Model Canvas
- Figure 3** – Mutual Relations between Business Models, Strategy and Tactics
- Figure 4** – Example of Modern Business Model – PatientLikeMe
- Figure 5** – Visualization of the Business Model Design Process
- Figure 6** – External Environment of the Business Model
- Figure 7** – Diagram of Conceptual Framework
- Figure 8** – “The Research Onion”
- Figure 9** – Visualization of Types of Research Strategies
- Figure 10** – Overview of Types of Secondary Data Accompanied by Examples
- Figure 11** – Overview of Sampling Techniques
- Figure 12** – Map of Employment Offices’ Branches in the Moravian-Silesian Region
- Figure 13** – Map of the Potential Bus Line between Ostrava and Brno
- Figure 14** – Example of Evaluating Question Detecting Opinion Variables
- Figure 15** – Example of Additional Open Question Detecting Opinion Variables
- Figure 16** – Example of Question Detecting Behaviour Variables
- Figure 17** – Example of Question Detecting Attribute Variables
- Figure 18** – Political Risk Map of Europe
- Figure 19** – UK CPI 12-Month Inflation Rate between 2003-2013
- Figure 20** – UK Unemployment Rate between 2008-2013
- Figure 21** – Overall Chart of HE Students by Level and Mode of Study 2011-12
- Figure 22** – Average Weekly Earnings in the UK, June 2013
- Figure 23** – Passenger Means of Transport Preferences in the UK

- Figure 24** – Trend in the Internet Usage in the UK between 2000-2012
- Figure 25** – Trend in the Tablet Usage in the UK between 2011-2017
- Figure 26** – Transport Greenhouse Gas Emmisions in the UK
- Figure 27** – Number of Fatalities in the UK by Motor Vehicle User Type
- Figure 28** – CR CPI 12-Month Inflation Rate between 2003-2013
- Figure 29** – Petrol (Natural 95) and Diesel (Nafta) Prices between Jun-Aug 2013
- Figure 30** – Unemployment Rate in the Czech Republic between 2005-2014
- Figure 31** – HE Students in Percentage of Population of the Age between 20-29
- Figure 32** – Average Monthly Earnings in the CR, 1st Quarter of 2013
- Figure 33** – Average Hourly Earnings: EU Comparison 2012
- Figure 34** – Customer Preferences in Mode of Transport in the CR
- Figure 35** – Trend in the Internet Usage in the CR between 2000-2012
- Figure 36** – Share of Purchasing over the Internet by Age Group, the CR 2010
- Figure 37** – Example of Environment of the Czech Motorway
- Figure 38** – Transport CO_2 Emmisions in the CR
- Figure 39** – History of Relative Accidents Rates in the CR between 1985-2010
- Figure 40** – Megabus Coach
- Figure 41** – Provided Megabus Services
- Figure 42** – Total Megabus Revenues between 2003 and 2011
- Figure 43** – Total Megabus Revenues between 2003 and 2011
- Figure 44** – Presented Characteristics of Potential Transport Service
- Figure 45** – Results of Q6, Potential Interest in Commuting from Ostrava to Brno
- Figure 46** – Results of Q6 by Gender
- Figure 47** – Results of Q6 by Age of Respondents
- Figure 48** – Results of Q6 by Level of Education

Figure 49 – Results of Q6 by Status of Respondents

Figure 50 – Results of Q24, Potential Interest in Overall Usage of Transport Service

Figure 51 – Results of Q24 by Gender

Figure 52 – Results of Q6 by Age of Respondents

Figure 53 – Results of Q6 by Status of Respondents

Figure 54 – Results of Q6 by Income

Figure 55 – Results of Q13, Willingness to Pay via the Internet

Figure 56 – Results of Q11, the Overall Influence on the Choice of Transport

Figure 57 – Detailed Overall Influence on the Choice of Transport

The List of Tables

- Table 1** – Occurrences of the Term "Business Model" in Scholarly Reviewed Journals
- Table 2** – The Components of a Business Model by Shafer et al. (2005)
- Table 3** – The Components of a Business Model by Osterwalder and Pigneur (2010)
- Table 4** – Examples of Business Model Purposes Considering Various Perspectives
- Table 5** – Overview of Business Model Patterns by Osterwalder and Pigneur (2010)
- Table 6** – Business Model Types According to Asset Rights and Asset Types
- Table 7** – An Overview of Key Elements of the Business Model Analysis Stage
- Table 8** – Marketing Mix
- Table 9** – A Gantt Chart Showing Duration of Particular Stages of the Research
- Table 10** – Corporation Tax Rates in the UK
- Table 11** – UK Immigrants' Country of Origin Due to Percentage Share of Migrants
- Table 12** – Annual Average Value (£ per Person) Spend on Online Shopping in the UK
- Table 13** – Calculation of the Corporate Tax Base in the Czech Republic
- Table 14** – Comparison between the UK and Czech Business Environment
- Table 15** – Business Model Canvas - Megabus

The List of Appendices

Appendix A – Theoretical Overview of Business Model Publications

Appendix B – Typology of “E-business Models”

Appendix C – Example of Modern Business Model: “PatientsLikeMe”

Appendix D – Example of Low-Cost Business Model: Ryanair

Appendix E – Customer Empathy Map

Appendix F – Overview of the Main Areas in Analysis of Business Model
Environment

Appendix G – Visualization of Scenario Planning

Appendix H – International Application of the Marketing Mix, Examples

Appendix I – Overview of Common Characteristics of Low-Cost Business Models

Appendix J – Czech Version of the Main Questionnaire

Appendix K – English Version of the Main Questionnaire

Appendix L – Czech Version of the Outline Interview Schedule

Appendix M – English Version of the Outline Interview Schedule

Appendix N – The Stagecoach’s Group Overall Business Model

1 Introduction

Following chapter has been considered as the opening section of this research study. However, the crucial purpose of this chapter is to familiarize the reader with a simple overview of the research background. The main research questions will be mentioned in this part, as well as the aims and objectives of this dissertation. Finally, there will be brief explanation of overall structure of this research paper.

1.1 Background to the Study and Justification

In today's high-speed changes in markets, customer behaviour, technological breakthroughs, and generally in the time of globalization process; companies are increasingly interested in international marketing strategies, as a crucial part of their overall business strategies to differentiate from the competitor and make the profit (Albaum et al., 2008; Drucker, 1954; Kotabe and Helsen, 2010; McGee et al., 2005; Porter, 2008; 1998; 1985; 1980; Root 1994). In terms of gaining customers (at best from its competitor) that have an increasing number of choices nowadays, companies select various strategies and embrace corresponding business models. Nevertheless, since the global crisis erosion in 2008, especially „price-war“ and low-cost based companies are coming to the fore (Albaum et al., 2008; Hill and Jones, 1998; Kotabe and Helsen, 2010; Paliwoda et al., 1995; Porter, 2008; Thompson 2002).

In the United Kingdom, Megabus sells bus tickets from Huddersfield to London for £1 (plus £0.5 booking fee), if it has been booked in some advance (Megabus, 2013). In the Czech Republic, approximately half of the above mentioned journey (100 miles), between Ostrava and Brno, which are third and second biggest cities in the country; costs 6 times more (Student Agency, 2013). Moreover, there does not exist any direct bus line, even though there has been established brand new motorway between cities in 2008; and therefore the travel time could be halved (from approximately 3 hours to 1,5 hour), which would facilitate getting to school and work for a lot of people (IDOS, 2013; „Ředitelství Silnic a Dálnic ČR“, 2010).

Thus, because of the fact that author saw a great business opportunity, as well as a „market gap“ in her own country, this dissertation focuses on evaluation

of the applicability of the UK business model to the conditions of the Czech market. For this purpose there will be chosen model of one low-cost transport company which operates in the UK (Megabus). There will be provided deep analysis of its marketing and business strategy with regard to the environment of the UK market (PESTEL analysis of UK transport industry). Also comparison with the external environment of the Czech market and the behaviour of Czech customer will be included. For purpose of external analysis of potential business opportunity in the Czech Republic, there will be used PESTEL analysis of transport industry situated in the Czech Republic, which will serve to reveal opportunities and threats. Overall, this dissertation will provide a starting point for author's own real business plan that author would like to realize in the Czech Republic.

1.2 Research Questions

For purpose of this dissertation, the main research questions were defined as:

Figure 1 – Two Main Research Questions

- **Is the chosen UK business model applicable to the conditions of the Czech Market?**

* This research will also answer on what are the specifications of the Czech Market in which it differs from the UK Market.

- **What adaptation is necessary to the chosen UK business model to be applied to the Czech Market, in respect of the low-cost transport opportunities?**

* In other words, which areas have to be changed in the business model to fit most to the conditions of the Czech Market?

Source: (On Author's Own, 2013).

1.3 The Aim and Research Objectives

The purpose of this section is to provide reader with the main aim and objectives of this dissertation. Selected topic has been chosen by author in accordance with her vision of a great business opportunity, as well as “market gap“, in her own country.

The aim of this dissertation is to evaluate the feasibility of application of the UK Business model to the Czech Market, specifically for low-cost transport opportunity; by appropriate primary and secondary data analysis.

The main research objectives are:

- to determine the external environment (e.g. industry) of the UK company
- to analyze Czech external environment connected with low-cost business
- to identify key drivers of success of chosen UK low-cost transport company (Megabus)
- to identify, which areas have to be changed (and how) in the UK business model to fit most to the conditions of the Czech Market.

As for the primary data, there is also an objective to provide an analysis of the Czech external environment connected with potential low-cost transport business (through questionnaire, interviews with relevant authorities).

Assuming that the author's presumption of feasibility will be confirmed, there is an objective to determine conditions under which such a business plan could be successful in the Czech Republic (e.g. funding through EU grants).

1.4 Research Structure

In terms of research structure, author's main focus is on the simplicity and clarity of how the thesis will be written. Thesis will be divided into 6 main sections (Introduction, Literature Review, Research Methodology, Research Results and Analysis, Discussion, and Conclusion), and 2 main additional sections (Bibliography, Appendices), as well as number of related subsections. In addition, author will involve range of supportive visualizations (Figures, Tables, and Appendices).

2 Literature Review

This chapter will provide reader with a secondary study and the background research to the selected topic. Following section can be considered as the reflection of the study undertaken before the primary research, as well. The relevant literature sources will be used to discuss the topic appropriately, introduce theoretical grounding and collect requisite knowledge about specific areas of this study – to provide its reader with “big picture” and better understanding of the researched area.

2.1 Introduction

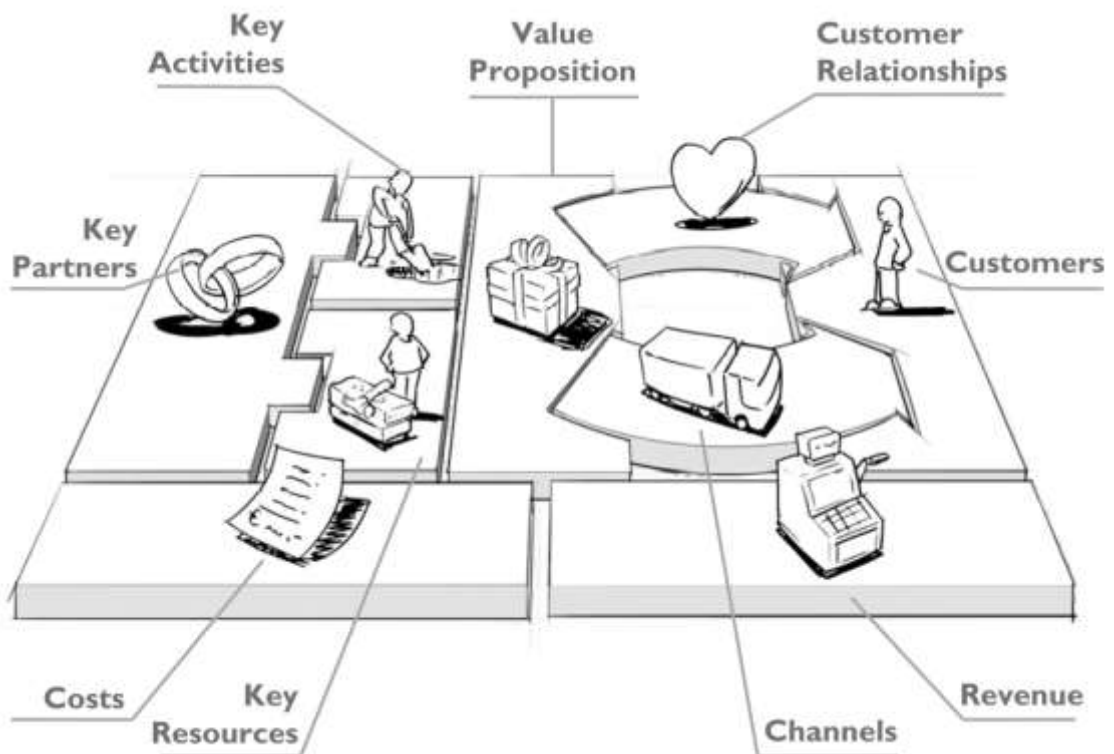
Contemporary developments in the global economies and generally the time of globalization process have resulted in significant changes in the traditional balance between suppliers and their customers (Albaum et al., 2008; Kotabe and Helsen, 2010; Teece, 2010). Recent communication and computing technological breakthroughs and formation of adequate open global trade regimes entailed that today’s customer has more options; diverse needs of the customers can be expressed, and supply alternatives achieved greater transparency (Teece, 2010; Thompson 2003). In accordance with Teece (2010), companies therefore necessarily need to focus on customer-centric approach, particularly since technologies have evolved to permit “*the lower cost provision of information and customer solutions*”. In addition, these progressions require companies to reconsider the proposition of value they introduce to customers; Teece (2010) remarked that in many industries, “*the supply side driven logic of the industrial age has become no longer viable*” in today’s economy.

Moreover, this recent environment has intensified requirement for consideration of the more coherent way that companies address customer needs, and the way of capturing value from offering new services and products. Many academic authors and business experts (Casadesus-Masanell and Ricart, 2011; Chesbrough, 2006; Margretta, 2002; Osterwalder and Pigneur, 2005, 2010; Teece, 2010) have agreed, that with absence of well-built business model, “*innovators will fail to either deliver - or to capture - value from their innovations (Teece, 2010, p172)*”. Above mentioned applies especially to Internet companies, which are characterized by very confusing

creation of revenue streams due to the fact that customers expect that “*basic services should be free (Teece, 2010)*”.

Paradoxically, despite the fact that the idea of business models has reached considerable popularity among the general public and many “business people”, no official definition in economics or in business studies has been generally acknowledged so far (Morris et al., 2005). Nevertheless, recently in the publications there occur certain tendencies in defining what actually represents term business model, such as follows: “*The Business Models are the intended ways that companies will make money out of their ideas, resources, and technologies (Chesbrough, 2006, p113)*“. From another point of view, Osterwalder and Pigneur (2010) characterized business model as the description of the way that organizations create, deliver, and capture values.

Figure 2 – Visualisation of the Business Model: Business Model Canvas



Source: (Osterwalder and Pigneur, 2010, p18-19).

Osterwalder and Pigneur (2010) have also provided visualisation, so-called “Canvas”, of the business model (see in Figure 2) in their current book “*Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*”, which is being considered as one of the most recent publications devoted to the issue of the business models. As seen in Figure 2, they divided the most crucial parts

of business model into 9 blocks, which are interconnected (Osterwalder and Pigneur, 2010). This area will be discussed later in the literature review.

However, for successful application of the business model from one country to the market of another country, it is necessary to build very sophisticated business concept and strategy with regards to the different external environment of a potential new market, as well as cultural differences reflected, for instance, in customer behaviour and customer preferences, as well as the way of doing business (Albaum et al. 2008; Hill and Jones, 1998; Kotabe and Helsen, 2010; Morrison and Conaway, 2006; Usunier, 2000). To evaluate the feasibility of application of the foreign business model to the desired market, it is crucial to analyze all related data available properly, there must be appropriate identification of who the potential customers are and what their needs are; as well as detailed analysis of the external environment of the targeted market. Nevertheless, many authors (Assen et al., 2009; Hill and Jones, 1998; Kotabe and Helsen, 2010; McGee et al., 2005; Thompson, 2003) indicated that for appropriate analysis of specific a business model, it is necessary to concentrate just on the field of the business; therefore, in the case of this dissertation there will be a focus on (especially low-cost) transport industry in the analytical part.

Overall, although companies select various strategies and embrace perfectly corresponding business models with an aim to gain the customer (at best from their competitors) there are an increasing number of choices nowadays; since the global crisis erode in 2008, especially “price-war“, and low-cost based companies are coming to the fore (Albaum et al., 2008; Hill and Jones, 1998; Kotabe and Helsen, 2010; Paliwoda et al., 1995; Porter, 2008; Thompson 2003). Being a low-cost based company is closely connected with selection of an appropriate financial plan. Therefore, in this dissertation there will be also a focus on funding a start up business through EU grants and the conditions under which it is possible to obtain these grants – for instance, business supports employment, infrastructure, or educational system of the chosen EU country (Structural Funds CR, 2013).

2.2 Business Models

„Strategy has been the primary building block of competitiveness over the past three decades, but in the future, the quest for sustainable advantage may well begin with the business model (Casadesus-Masanell and Ricart, 2011, p100).”

In accordance to Magretta (2002), “*term business model became widespread after the introduction of the personal computer and spreadsheet*”, which permitted substantially more analytical approach to planning than in previous time when managers used only a single base-case forecast. Margretta (2002) argued, that usage of spreadsheets enabled managers to have a more appropriate analytical approach, because it allowed them to divide every major line item into divergent components and subcomponents allowing them modelling and testing of their business. Consequently, it may be assumed that before these modern technological breakthroughs, prosperous business model happened accidentally, not by adequate planning (Margretta, 2002).

Although, according to Margretta (2002), the connotation “business model” became one of the common “buzzwords” of the Internet upturn; due to survey of Osterwalder and Pigneur (2005), initial occurrence of this designation in academic sources can be dated to 1990, along with various modifications such as “e-business model”, “new business model” or “internet business model”. As seen in Table 1 below, it can be indicated that the discussed phrase is relatively new and the most significant enhancement in popularity has been recorded approximately in 2000.

Table 1 – Occurrences of the Term "Business Model" in Scholarly Reviewed Journals

Year	in title	in abstract	in keywords	in full text
2003	30	159	10	667
2002	22	109	2	617
2001	11	100	7	609
2000	16	67	1	491
1999	3	42	1	262
1998	1	19	0	128
1997	1	14	0	66
1996	0	14	0	57
1995	0	4	0	36
1994	0	2	0	18
1993	0	5	0	18
1992	0	2	0	15
1991	0	1	0	10
1990	0	4	0	7

Source: (Osterwalder and Pigneur, 2005, p6).

An interesting point observed by Linder and Cantrell (2000) when they remarked that despite the fact managers always speak about “business models”; they probably mean something entirely different. Most frequently, this concept has been interchanged with pricing model, revenue model, organizational form, “*Internet-enabled commerce relationship or value proposition (Linder and Cantrell, 2000, p3)*”. Further literature review focused on the term business model reveals that there exist many publications where authors identically use this term referring to the manner an organization operates business (Galper 2001; Gebauer and Ginsburg, 2003). On the contrary, there has been identified some modern views on this concept, which came to a consensus that business models must be understood more comprehensively and they emphasized the model aspect (Osterwalder and Pigneur, 2004).

In accordance with Osterwalder and Pigneur (2005), the above mentioned two viewpoints varies because the former in general focus on the mode an organization does business, whilst the second one “*refers to a conceptualization of the way a company does business in order to reduce complexity to an understandable level (Osterwalder and Pigneur, 2005, p5)*”. Protagonists of the latter opinion comprise meta-models that include essential components and relations providing reflection of the complex entities they intend to characterize. Broadly speaking, the main task of the business models is to recognize both components and relations describing the business an organization does. Therefore, the concept of business model is possible to comprehend best as a conceptual view of any concrete aspect of specific organization (Osterwalder and Pigneur, 2005).

Nevertheless, even though the meaning of the expression “business model” has been “re-dressed” towards the intention of defining an organization’s core logic, Casadesus-Masanell and Ricart (2011) summarized that it is crucial for executives is to identify how their business models and operate in order that their organizations can thrive (Linder and Cantrell, 2000).

2.2.1 Definitions of the Business Model

As was stated in the Introduction part of this Chapter Literature Review, despite the fact that many theorists and practitioners came to a consensus that a well-developed business model is fundamental to approximately every company (Magretta, 2002), “*the concept of a business model lacks theoretical grounding in economics or in*

business studies (Teece, 2010, p175).” However, recently in the literature there occur certain tendencies in defining what actually represents the term business model; in this part will be provided an overview of such tendencies (see more in Appendix A).

Many confusions and uncertainties about the meaning of the term business model result on the grounds that although various experts write about business models, they “*do not necessarily mean the same thing (Linder and Cantrell, 2000, p3)*”. Osterwalder and Pigneur (2005) summarized that in the academic and business sources, the expression signifies various things, for instance components of a business model (e.g. auction model), types of business models (e.g. business-to-business model), specific real world examples (e.g. the Dell model), or concepts (e.g. Business Plan).

Generally, the largest number of publications focused on business models originate from e-commerce. In this connection, Mahadavan (2000) determined that the term “business model” is a complex comprising value, and logistics accompanied with revenue; and hence did not specifically concentrate on internal perspectives including for instance core capabilities or core competences in the firm. Although Mahadevan (2000) along with many other authors (e.g. DeYoung, 2005; Hayes and Finnegan, 2005; Osterwalder and Pigneur, 2005) described business models with regards to e-commerce, Davenport et al. (2006) identified business models in the context of innovation. In accordance with publication of Davenport et al. (2006), a business model means “*simply the way of doing business*” that an organization has adopted; and its integrated arrangement for generating and delivering persistent value to customers, while being profitable and generating benefits for its wider groups of stakeholders.

Actually, some authors (e.g. Amit & Zott, 2001) define the term business model from a viewpoint of value creation with the aim of describing the content, structure, and transactions’ governance composed to generate value through the utilization of the opportunities in business. Whereas from another aspect, the business model definition has been clearly differentiated from or integrated with the theories of the business strategy. For instance, according to Margretta (2002) and Linder and Cantrell (2001), the terms strategy and business models have been considered as two both diverse and mutually complementary instruments. Consequently, the business

model is understood as the organization's rationale for generating profit within the current business environment, while strategy refers to the organization's overall ambitions and industry positioning. Conversely, Shafer et al. (2005) assumed that considering about above mentioned two perspectives separately could be problematic, and therefore explained the business model as a representation of an organization's core logic and strategic choices for aggregating and capturing value within the network.

Although one of the most recent definition of the business models of Osterwalder and Pigneur (2010) discusses the business models as the "*description of the rationale of how an organization creates, delivers, and captures value (p14)*"; it therefore cannot be claimed that any other definitions are incorrect, because they have been approached from many different viewpoints and take into account the variety of business models' components. However, in this research paper will be inclined towards the most recent perspectives with regards to the current global economic situation, predominantly to latest publication of Osterwalder and Pigneur (2010).

2.2.2 Business Models, Strategy and Tactics

"No three concepts are of as much use to managers or as misunderstood as strategy, business models, and tactics. Many use the terms synonymously, which can lead to poor decision making (Casadesus-Masanell and Ricart, 2011, p107)."

According to Casadesus-Masanell and Ricart (2011), even though occur frequent confusion between these three terms and some people use them interchangeably (Magretta, 2002), or to highlight everything they consider as origin of their competitive advantage (Stähler 2002); it must be noted that they are interrelated. As was noted in previous paragraph, whereas theory of business models is closely associated with the core logic of an organization – the mode of operating, creating and capturing value for its stakeholders – strategy represents the schedule to construct an incomparable and rewarding position including an individual complex of activities (Casadesus-Masanell and Ricart, 2011; Teece, 2010). Thus, the above mentioned statement refers to the fact, that an organization made a strategic choice about the way of competing in the marketplace. Nevertheless, although the strategy is reflected in the system of choices and consequence, it cannot be generally considered as strategy; it is the business model. Casadesus-Masanell and Ricart (2011) summarized these

issues: “While every organization has a business model, not every organization has a strategy – a plan of action for contingencies that may arise (p107).”

As an example from low-cost transport companies, which shows the meaning and differences also between tactics and other two terms, can be given namely Ryanair. In the 1990s, the company was on the verge of collapse; however, an organization chose the reinventing strategy and become the Southwest Airlines of Europe (Casadesus-Masanell and Ricart, 2011). Ryanair’s new business model can be considered the organization’s new rationale and core logic which indicates the direction of creating and capturing value for stakeholders (Osterwalder and Pigneur, 2010). Nevertheless, any change in strategic decisions can become costly, and thus companies still have a set of options to gain competitive advantage, which are relatively inexpensive and simple to implement – tactics. In accordance to Casadesus-Masanell and Ricart (2011), tactics are “the residual choices open to a company by virtue of the business model that it employs (p101).” Consequently, business models define specific tactics accessible to gain competitive advantage in the marketplace (Casadesus-Masanell and Ricart, 2011; Chesbrough, 2006).

As a summary of this section may serve following simplified visualisation of mutual relations between discussed three terms:

Figure 3 – Mutual Relations between Business Models, Strategy and Tactics

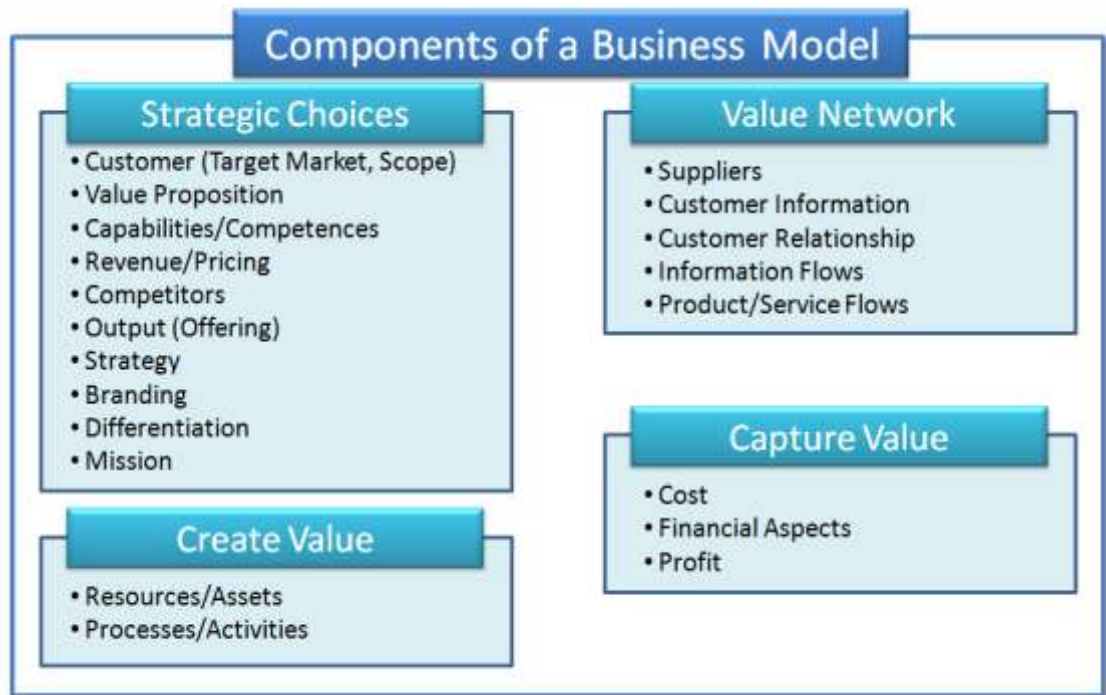


Source: On Author’s Own supported by (Osterwalder and Pigneur, 2010, (Casadesus-Masanell and Ricart, 2011; Teece, 2010).

2.2.3 Components of the Business Model

In accordance with Hedman and Kalling (2003), business models contain variety of elements at various stages; comprising the market, the offering, firm’s activities and resources, and overall organization. For instance, at market level components involve competition and customers, at offering level – costs and pricing strategies, and at resource level – physical and human resources. Furthermore, their business model formulation demonstrates the process of internal aspects’ transformation into indispensable resources as well as market, offerings, and products through firm’s structure and activities (Hedman and Kalling, 2003).

Table 2 – The Components of a Business Model by Shafer et al. (2005)



Source: On Author’s Own supported by (Shafer et al., 2005).










Similarly, also Shafer et al. (2005) involve components of business models as an essential part of their interpretation of a business model (see in Table 2 above). However, in comparison with the previous conception of Hedman and Kalling (2003), Shafer et al. (2005) who divided business models into “strategic choices” – reflecting the core choices made within the organization; “creating and capturing value” – crucial functions in any organization serving to differentiate from its competitors and therefore succeed in the marketplace; and “value network”. Additionally,

according to Shafer et al. (2005); certain company core competences, capabilities, and advantageous position may assist as an incomparable way to distinguish and beat the competition. Moreover, the authors claim that these functional aspects necessarily have to be viewed in the relation with their occurrence – within a “value network”, in which incomparable relations have the crucial consequence, and therefore has been considered as one of the core business model components (Shafer et al., 2005).

Whilst Shafer et al. (2005) focus on relevancy of creating and capturing value, Hedman and Kalling (2003) concentrate on activities and processes within an organization, and inputs from the market. Nevertheless, both publications came to a consensus about magnitude of the value network, in which the network of partners and supply chain issues have been assessed as crucial business model components (Hedman and Kalling, 2003; Shafer et al., 2005).

From a different perspective, recently Osterwalder and Pigneur (2010) assume that a business model can be best characterized through nine fundamental components, “building blocks”, that demonstrate the core logic of organization’s intention to profit; and together constitute a whole – so called canvas (see in Table 3 below).

Table 3 – The Components of a Business Model by Osterwalder and Pigneur (2010)

 <p>Key Partnerships</p> <p>Who are company's suppliers and service providers?</p>	 <p>Key Activities</p> <p>What do company with its resources?</p>	 <p>Value Propositions</p> <p>What problems need to be solved?</p> <p>What product does it best?</p>	 <p>Customer Relationships</p> <p>How do company interact with its customers?</p>	 <p>Customer Segments</p> <p>Who are company's users and who are its paying customers?</p>
<p>Key Resources</p> <p>What goods, services and infrastructure do company use?</p> 			 <p>Channels</p> <p>How do company's customers find, buy and use the product?</p>	
<p>Cost Structures</p> <p>What is the total cost of production?</p>			<p>Revenue Streams</p> <p>Where does revenue come from?</p> 	

Source: On Author’s Own supported by (Osterwalder and Pigneur, 2010).

According to Osterwalder and Pigneur (2010), the nine building blocks comprise the four essential sections of a business, such as “*customers, offer, and financial viability (Osterwalder and Pigneur, 2010, p15)*”. Similarly as previously mentioned authors (Hedman and Kalling, 2003; Shafer et al., 2005), also Osterwalder and Pigneur (2010) focus on organizational processes. However, authors add that the business model as a “schedule” for strategy could be implemented not only through organizational processes, but through organizational structures and systems, as well. In addition, “*this concept has been applied and tested around the world and is already used in organizations such as IBM, Ericsson, Deloitte, the Public Works and Government Services of Canada, and many more (Osterwalder and Pigneur, 2010, p15)*”.

Furthermore, Chesbrough (2007) introduced an alternative viewpoint; author considers that crucial for any organization is to open their business models by employment of the “outside ideas” and the newest technological breakthroughs in internal development of the product. Moreover, Chesbrough (2007) summarizes that in terms of business model openness, an organization should allow “*intellectual property to be commercialized externally*”. Consequently, a business model with open innovation indicates savings of the time and cost; the component “cost” has been considered as critical due to increment of external development (Chesbrough, 2007).

A number of various business model components have been introduced in the related publications, and the above mentioned conceptions represent merely a sample. Nevertheless, Appendix A serves as a general overview of business model publications and their conception of business model components. Additionally, Appendix A also includes ensemble of various definitions of business models, and thus there can be seen obvious connection between the definitions and specific interpretations of the business model components.

2.2.4 Purpose of the Business Model

As was remarked in the beginning of the section Literature Review, many academic authors and business experts (e.g. Casadesus-Masanell and Ricart, 2011; Chesbrough, 2006; Margretta, 2002; Osterwalder and Pigneur, 2005, 2010; Teece, 2010) have agreed, that without well-devised business model, “*innovators will fail to either deliver - or to capture - value from their innovations (Teece, 2010, p172)*”.

Nevertheless, in recent times, when debating about the genuine purpose of the business models, many business people connect those issues with the usage of specific patterns (templates or directly computer software) of the business models (Margretta, 2002; Osterwalder and Pigneur, 2005; Stähler, P., 2002). Thus, for clarity and information value of explanation, this paragraph will focus on the usage of one of the most recent conceptions of business models, namely the Business Model Canvas by Osterwalder and Pigneur (2010), shown previously in Figure 2 and Table 3.

First of all, it is crucial to understand that the purpose of the business model may vary significantly in relation to the business perspective (as debated later in the section, also personal perspective) or development phase of any organization, because consequently organizations pursue different objectives (Casadesus-Masanell and Ricart, 2011; Davenport et al., 2006). Following table will provide a reader with several examples of business model purposes with regards to different business viewpoints.

Table 4 – Examples of Business Model Purposes Considering Various Perspectives

Business Perspective	Purpose of the Business Model
The Senior Executive	Establish a new business model in an old industry.
The Intrapreneur	Help exploit the latest technological developments with the right business models.
The Entrepreneur	Address unsatisfied customer needs and build new business models around them.
The Investor	Invest in companies with the most competitive business models.
The Consultant	Help clients question their business models, and envision and build new ones.
The Designer	Find the right business model to launch an innovative product.

Source: On Author's Own supported by (BMIH, 2013; Osterwalder and Pigneur, 2010).

As for the development phase of an organization, many publications focus on application of business models to the start up business (Teece, 2010). Due to the lack of experience of early stage entrepreneurs and frequent organizational chaos, starting a business can be challenging to manage (McGee et al., 2005; Davenport et al., 2006). Hill and Jones (1998) summarize that for successfully starting a business it is necessary

to build a very sophisticated business concept and strategy with regards to every aspect that has an impact on the company.

Nevertheless, “hundred-page” business plans can become inapplicable, as long as the main relations of every aspect are not clearly interpreted (Davenport et al., 2006). Therefore, due to the simplicity and clarity of Business Model Canvas, which enables early stage entrepreneurs to think through every aspect of the “startup” and design a business plan more effectively; this conception of business model is increasingly becoming more commonly used (BMIH, 2013).

According to publications by Petrovic et al. (2001) and Seddon and Lewis (2003), the main purpose of business models is to desist from particularities with the aim to highlight crucial factors concerning the business model user, and thus eliminate redundant data. Lagha et al. (2001) conclude that business models assist firms with developing, sharing, assessing, redesigning and executing (Margretta, 2002) their business strategies and visions.

In addition, some business consultants summarize that the Business Model Canvas serves early stage entrepreneurs as a great tool to “*translate their business plans into the business processes that they (will) need to operate their businesses and to ensure that they are focused properly on being customer-centric in a way that makes the business as highly profitable as it can be (Osterwalder and Pigneur, 2010, p51)*”. Moreover, among members of the worldwide community of business practitioners and researchers, who have co-created the publication of Osterwalder and Pigneur (2010), also occur views that Business Model Canvas assists them as a reality check of their “startup” businesses or help their teams to think holistically and prevents them from getting stuck on details, which confirms previously mentioned conception from academic literature (Osterwalder and Pigneur, 2010; BMIH, 2013).

In terms of well established and experienced firms, Hill and Jones (1998) concluded that clear (and understandable for all) communication within the company can assist well with educating all operating employees about the organization’s goals and vision – which are important for successful management and overall successfulness of an organization. Some BMIH members recognize that the Business Model Canvas has permitted them to develop a common language and framework with colleagues

and allowed them to display “*all project members in this visual way both the big picture, their (important) own roles in it and the interdependencies (Osterwalder and Pigneur, 2010, p50)*”, which (due to low occurrence of misunderstanding and arguing) saved their company time. In addition, some of them enforced the Canvas to discover new growth opportunities, evaluate competitors’ implementation of new business models, or “*to communicate across the organization how they could accelerate technology, market, and business model innovations (Osterwalder and Pigneur, 2010, p51)*”.

Nevertheless, beside the “startup” businesses and well established enterprises, the Business Model Canvas have also found an alternative usage in the form of assessing personal business model – for instance when looking for a new job. To the issue of reinventing career by using Business Model Canvas also Osterwalder and Pigneur, accompanied with Clark (2012), dedicated their new book “Business Model You: A One-Page Method For Reinventing Your Career”.

2.2.5 Types of Business Models

As was previously stated, a business model can be categorized, due to countless number of concepts of this theory, in various ways (Morris et al., 2005; Shafer et al., 2005). Nevertheless, taxonomy varies with its utility. For instance, as seen table of Appendix B, Timmers (1998) formulated possible architectures of e-business models by using the combination of interaction stereotypes (one-to-one, one-to-many, many-to-one, many-to-many) and incorporation of value chain (re-construction and de-construction).

Authors Alt and Zimmerman (2001) divided business models into two commonly used groups – B2B and B2C (business-to-business and business-to-customer). Subsequently, McGann and Lyytinen (2002) use also “business-to-something” models, however they focus on B2G (business-to-government), G2G (government-to-government) and for comprehensiveness also C2C (customer-to-customer). On the communication behaviour of customers and suppliers focus also Bartelt and Lamersdorf (2001), and subsequently Osterwalder and Pigneur (2010).

According to Osterwalder and Pigneur (2010), a distinction is made covering five main business model types (so-called patterns) also with regards to similar characteristics and similar arrangements of its nine components (so-called “building blocks”, see in previous sections).

Table 5 – Overview of Business Model Patterns by Osterwalder and Pigneur (2010)

<i>Pattern (Type of BM)</i>	<i>Context (Before)</i>	<i>Challenge</i>	<i>Solution (After)</i>	<i>Rationale</i>	<i>Examples</i>
<i>Un-bundling Business Models</i>	An integrated model combines infrastructure management, product innovation, and Customer Relationships under one roof.	Costs are too high. Several conflicting organizational cultures are combined in a single entity, resulting in undesirable trade-offs.	The business is unbundled into three separate but complementary models dealing with <ul style="list-style-type: none"> • Infrastructure management • Product innovation • Customer relationships 	IT and management tool improvements allow separating and coordinating different business models at lower cost, thus eliminating undesirable trade-offs.	<ul style="list-style-type: none"> • Private Banking • Mobile Telco
<i>The Long Tail</i>	The Value Proposition targets only the most profitable clients.	Targeting less profitable segments with specific Value Propositions is too costly.	The new or additional Value Proposition targets a large number of historically less profitable, niche Customer Segments—which in aggregate are profitable.	IT and operations management improvements allow delivering tailored Value Propositions to a very large number of new customers at low cost.	<ul style="list-style-type: none"> • Publishing Industry (Lulu.com) • LEGO
<i>Multi-Sided Platforms</i>	One Value Proposition targets one Customer Segment.	Enterprise fails to acquire potential new customers who are interested in gaining access to a company’s existing customer base (e.g. game developers who want to reach console users).	A Value Proposition “giving access” to a company’s existing Customer Segment is added (e.g. a game console manufacturer provides software developers with access to its users).	An intermediary operating a platform between two or more Customer Segments adds Revenue Streams to the initial model.	<ul style="list-style-type: none"> • Google Video game consoles from Nintendo, Sony, Microsoft • Apple iPod, iTunes, iPhone

<i>FREE as a Business Model</i>	A high-value, high-cost Value Proposition is offered to paying customers only.	The high price dissuades customers	Several Value Propositions are offered to different Customer Segments with different Revenue Streams, one of them being free-of-charge (or very low cost).	Non-paying Customer Segments are subsidized by paying customers in order to attract the maximum number of users.	<ul style="list-style-type: none"> • Advertising and newspapers Metro Flickr • Open Source Red Hat Skype (versus Telco) Gillette
<i>Open Business Models</i>	Research and Development Resources and Key Activities are concentrated in-house: <ul style="list-style-type: none"> • Ideas are invented “inside” only • Results are exploited “inside” only 	Research and Development is costly and/or productivity is falling.	Internal Research and Development Resources and Activities are leveraged by utilizing outside partners. Internal R&D results are transformed into a Value Proposition and offered to interested Customer Segments.	Acquiring R&D from external sources can be less expensive, resulting in faster time-to-market. Unexploited innovations have the potential to bring in more revenue when sold outside.	<ul style="list-style-type: none"> • Procter & Gamble • Innocentive

Source: On Author's Own supported by (Osterwalder and Pigneur, 2010).

As seen in Table 5 above, concepts under which “patterns” of Osterwalder and Pigneur (2010) are based involve: Unbundling, the Long Tail, Multi-Sided Platforms, FREE, and Open Business Models. Table 5 also displays differences between various business model “patterns”, as well as provides with examples. However, an individual business model can embrace several of above mentioned “patterns”, which can assist with understanding dynamics of business models and provide an inspiration for constructing new ones (Osterwalder and Pigneur, 2010).

From another viewpoint concerning the classification of business models Lai et al. (2006), Malone et al. (2006) and Weill et al. (2004); the main focus of these authors was on asset rights and asset types. As for asset types, they consist of financial (e.g. stocks and shares, cash available), physical (e.g. offices, laptops, company cars), intangible (e.g. licenses, know-how, brand image), and human type of asset. In terms of asset rights, it is being discussing about creator (the right of asset ownership), distributor (the right of asset ownership, as well), landlord (the right to use an asset),

and broker (the right to be matched). Consequently, by combining of particular asset type and right can be obtained sixteen divergent business models (as seen in Table 6).

Table 6 – Business Model Types According to Asset Rights and Asset Types

What type of asset is involved?

	<i>Financial</i>	<i>Physical</i>	<i>Intangible</i>	<i>Human</i>
<i>Creator</i>	Entrepreneur (Kleiner Perkins)	Manufacturer (GM)	Inventor (Lucent Bell Labs)	Not applicable
<i>Distributor</i>	Financial Trader (Merril Lynch)	Wholesaler/Retailer (Walmart)	IP Trader (NTL Inc.)	Not applicable
<i>Landlord</i>	Financial Landlord (Citigroup)	Physical Landlord (Herz)	IP Landlord (Microsoft)	Contractor (Accenture)
<i>Broker</i>	Financial Broker (Charles Schwab)	Physical Broker (eBay)	IP Broker (Valassis)	HR Broker (EDS)

What rights are being sold?

Source: On Author's Own supported by (Lai et al., 2006, p28).

2.2.6 Examples of Business Models

The essential part of any good workshop, meeting, or discussion on business models should be accompanied by giving examples from the real-world practice. Therefore, in this section will be attached several instances of existing business models to better illustrate author's points and to provide reader with some inspirations.

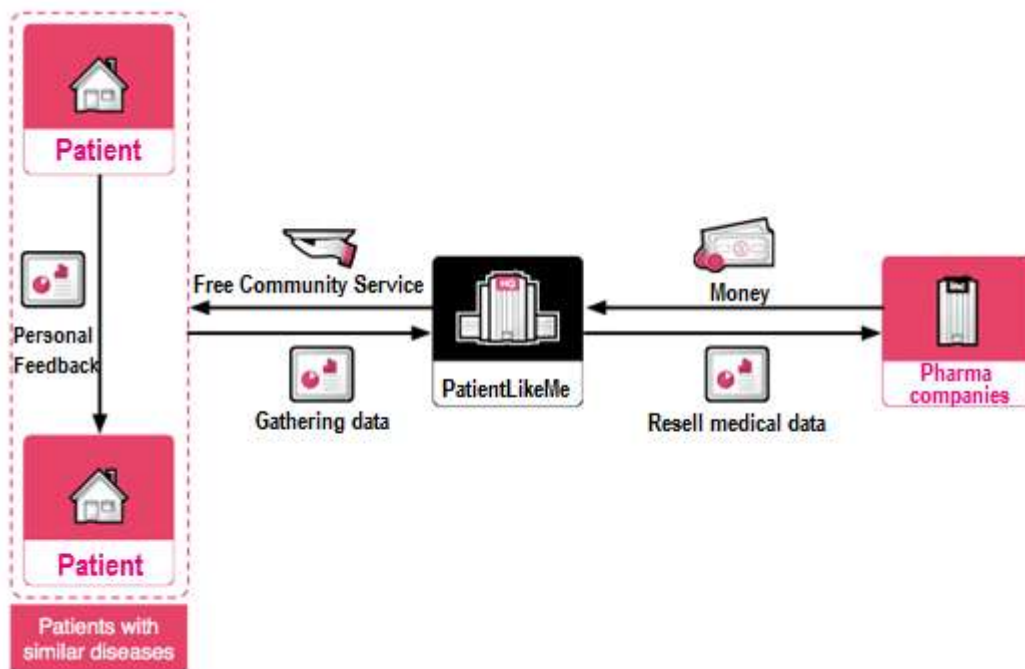
As the traditional and the most fundamental business model example can be given model of direct marketing to customer, which is represented by companies such as Apple or Dell. Nevertheless, as will be demonstrated in this part and later in this paper, business models applied in the domestic market may vary significantly when operating overseas (Albaum et al., 2008; Kotabe and Helsen, 2010; Viswanathan, 2011).

Both companies sell high quality computers and other electronic equipment directly through their websites; Apple stores are worldwide and fully owned by the company (Viswanathan, 2011). However, in the case of Dell, the company was

primarily focused on a business model of selling their products via the internet – until the time they wanted to succeed in the Japanese market. According to “Dell Case Study”, because of the cultural difference, that in Japan customers would like to have an ability to touch and feel the product before buying, Japanese were reluctant to buy products from Dell via the internet (Morrison and Conaway, 2006). A different Japanese culture and lifestyle caused Dell to re-valuate its existing online business model and adapt to the local business environment – thus, Dell created a kiosk. Overall, Dell’s new business model has been suitable to the (predominantly) Japanese culture and succeeded (Bell and Rangan, 1998; Morrison and Conaway, 2006).

Nevertheless, in today’s high-speed changes in markets, customer behaviour, technological breakthroughs, and generally in the time of globalization process; organizations are being increasingly more ingenious when developing their new business models in order to beat the competition and gain the customer (Albaum et al., 2008; Drucker, 1954; Kotabe and Helsen, 2010; McGee et al., 2005; Osterwalder and Pigneur, 2010; Porter, 2008; 1998; 1985; 1980). As an example (see also Appendix C and Figure 4) of new business model conceptions can be given successful online company “PatientsLikeMe” (DeMey, 2013; PatientsLikeMe, 2013).

Figure 4 – Example of Modern Business Model – PatientLikeMe



Source: (DeMey, 2010).

In accordance with experts from “Board of Innovation”, company “PatientsLikeMe” adopts the business model of *“free community platform for patients”* (DeMey, 2013). As is visualized in Figure 4 above, business model works on the simple principle: on the one hand, patients (customers) can get community services for free (e.g. the possibility of sharing their health profile and “real-world” experiences, searching similar patients, opportunity of learning from others); whilst on the other hand, “PatientsLikeMe” generates profit due to gathering *“data that can be resold to Pharma companies for huge sums”*; and all this legally, because the company has received permission from its users (DeMey, 2013; PatientsLikeMe, 2013). As this case of business model commented DeMey (2013), *“forget privacy, people are sharing more information than ever, even medical records”*.

Due to the specialization of this dissertation, it is appropriate to include in this section also example of low-cost carrier business model, namely ultra-low Irish airline Ryanair (Ryanair, 2013). Ryanair, which *“carried almost 80 million international passengers last year (Smith, 2013)”*, focus on *“extremely well established business model (Gleeson, 2010)”*, which offers to its significant number of customers flight tickets to approximately 200 destinations, while charging a very low price (see visualization of Ryanair’s business model in Appendix D). Such low prices were achieved due to elimination of all frills, and cut costs at minimum (e.g. ticket booking online – minimum affiliates, low taxes at secondary airports), (Casadesus-Masanell and Ricart, 2011). Nevertheless, in return, Ryanair charges for any other additional service (e.g. priority boarding; extra charges for not printing boarding pass, or exceeding the weight or size of luggage), profits from promoting related services (e.g. travel insurance, hotels, car renting), operates merely short-haul flights, and passengers must be satisfied with standardized Boeing 737-800 fleet (Casadesus-Masanell and Ricart, 2011).

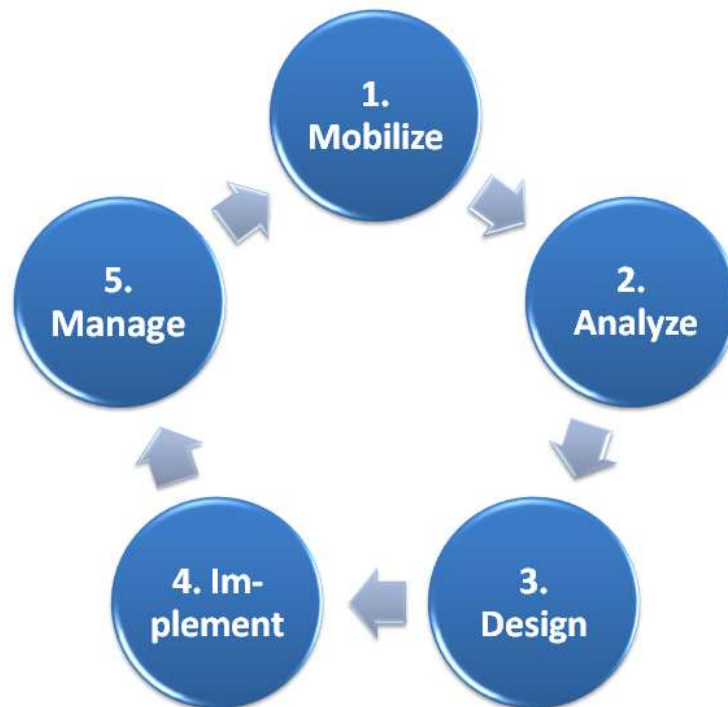
As revealed in the visualization of Appendix D, recent business model of Ryanair is based *“on the key choices of offering customers low fares and providing nothing free. The rigid consequences include a reputation for fair fares and low fixed costs. Ryanair’s choices are aligned with its goals; generate cycles that reinforce the business model; and are robust given that it has been operating as a low-cost airline for 20 years (Casadesus-Masanell and Ricart, 2011, p103)”*.

2.3 Analysing Business Models

“Every business model design project is unique, and presents its own challenges, obstacles, and critical success factors (Osterwalder and Pigneur, 2010, p244)”.

In today’s world full of ambiguity and uncertainty, when any organization wants to implement a brand new business model, it is crucial to understand properly the context in which desired business model will develop (Osterwalder and Pigneur, 2010). Therefore, for instance to evaluate the feasibility of application of the foreign business model to selected market, it is fundamental to analyze all related data available properly. However, due to current turbulent business environment, it is necessary to update such analysis constantly in order to well-prepare an organization to respond to changes (Assen et al., 2009; Hill and Jones, 1998; Kotabe and Helsen, 2010; McGee et al., 2005; Thompson, 2003). In accordance with Osterwalder and Pigneur (2010), appropriate understanding of the business model through well-developed analysis is considered as the second most important stage of any business model design process, immediately after preparation for a successful business model design project (see in Figure 5 below).

Figure 5 – Visualization of the Business Model Design Process



Source: On Author’s Own supported by (Osterwalder and Pigneur, 2010, p248).

With aim to bring a new product or technology to market, or for instance in “startup” mode; organizations should appropriately identify who the potential customers are and what their needs are; as well as detailed analysis of external environment of targeting market (Assen et al., 2009; Doole and Lowe, 2008; Hill and Jones, 1998; Kotabe and Helsen, 2010; McGee et al., 2005; Thompson, 2003). Nevertheless, authors Osterwalder and Pigneur (2010, p246) admit that sometimes companies “*can do as much analysis as they want yet still fail to develop a satisfactory new business model*”. Therefore, many authors (Assen et al., 2009; Hill and Jones, 1998; Kotabe and Helsen, 2010; McGee et al., 2005; Thompson, 2003) indicated that to appropriate analysis of specific business model, it is necessary to concentrate simply on the field of the business; and do not bring confusions and incomprehension to the firm by unrelated and inapplicable information.

Table 7 – An Overview of Key Elements of the Business Model Analysis Stage

<i>Activities</i>	<i>Critical Success Factors</i>	<i>Key Dangers</i>
<ul style="list-style-type: none"> • Scan environment • Study potential customers • Interview experts • Research what has already been tried (e.g. examples of failures and their causes) • Collect ideas and opinions 	<ul style="list-style-type: none"> • Deep understanding of potential target markets • Looking beyond the traditional boundaries defining target markets 	<ul style="list-style-type: none"> • Over-researching: disconnect between research and objectives • Biased research because of pre-commitment to a certain business idea

Source: On Author’s Own supported by (Doole and Lowe, 2008; Hill and Jones, 1998; Kotabe and Helsen, 2010; McGee et al., 2005; Osterwalder and Pigneur, 2010, p252).

According to Osterwalder and Pigneur (2010), during the research and analysis of the key elements required for the business model design effort, organizations should immerse themselves in relevant attainments of customers, technology, and environment. Table 7 above, serves as an overview of key activities, critical success factors and key dangerous when analysing business models; most of above mentioned will be discussed in further paragraphs of this dissertation.

2.3.1 Crucial Areas and Techniques of Business Model Analysis

In accordance to Linder and Cantrell (2001), one of the key drivers of business model's success is its grounding in reality. Therefore, it is fundamental to analyze all related current data available properly and looking beyond the traditional boundaries defining target markets through modern and "up-to-date" techniques. As was mentioned in previous section, the crucial areas of business model analysis consist of customers, technology, and environment (Osterwalder and Pigneur, 2010). In addition, Teece (2010) concludes, that choosing the right "architecture" of an organization's business model embraces not only understanding the possibilities available through business model analysis; but moreover, organizations should assemble the necessary evidence to validate speculations and assumptions about costs, customers, competitors and other involved stakeholders. Therefore, this section has been devoted to the introduction of crucial areas that may predominantly affect an organization's business model; there will be given several examples of business model analysis techniques, as well.

As recognized Teece (2010, p191), "*business model cannot be assessed in the abstract; its suitability can only be determined against a particular business environment or context*". Therefore, scanning environment of the business model; as a set of activities, incorporating adequate market research, interviewing domain expert, studying and involving customers, and sketching out competitor business models; enables organizations to immerse themselves in the essential materials to foster a deep comprehension of the business model "design space" (Assen et al., 2009; Doole and Lowe, 2008; Hill and Jones, 1998; Kotabe and Helsen, 2010; McGee et al., 2005; Osterwalder and Pigneur, 2010). Nevertheless, as investigated Osterwalder and Pigneur (2010), scanning could be unavoidably accompanied by the risk of over-researching, which may impede the overall process.

In terms of avoiding excessive researching, Osterwalder and Pigneur (2010) recommend that organizations should, already in the early stages, make their researching team aware of above mentioned risk stages, and ensure that everyone agrees with these limitations. Many confusions and incomprehension in the organization should be avoided also by implementing prototyping technique; generating prototypes (in the form of a simple sketch) simulating potential future business model and serving

as a great instrument for further discussion, inquiry, or proof of concept; which can be beneficial in terms of quick “feedback-collecting” (Osterwalder and Pigneur, 2010).

According to Linder and Cantrell (2001), successful business models are based on precise presumption about customer and its behaviour. Moreover, many authors (Albaum et al., 2008; Doole and Lowe, 2008; Hill and Jones, 1998; Kotabe and Helsen, 2010; McGee et al., 2005; Osterwalder and Pigneur, 2010) summarized that customers determine what an organization’s unique selling proposition is. Therefore, in the research process, developments of deep knowledge of the customer merit appropriate attention (Osterwalder and Pigneur, 2010). As seen in Appendix E, for example the customer empathy map can provide an advantageous mode of structuring research of the customers. Nevertheless, Osterwalder and Pigneur (2010) observed, that due to fact that current customer segment may vary from the initial one (sometimes customer segment is not clear from the beginning), it indicates a possible challenge. Although appropriate analysing of the potential (or current) customer may seem obvious, especially in project focused on technology, “*keen understanding of customer needs and customer willingness to pay (Teece, 2010, p188)*” is often being neglected Osterwalder and Pigneur (2010).

In today’s high-speed changes in developing technological breakthroughs, “*being fast in learning and making the requisite adjustments to the model is important (Teece, 2010, p188)*”. Due to the fact, that shifts in technology frequently signify “*better ways to satisfy customer needs (Teece, 2010, p187)*”, periodic mapping of new technologies may significantly add to potential overall successfulness of any organization’s business model. Contemporary technologies, especially internet and social networks, allow organizations to look beyond the traditional boundaries defining target markets. On the other hand, these modern communication tools enabled customers to easily reveal differences between offerings (for instance, lower price, extra service); and thus, customers have increasingly more choices nowadays, which indicates also increasing competitive environment. Therefore, organizations necessarily have to analyze these modern trends and adjust their business model to suit the current needs of its customers, and beat the competition (Albaum et al., 2008; Doole and Lowe, 2008; Hill and Jones, 1998; Kotabe and Helsen, 2010; McGee et al., 2005; Osterwalder and Pigneur, 2010; Porter, 2008; 1998; 1985; 1980; Teece, 2010).

2.3.2 Environment of the Business Model

In accordance with Teece (2010), the feasibility of business model cannot be evaluated in the abstract; its appropriateness can only be identified by considering a certain environment and context of the business. However, as Osterwalder and Pigneur (2010, p253) pointed out, when organizations scan the environment and evaluate key trends, target markets, and potential competitors; they should remember that “*the seeds of business model innovation can be found just about anywhere*”. Moreover, by developing a good understanding of any organization’s environment, companies can much better conceive stronger, more competitive business models; and become more competitive (Albaum et al., 2008; Doole and Lowe, 2008; Hill and Jones, 1998; Kotabe and Helsen, 2010; McGee et al., 2005; Osterwalder and Pigneur, 2010; Porter, 2008; 1998; 1985; 1980; Teece, 2010).

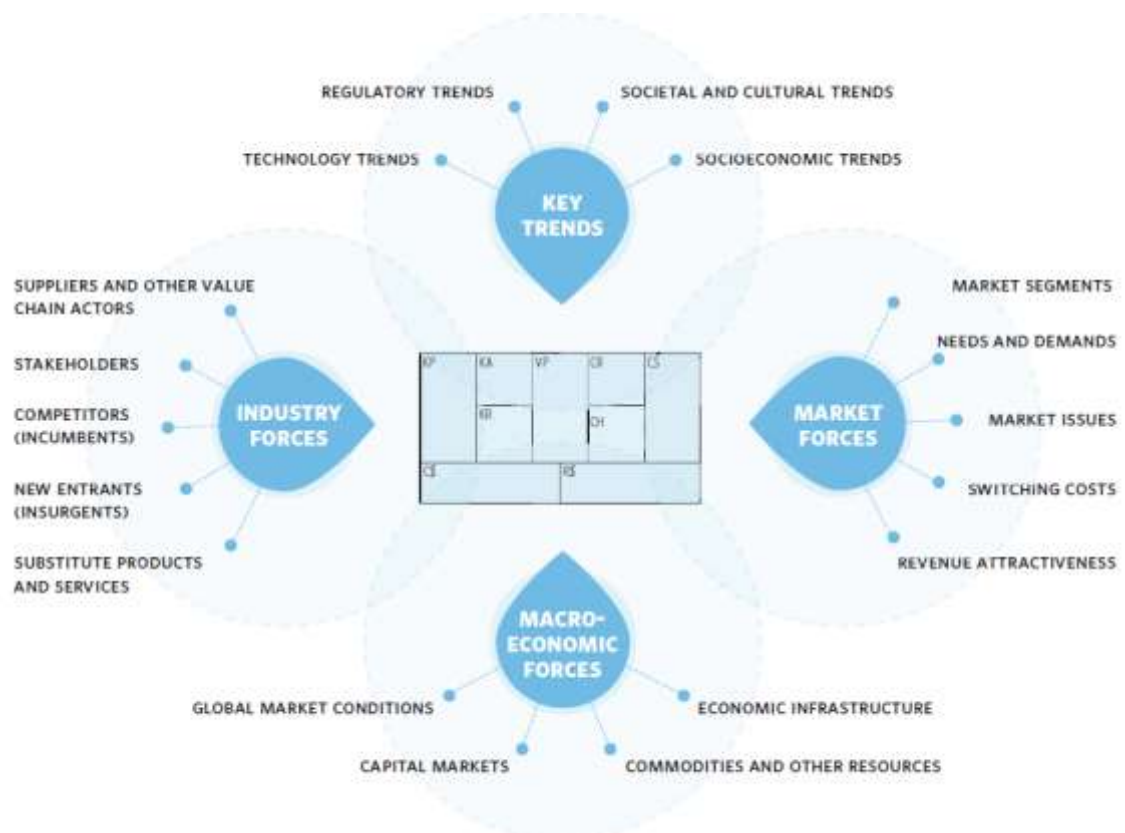
Nowadays uninterrupted scanning of the environment becomes increasingly important, predominantly due to growing complexity of the economic landscape (e.g. networked business models), greater uncertainty (e.g. technological breakthroughs), and several disruptions of the market (e.g. economic turmoil, disruptive new propositions of the value). In accordance with effective and successful adaptation of the business model to the conditions of shifting external forces, it is crucial for organizations to understand changes in the environment properly, and on based on them, take the necessary steps (Linder and Cantrell, 2000; McGee et al., 2005; Osterwalder and Pigneur, 2010; Teece, 2010; Zott and Amit, 2007).

Osterwalder and Pigneur (2010) discuss an organization’s external environment as a sort of “*design space*”; therefore, organizations should think about their externalities as about the context in which to conceive or adapt their business model. Furthermore, when analyzing external environment, organizations have been recommended to take into account a range of design drivers, such as new requirements of the customers, new technological innovations; and possible design constraints, for example trends in government regulations or major competitors. On one hand, external environment of the company should not limit the organization’s creativity in predefining its business model; on other hand, appropriate knowledge of such externalities should have an impact on organization’s design choices and assist

with making more informed decisions. Nevertheless, organizations and their groundbreaking business models can even become “shapers” and “transformers” of these environments, and moreover, set new standards for their industry (Linder and Cantrell, 2000; Osterwalder and Pigneur, 2010; Stähler, 2002; Teece, 2010; Weill et al., 2004; Zott and Amit, 2007).

As seen in Figure 6 below, according to Osterwalder and Pigneur (2010), the crucial areas for mapping organization’s business model environment consist of market forces, industry forces, key trends, and macroeconomic forces (more detailed characteristics in the table of Appendix F). However, for deeper analysis of the external factors beyond the simple mapping presented in Figure 6, should also serve for instance commonly used PESTEL analysis, which is based on more detailed analysis of political, economical, socio-cultural and technological environment, as well as analysis of business model’s environmental impact and legal environment (Assen et al., 2009; Doole and Lowe, 2008; McGee et al., 2005; Thompson, 2002).

Figure 6 – External Environment of the Business Model



Source: (Osterwalder and Pigneur, 2010, p201).

As was demonstrated in Figure 6 and Appendix F, mapping as a set of detailed partial analysis of business model environment is being considered as a great instrument that also reflects on possible trends for the future of organization's business model. An appropriate understanding of the business model environment through mapping will allow organizations to better assess the various directions in which business model might evolve. Nevertheless, the "what-if" questions can be solved more effectively by creating scenarios of future business model environments (so-called scenario planning, see visualization in Appendix G). Although scenario planning helps executives mainly to examine the outcomes that organization might expect under a variety of economic conditions and operating strategies; this tool can be valuable also for „jumpstarting“ business model innovation work (Assen et al., 2009; Linder and Cantrell, 2000; Osterwalder and Pigneur, 2010; Ringland, 2006; Thompson, 2002).

When evaluating the business model environment, the critical focus should be on the future scenarios of business model evolution in the light of changing environment. According to Osterwalder and Pigneur (2010, p210), *“a competitive business model that makes sense in today's environment might be outdated or even obsolete tomorrow.”* Every organization should do its best to improve understanding of environment which surrounds its business model. Obviously, no business expert can be certain about the future of business model, due to all uncertainties and potential disruptions. Nevertheless, executives can develop a range of “what-if” future hypotheses that may serve as “guidelines” for designing tomorrow's business models.

2.3.3 Customer, Culture and Marketing Mix

According to the topic of this dissertation, for successful evaluation of the applicability of the business model from one country to the market of another country, it is necessary to analyze properly different external environment of a potential market, as well as cultural differences reflected, for instance, in customer behaviour and customer preferences (Albaum et al. 2008; Hill and Jones, 1998; Kotabe and Helsen, 2010; Morrison and Conaway, 2006; Usunier, 2000). Therefore, to demonstrate and evaluate the importance of analysing cross-cultural differences in conjunction with customers and their purchasing behaviour, there has been also included marketing mix analysis (see in Table 8) with several examples (Richter, 2012).

Table 8 – Marketing Mix



Source: On Author's Own supported by (Kotabe and Helsen, 2010).

As was stated previously, being fast in learning and subsequently, execute necessary modifications; is considered as one of the most crucial success factors (Teece, 2010). Kotabe and Helsen (2010) summarized that for meaningful cross-country comparison, organizations require suitable management and coordination of their market research projects with an international extent. For this purpose, it is advantageous to use inputs from local potential customers to uncover country-specific peculiarities that cannot be tapped with over standardized measurement instruments (Albaum et al. 2008; Hill and Jones, 1998; Kotabe and Helsen, 2010; Morrison and Conaway, 2006).

Moreover, local people can provide an organization with the unique insight into their culture, which is being considered as a key pillar of the marketplace. Understanding the local culture through appropriate analysis has one of the main impacts on international business model successfulness; cultural variables may act both as barriers and opportunities (Albaum et al. 2008; Richter, 2012; Kotabe and Helsen, 2010; Osterwalder and Pigneur, 2010). Nevertheless, when entrepreneurs and executives aim to analyze its foreign customers, they usually start with international marketing mix analysis (afterwards acts as a part of international marketing programme), which focuses on key elements such as product, price, distribution and promotion (Albaum et al. 2008; Richter, 2012; Kotabe and Helsen, 2010). Appendix H will demonstrate how an organization's marketing mix accompanied by culture, interact.

2.4 Successful Business Models

In previous sections, there were shown several examples of successful business models and evaluated key drivers for successful implementation of the business model through appropriate analysis. Nevertheless, Linder and Cantrell (2001) summarized that there does not exist a business model “pattern” that can wholly guarantee the superior results, but there do exist three common characteristics of successful business models.

Firstly, successful business models are characterized by offering incomparable value for their customers; occasionally is behind this brand new idea. More frequently, it is result of combining high quality products and services with value added; for instance, customer can gain the same (or even more) utility for lower price than offer competitors (Hill and Jones, 1998; Kotabe and Helsen, 2010; Linder and Cantrell, 2001; McGee et al., 2005; Osterwalder and Pigneur, 2010; Porter, 2008; 1998; 1985; 1980).

The second common characteristic is based on the fact that triumphal business models are difficult to imitate. These business models established their crucial differentiator (e.g. incomparable attention of their customers, excellent implementation); therefore, they have built insurmountable barriers to protect its uniqueness, and established their crucial differentiator (Albaum et al. 2008; Kotabe and Helsen, 2010; Osterwalder and Pigneur, 2010; Thompson, 2002).

Finally, as was evaluated predominantly in last main paragraph, key driver of business model’s success is its grounding in reality. Superior business models are based on precise customer behaviour assumptions, and structures of their costs are continuously in compliance with their revenue streams (Linder and Cantrell, 2001). According to Teece (2010, p192), designing and implementing of successful business model includes also assessment of both internal and external factors, “*concerned with customers, suppliers, and the broader business environment.*”

2.4.1 Analysing Existing Business Models and Building New Ones

Mapping and analyzing of existing successful business models related to organization’s intended new one can provide executives and entrepreneurs with a great source of inspiration. Nevertheless, important is to establish a creative process for generating a large number of business model ideas and successfully isolating

the best ones. Therefore, organization can gain required knowledge for its own business model creation; analysis of related existing business models can reveal the main strengths and weaknesses of potential new business model and serves as an overview of what have been done up to date in the certain industry. It is crucial to focus on both successes and failures; because from the misfires of other business models, they can learn that lesson in advance and avoid their own future erroneous actions (Linder and Cantrell, 2001; McGee et al., 2005; Osterwalder and Pigneur, 2010).

When mapping business models based in different country, it is necessary to take into account different business environments, which can sometimes signify that foreign business model cannot be applicable to the conditions of the organization's domestic market. Moreover, when analyzing existing business models, it is important to focus on organization's initial intention and stick to the fact that analysis of other existing models serve only as an inspiration; and do not try to imitate them. In addition, any attempts to imitate successful business models can be entirely pointless, because of various barriers protecting organizations (Casadesus-Masanell and Ricart, 2011; Magretta, 2002; Osterwalder and Pigneur, 2010; Teece, 2010).

2.4.2 Barriers to Imitating Business Models

In accordance with Teece (2010, p181), *“at a superficial level all business models might seem easy to imitate – certainly the basic idea and the business logic behind a new model is unlikely itself to enjoy intellectual property protection.”* Particularly, newly introduced business model, which is in comparison with business method more general, is highly improbable to obtain qualifications for a patent, even though some business methods involved can be patentable. Although the specifications of a business model can be protected through copyright, does not constitute a sufficient barrier to duplicating organization's core ideas (Casadesus-Masanell and Ricart, 2011; Osterwalder and Pigneur, 2010; McGee et al., 2005; Teece, 2010)

Nevertheless, Teece (2010) identified three circumstances under which may be organization prevented from imitating its business model by others. Firstly, business model implementation should necessitate *“systems, processes and assets that are hard to replicate (Teece, 2010, p182).”* Second, organizations should consider the lower level of their business model transparency, which results in difficulties for outsiders

in detailed understanding of organization's business model implementation, or which core elements actually represent the origin of organization's attractiveness for customers (Osterwalder and Pigneur, 2010; Teece, 2010). Finally, despite the fact that the method of copying "pioneer's business model" seems to be obvious, "*incumbents in the industry may be reluctant to do so if it involves cannibalizing existing sales and profits or upsetting other important business relationships (Teece, 2010, p182).*" Thus, when the organization's suppliers and other value chain actors are constrained in this way, organization's business model can be hardly be imitated by anyone else (Teece, 2010).

2.4.3 Low-cost Business Models

Every year, it is for organizations more difficult to satisfy their customers; as homogeneity has become a problem, companies offer increasingly similar products and services; furthermore, many companies use similar working practices, and thus produce similar results (Cerasale and Stone, 2004). Therefore, a new global "wave" of low-cost business models is increasingly coming to the fore in many industries and locations (Giménez, 2013; Kachaner et al., 2011). Moreover, since the global crisis erode in 2008, many organizations have developed new low-cost business models orientated towards the growing segment of customers with limited financial means. Paradoxically, although the recent recessionary business environment of some developed countries offers the great opportunity of implementing the low-cost business model, many markets still have unexploited gap (Biglaiser et al., 2013; Giménez, 2013).

Low-cost business model is not only based on providing current customers with possibility of buying same goods for lower price; but "*it is a truly new value proposition that addresses both existing and new customers and is supported by a novel operating model (Kachaner et al., 2011, p43)*". Despite the fact that not all prosperous low-cost business models are identical; as will be investigated afterwards, many these business models have similar characteristics (see Appendix I).

3 Research Methodology

In accordance with Kumar (2005), research methodology represents “step-by-step” designed procedure initiated to accomplish the objectives; therefore, this section interpret certain research philosophies, approaches to methodology and strategies, selected to be employed in the main research of this dissertation. Furthermore, following chapter has been considered as the “bridging” section between literature review and the main research analysis of this dissertation.

3.1 Introduction

In addition to the above mentioned, the essential purpose of this chapter is to familiarize the reader with the background research and secondary study which have been undertaken before the primary research, in accordance with selected topic. Furthermore, this chapter discusses and defends author’s approach to collecting the data for this study, and serves as the reflection of set entire activities required to be accomplished before the main research, as well. Adequate academic sources will be employed to illustrate author’s points appropriately, as well as to present necessary theoretical basis and accumulate the necessary attainments about concrete areas of this study. Overall, the aim of chapter Research Methodology is to provide readers with deeper comprehending of this study through “big picture”.

This section therefore covers all processes and research techniques involved. Firstly, the reader will be provided with re-stating and more detailed explanation of research questions and objectives, there will be also introduced conceptual framework along with the corresponding diagram that will show the core logic of overall research. Subsequently, this paragraph will be dealing with research philosophies and approaches to be employed in this dissertation, as well as selected strategy of the research. Furthermore, in next subsection, will author explain particular research methods applied in analysis of secondary and primary data. As for both types of data, there will be explained techniques of their collecting; subsection “Primary Data Collection” will deal with sampling, in-depth interviews, and design and distribution of questionnaire. Subsection 3.6 will familiarize the reader with timescale of overall research work; subsection 3.7 will examine possible limitations of the research,

as well as strengths and weaknesses of this study; and final two subsections will discuss research ethics and resources required to develop this Master's dissertation.

3.1.1 Clarification of Research Questions

Re-stating the research questions and objectives has been considered as a great starting point of any good "business oriented" dissertation by many authors (e.g. Feather, 2013; Saunders et al., 2012). Moreover, recapitulation of the main research questions and objectives can serve as a useful tool for reinforcing reader's comprehension of author's intended measurements, and how they fit together with the main research questions/objectives (Feather, 2013; Quinlan, 2011). Therefore, this section will offer re-stating of the research questions and objectives, accompanied by more detailed explanation and discussion of these statements.

As was previously stated at the beginning of this dissertation, there were defined two main research questions for purpose of this Master's thesis. As for the first one:

- *Is the chosen UK business model applicable to the conditions of the Czech Market?*

In other words, the aim of this dissertation is to investigate and evaluate the feasibility of application of selected UK business model (business model of low-cost transport company Megabus) to the Czech Market, specifically for low-cost transport opportunity; by appropriate primary and secondary data analysis (for details see "*Background to the Study and Justification*" in paragraph 1.1).

Nevertheless, for purpose of this dissertation, there will not be included "the deepest" and most detailed business plan (after all, there is limited word-count to 20.000), but rather there will be involved appropriate identification of the main elements that constitute immense importance when applying business model from one country to another. Among these elements inherently belong cultural differences, predominantly reflected in different customer behaviour and customer preferences, as well as different business environment that have the major impact on the successfulness of the potential business opportunity. Overall, research connected with the first question will answer on what are the crucial specifications of the Czech Market in which it differs from the UK Market.

Therefore, there will be (as was defined for first three objectives):

- *determined the external environment (e.g. industry) of the UK business model,*
- *identified key drivers of success of chosen UK low-cost business model (Megabus),*
- *and reader will be provided with analysis of Czech external environment connected with potential low-cost business (see also visualisation of Conceptual Framework in Figure 7).*

Appropriate answers to these three objectives will accumulate enough data to build sophisticated answer to the first main question of this thesis.

The second main question of this dissertation was defined as:

- *What adaptation is necessary to the chosen UK business model to be applied to the Czech Market, in respect of the low-cost transport opportunities?*

In other words, the second main question deals with the fourth objective:

- *to identify, which areas have to be changed (and how) in the UK business model to fit most to the conditions of the Czech Market.*

Nevertheless, the second question is closely related to the previous one, which can be considered in this situation as “the grounding” for second question. On the basis of knowledge gained from investigation of the first question (as seen also in Figure 7, determination of the external environment of the UK business model, identification of the key drivers of success of chosen UK low-cost business model, and analysis of Czech external environment connected with low-cost business), there will be investigated, what should be changed in the UK business model in order to best meet the needs of the Czech customer. However, it is also possible that further research of the Czech customer will confirm author’s prediction, that the Czech customer has much lower expectations of service than in the case of English customer.

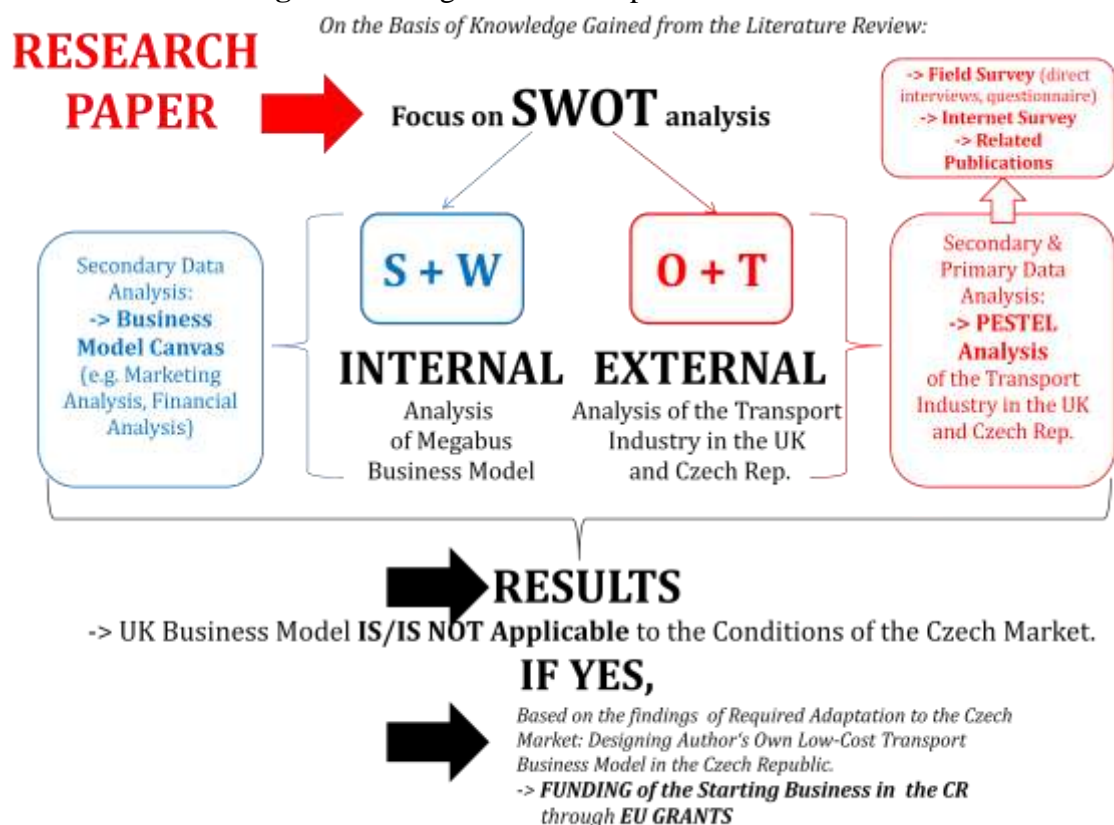
The attitude of potential Czech customers for possible new low-cost transport business model in their country will be investigated through a questionnaire distributed via the internet (questionnaire is primarily aimed at students and employed or potentially employed people who need to commute from Ostrava to Brno, therefore the inhabitants of the Moravian-Silesian region). Nevertheless, due to the nature of the survey, there will be also included in-depth interviews with employees

of adequate state authorities in the Czech Republic, specifically of the employment offices in the Moravian-Silesian region (author believes that the usage of potential new bus services between Ostrava and Brno could help to reduce unemployment in the Moravian-Silesian region).

3.1.2 Conceptual Framework

Authors Ravitch and Rigan (2012) summarized that conceptual framework best serves as an instrument to align academic literature review, accompanied by research methodology and design. Moreover, conceptual framework has been defined as a justification of why selected topic of the thesis matters, and the reasoning of appropriateness of chosen methods suggested for study (Feather, 2013; Ravitch and Rigan, 2011). Therefore, conceptual framework has been also included in this thesis, as well.

Figure 7 – Diagram of Conceptual Framework



Source: On Author's Own Supported by Knowledge Gained from the Literature Review.

As seen in Figure 7, author selected the form of diagram which shows the logical continuity of overall research. The main focus will be on SWOT analysis, internal analysis of Megabus business model (through business model Canvas) will result in strengths and weaknesses, while external analysis of the transport industry in the UK and Czech Republic (through PESTEL, interviews, questionnaire) will generate opportunities and threats (thus, altogether SWOT). Results of “SWOT” will assist with completing strong and sophisticated arguments for answering to the first main question of this dissertation. The second question will be partially answered by “SWOT” (e.g. from online questionnaire investigated differences between potential Czech and UK customers); nevertheless, due to the fact that being low-cost based company is closely connected with selection of appropriate financing, there will be also considered funding of the starting business through EU grants and the conditions under which it is possible to obtain these grants (e.g. business supports employment, infrastructure, educational system of the country).

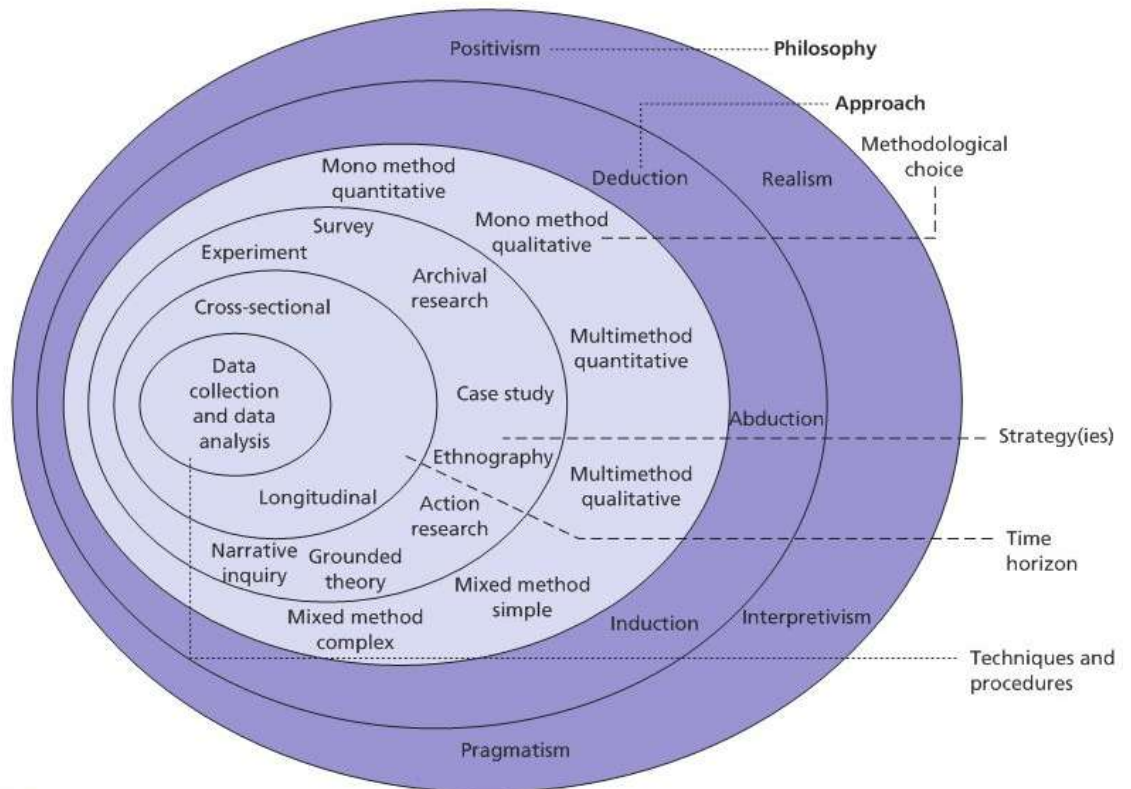
3.2 Philosophies to be Employed

Although there exist many philosophies and philosophical publications, Feather (2013, p35) summarized that for purpose of master’s dissertation even fundamental comprehension of philosophies may help to appreciate how “*all the pieces of jigsaw fit together*“. According to Saunders et al. (2012), adopted research philosophy indicates the way in which author through her study perceives the world. “*The research onion*” in the Figure 8 below serves as visualization of systematic development of knowledge, delivered in the study.

Considering various approaches in research philosophy, author of this study decided to occupy the position of pragmatics. In accordance with Saunders et al. (2012), “*pragmatists recognize that there are many different ways of interpreting the world and undertaking research; that no single point of view can ever give the entire picture, and there may be multiple realities (Saunders et al., 2012, p130)*”. As seen in Figure 7, in this research will be used both quantitative and qualitative methods to study research problem, variety of primary and secondary data sources (e.g. in-depth interviews with relevant authorities; questionnaire; survey of related publications), and to interpret the results will be used multiple perspectives (e.g. customer’s

viewpoints, perspectives of employees of the Employment Offices). Therefore, there has been selected to employ research philosophy of pragmatism as the most appropriate to build strong argument for answering to the main research questions and objectives.

Figure 8 – “The Research Onion”



Source: (Saunders et al., 2012, p128).

3.3 Approaches

Feather (2013) identified two types of research approaches as “inductive” and “deductive”. In terms of deductive approach, the theory based on literature review is developed and subsequently moved to specific data analysis and test (Saunders et al., 2012). Nevertheless, for purpose of this study, there has been selected inductive approach, for which is characteristic that author’s approach is to comprehend predominantly the nature of the problem (Feather, 2013). According to Saunders et al. (2012), inductive approach offers more freedom, and less voluminous sample can help to generate probably more relevant findings than more voluminous sample of deductive approach as this research refers the context in which the events are held. Therefore, in terms of this dissertation, the literature review accompanied with “Background

to the Research” introduces the fundamental idea concerning the research. In addition, implemented in-depth interview with merely 10 participants has been undertaken to investigate the same ideas that have been tested through online questionnaire on more extensive sample size.

3.4 Strategies

Research strategy constitutes the plan of actions which will author undertake in order to answer her research questions and related objectives. According to Denzin and Lincoln (2005), research strategy can be considered as methodological link between chosen research philosophy and selected methods to collect and analyse data. Various types of strategies were provided in Figure 9 below.

Figure 9 – Visualization of Types of Research Strategies



Source: (KOPPA, 2013).

Nevertheless, research strategies employed in this dissertation, have already been introduced in the paragraph 3.1.1, primarily in the visualization of conceptual framework in the Figure 7, which provided an overview of the logical continuity of the overall research. Author of this thesis summarized that considering selected philosophy and research approach, there has been selected to employ research strategy

of survey as the most appropriate to build strong argument for answering to the main research questions and related objectives. However, there have been employed partially some segments of case study, especially in the internal analysis of chosen business model; and both quantitative and qualitative research have been employed. Therefore, it can be concluded that for this research was selected Multi-method strategic approach.

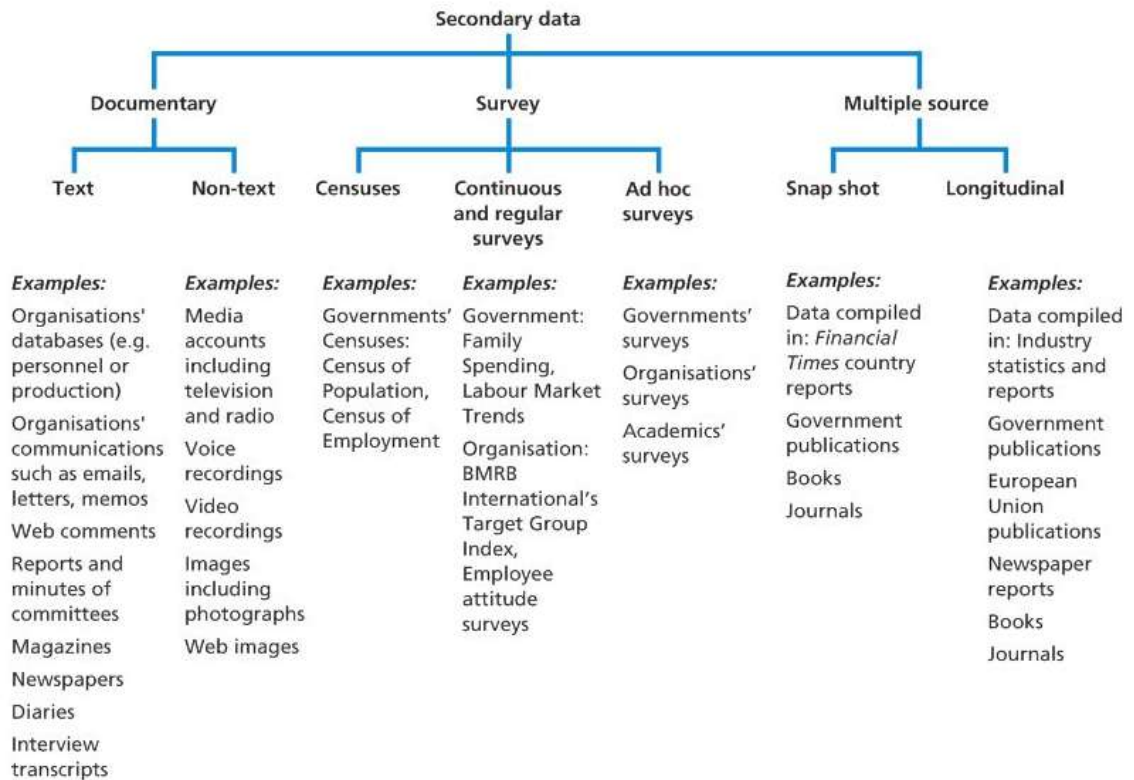
3.5 Adopted Research Methods

For purpose of building strong arguments for answering two main questions and related four objectives of this thesis, author has selected various research methods to investigate related primary and secondary data adequately. In terms of analysing secondary data, and based on the knowledge gained from literature review; for appropriate analysis of secondary data connected with the research topic, there were selected environmental PESTEL analysis and internal business analysis by Business Model Canvas (see more in Literature Review) from Osterwalder and Pigneur (2010). As for the primary data analysis, in relation to the author's conviction about the appropriateness of these research methods, as well as available timescale and financial resources; there has been used online questionnaire and in-depth interview. More detailed overview of selected methods will follow.

3.5.1 Secondary Data Collection

In terms of selecting secondary data related to the study, reader has been already provided with the fundamental part of related secondary data in section “Literature Review”. Nevertheless, although the analytical part will be established on fundamental knowledge gained from the literature review, it will be supplemented by comprehensive field survey of adequate resources. From the academic viewpoint, various authors (e.g. Bryman and Bell, 2007; Maylor and Blackmon, 2005) classified secondary data in various ways; however, according to Saunders et al. (2012), their classifications do not cover the entire range of secondary data available. From that reason, Saunders et al. (2012) on the basis of other academic authors’ ideas, created three main subgroups of secondary data, as shown in visualization of Figure 10 below.

Figure 10 – Overview of Types of Secondary Data Accompanied by Examples



Source: (Saunders et al., 2012, p307).

Therefore, for purpose of secondary data analysis in section “*Research Results and Analysis*”, author will employ various secondary data (across all three main subgroups mentioned previously) connected with (predominantly low-cost) transport industry in the United Kingdom and Czech Republic, collected from relevant authorities (e.g. Ministry of Transport Public Information, European Union publications), related journal articles (e-journals, as well), legislation of the both countries, research papers, newspapers, magazines, related internet sources and academic books.

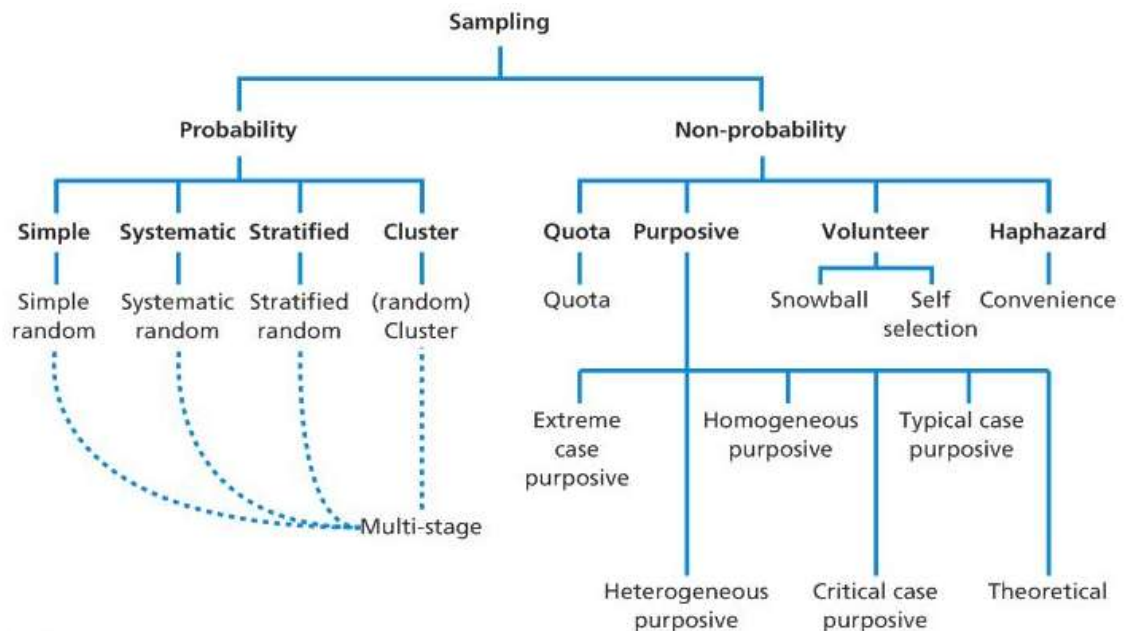
3.5.2 Primary Data Collection

As was mentioned previously, to obtain primary data, it is necessary to visit and interview relevant authorities directly in the Czech Republic; and questionnaire with the potential customers oriented to frequent travelers between Ostrava and Brno will be an essential part of this research, as well. Collected data (in case of online questionnaire, in Google Docs) will be processed through econometric and statistical calculations in Excel Statistics; however, generated statistical data and results of the questionnaire from Google Docs will be also used in analytical part.

3.5.2.1 Sampling

For purpose of some main questions of the research, the data could be collected from the whole population, as long as the research topic indicates that the population size is manageable (Cochran et al., 1954; Saunders et al., 2012). Nevertheless, most commonly the research requires exploring a representative sample, because on one hand, it would be impractical to determine the entire population; and on other hand, limited financial resources or time limitations could come into force (Feather, 2013; Saunders et al., 2012). According to the Saunders et al. (2012), techniques of sampling techniques may be split into “Probability or Representative sampling”, and “Non-probability or Judgement sampling” (see overview in Figure 11 below).

Figure 11 – Overview of Sampling Techniques



Source: (Saunders et al., 2012, p261).

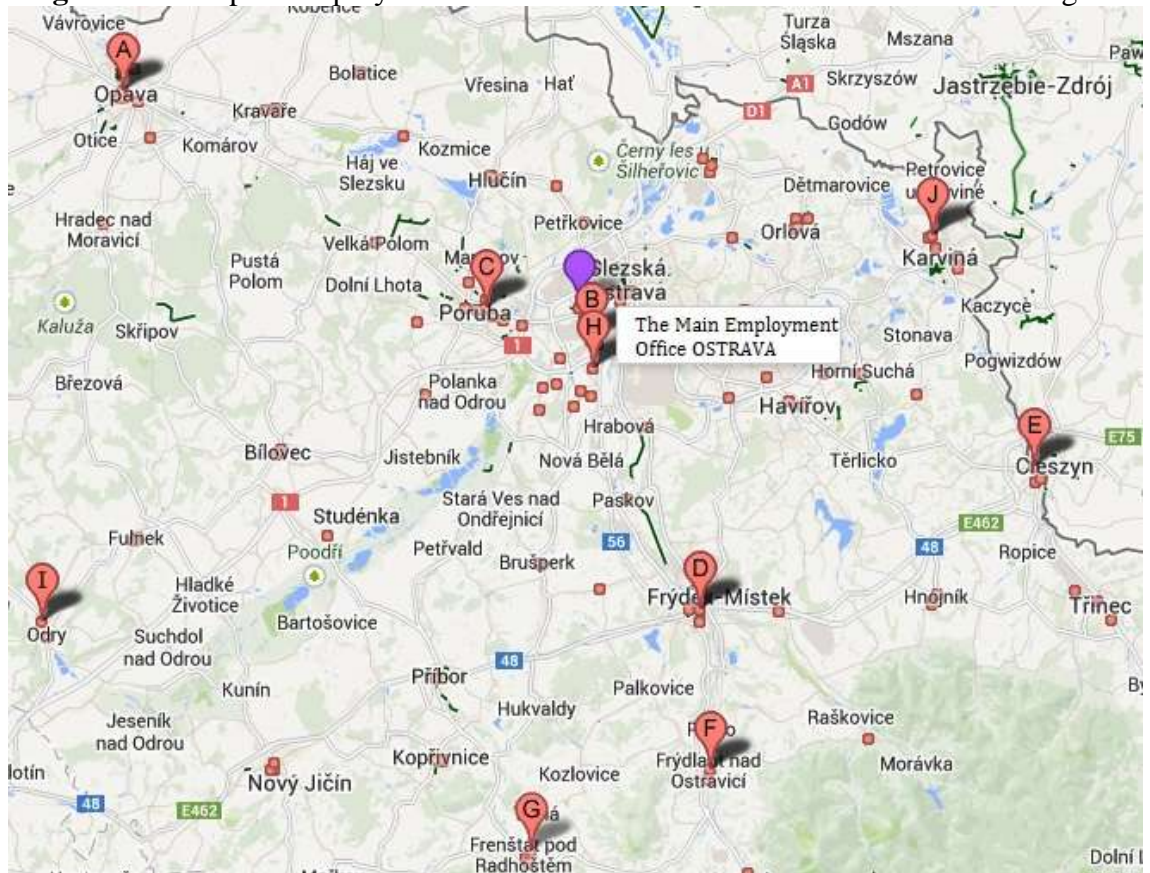
As for “Probability or Representative sampling”, so-called “Random sampling”; these techniques have been considered as the most precise; whereas across the entire population, all members have equal chance of being included in the sample (Cochran et al., 1954; Saunders et al., 2012). On the contrary, in terms of “Non-probability or Judgement sampling”, so-called “Non-random sampling”; these techniques creates a variety of alternative methods for the sample selection on the basis of divergent subjective judgments (Feather, 2013; Saunders et al., 2012).

Despite the fact that, these techniques may not be as precise as the previous group of techniques; for purposes of different business or management projects, their objectives, nature of the study and the strategic choice, suggest that these “*Non- probability or Judgement sampling*” are fully sufficient and adequate, as well (Cochran et al., 1954; Saunders et al., 2012). As seen in Figure 11 above, Saunders et al. (2012, p261) defined four groups of “*Non- probability or Judgement sampling*” as “*Quota, Purposive, Volunteer, and Haphazard*”.

For purpose of this dissertation, due to relatively low financial and temporal resources, author selected “*Purposive*” group of non-probability sampling techniques, namely “*Heterogeneous sampling*” for application of designed questionnaire (Saunders et al., 2012). For this technique is characteristic that the likelihood of sample being representative is relatively low, although dependent on author’s choices; it reveal/illuminate key themes; control over sample contents specifies selection criteria (in terms of questionnaire, it has been devoted to people who frequently travel between Ostrava and Brno); and its relative costs are reasonable (Saunders et al., 2012).

As for sampling technique for purpose of interviews, author chose “*Homogeneous sampling*” that specifies selecting criteria more narrowly than previously selected sampling technique (Saunders et al., 2012). Thus, ten in-depth interviews were undertaken with employees of Employment Offices in the Czech Republic (namely Employment Offices of the Moravian-Silesian Region, see branches of the authorities on the map in Figure 12), because author aimed to investigate whether her potential business model can somehow help to reduce unemployment in the Moravian-Silesian region, and thus obtain funding through grants from the European Union. Nevertheless, Moravian-Silesian Region has been selected in accordance with author’s own residence (Čeladná), which significantly reduced the research cost on transport. In addition, author visited ten interviewers (accompanied by one participant of pilot in-depth interview in Havířov) in branches of Employment Offices in Bohumín, Český Těšín, Frenštát pod Radhoštěm, Frýdlant nad Ostravicí, Havířov, Hlučín, Karviná, Nový Jičín, Opava, and Ostrava (there were selected predominantly larger cities of the given Region).

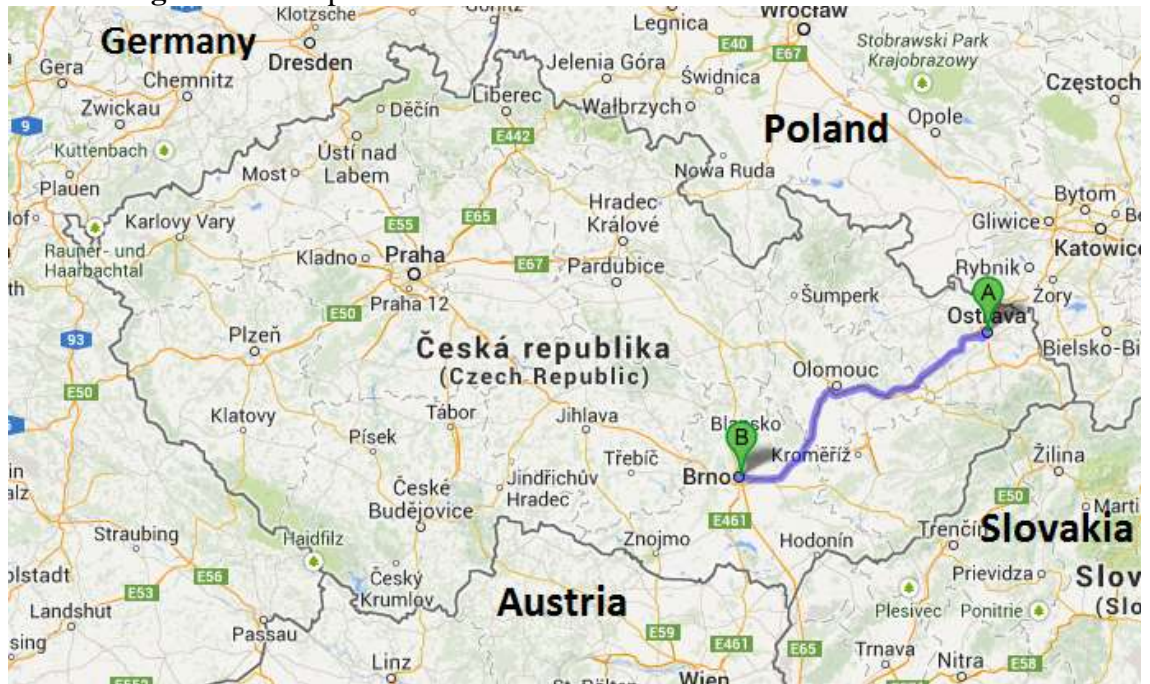
Figure 12 – Map of Employment Offices' Branches in the Moravian-Silesian Region



Source: Google Maps by (Google, 2013).

Questionnaire was generally devoted to both males and females (potential customers), who must frequently travel between Ostrava and Brno (the 3rd and 2nd biggest cities in the Czech Republic; see the route in map of Figure 13). Therefore, questionnaire was predominantly designed for residents of the Moravian-Silesian Region. The main focus was on students between ages of 21-25, who have lower income and have to travel from Ostrava to Brno to University; as well as employed people between ages of 26-30, who already commute to work from Ostrava to Brno. Nevertheless, there were also included questions for unemployed people from Moravian-Silesian Region and those who would be potentially interested in working in Brno, such as women on maternity leave or current students of university in Brno (therefore, it was designed also for people from the Moravian-Silesian Region who do not travel between Ostrava and Brno yet, but could have potential interest). In terms of the sample size, it has been limited to the number of 150 respondents, which author considers as sufficient for adequate information value.

Figure 13 – Map of the Potential Bus Line between Ostrava and Brno



Source: Google Maps by (Google, 2013).

Above mentioned samples of population were selected also in accordance with the author's relatively easy access to participants. As for in-depth interviews (employees of Employment Office in the Moravian-Silesian Region), author contacted participants in advance (by email or telephone) and informed them about the purpose of the research, and that the interview will be recorded. In terms of online questionnaire, it has been distributed via internet (there was used free Google Docs). Nevertheless, participants were approached on social networks, predominantly on related Facebook "fanpages" (e.g. Czech "car-sharing", official "fanpages" of Universities in Brno etc.)

3.5.2.2 Pilot Study of In-depth Interview and Questionnaire

Many authors (e.g. Feather, 2013; Saunders et al., 2012) recommended before "sharp" introduction of depth interview or questionnaire to perform pilot testing which can help to avoid misunderstandings and eliminate mistakes in chosen research techniques. Therefore, for purpose of this research, there has been also applied pilot testing to one in-depth interview with the employee of Employment Office in Frýdek-Místek; and 10 pilot questionnaires were distributed to the people who were conscious of the researcher's intentions, with aim to obtain critical and constructive feedback.

In case of in-depth interview, pilot testing revealed some weaknesses and helped to construct a better formulated in-depth interview. According to pilot questionnaires, there were not found any serious weaknesses or gaps; on the contrary, it was confirmed that the questionnaire is adequately established for effective acquisition of the essential primary data related to the topic of this dissertation.

3.5.2.3 In-depth Interview

As was stated previously, for this dissertation have been selected both qualitative and quantitative research. Therefore, for purpose of qualitative research, there was also included technique of in-depth interview which is partially semi-structured (as seen in Appendix L and Appendix M). Ten participants of these interviews were employees of Employment Offices of the Moravian-Silesian Region, because author aimed to investigate whether her potential business model can somehow help to reduce unemployment in the Moravian-Silesian region; and thus obtain financial grants from the European Union for her potential business.

As seen in English Version of Outlined Interview Schedule, author designed a list of key questions that should be answered by the participants; but their use may vary depending on the interview (as this type of interview is considered as a flexible method, thus the structure of questions was not strict). Nevertheless, strictly followed were principles of the “Ethical Guidelines for Good Practice in Teaching & Research” by Huddersfield University Ethics Committee (2011). Therefore, outlined interview schedule contained brief description of overall research and there were also supplement of full anonymity of the research (participants were not forced to provide any personal information). Moreover, author contacted participants in advance (by email or telephone) and informed them about the purpose of the research; participants were apprised that the interview will be recorded, as well. Data from in-depth interview have been captured by audio-recording the conversation, and if necessary, author has been taking notes. Moreover, in-depth interviews were performed in a quiet environment of the certain Employment Office spaces, and therefore it was possible to concentrate appropriately to discussion. Subsequently, audio files from ten interviews were transferred to the computer and formats of recordings were modified for analysis.

3.5.2.4 Online Questionnaire design

According to the characteristics of the respondents from which author wish to collect data (as determined in the paragraph “Sampling”), for quantitative research has been selected “Web-based” type of questionnaire from group of “Self-completed” questionnaires (Saunders et al., 2012). Author constructed this questionnaire in Google Docs, which is free, and after completion of the questionnaire, system advantageously generates a link, which is easily distributed. Also distribution of this questionnaire was relatively free, except its time cost spent on finding appropriate online distribution channels on the internet (finally, distribution was conducted mainly through social networks, e.g. Facebook groups connected with “car-sharing” and Facebook official “fanpages” of several Universities in Brno and so on).

After the pilot testing, online questionnaire survey was launched 1st June 2013 and closed 1st September 2013 (for the topicality was the date of closure determined to September). As seen in Appendix J and Appendix K, in terms of maximization of the reliability and validity of the collected data, as well as response rates; author designed individual questions carefully; the layout of the questionnaire is relatively clear and engaging; and at the beginning is provided questionnaire’s purpose.

According to Dillman (2009), there exist three types of data variable that could be obtained from questionnaire survey – opinion, behaviour, and attribute variables. Therefore, in following part will be given examples of related questions accompanied with brief explanation of different types of variables. As for opinion variables, they detect how participants feel about something (Saunders et al., 2012). To determine the views of the respondents were included questions such as evaluating question in Figure 14, or additional open question in Figure 15 below.

Figure 14 – Example of Evaluating Question Detecting Opinion Variables

How important is price of transportation for You?

0 means no significance 5 means the highest importance

○ 1 2 3 4 5

○ ○ ○ ○ ○ ○

Source: On Author’s Own.

Figure 15 – Example of Additional Open Question Detecting Opinion Variables

What is the main reason for Your interest / disinterest?

Any opinion or observation will be welcomed.

Source: On Author's Own.

On the contrary, data connected with participants' behaviour or attributes reveal what they actually do and are; concrete experience has been recorded (Saunders et al., 2012). In terms of behavioural variables, they include data on what participants did previously, currently, or will do in the future. To determine the behavioural variables, there were included questions such as question with only one selection in Figure 16.

Figure 16 – Example of Question Detecting Behaviour Variables

How frequently do You travel between Ostrava and Brno?

- Daily
- 5-3 times a week
- 1-2 times a week
- 1-3 times a month
- 1-2 times a year

Source: On Author's Own.

In accordance with attribute variables, they contain data about characteristics of participants, such as gender, age, education, or income. As an example can be given following question in Figure 17 below. In addition, there must be noted, that questionnaire was distributed only in Czech language; therefore, it was necessary to translate it into English, and convert the Czech crown into UK pounds according to the current exchange rate.

Figure 17 – Example of Question Detecting Attribute Variables

What is Your average (net) monthly income? *

Approximate amounts are also included in UK Pounds (GBP) and the applied exchange rate from 21 August 2013 amounted to GBP / CZK = 30.2.

- | | |
|---|---|
| <input type="checkbox"/> 0 - 2000 CZK (0 - 66 GBP) | <input type="checkbox"/> 10 001 - 15 000 Kč (331 - 497 GBP) |
| <input type="checkbox"/> 2001 - 4000 Kč (66 - 132 GBP) | <input type="checkbox"/> 15 001 - 20 000 Kč (487 - 662 GBP) |
| <input type="checkbox"/> 4001 - 8000 Kč (132 - 265 GBP) | <input type="checkbox"/> 20 001 - 25 000 Kč (662 - 828 GBP) |
| <input type="checkbox"/> 8001 - 10 000 Kč (265 - 331 GBP) | <input type="checkbox"/> 25 000 Kč + (828 GBP +) |

Source: On Author's Own.

3.6 Timescale

Both Feather (2013) and Saunders et al. (2012) recommended that for viability of research methodology and to get a clear overview of possibilities in the given timescale, it is advantageous to design a schedule of the research by applying Gantt chart (see in Table 9). Gantt chart serves as a clear and simple visualized summary of the main tasks and activities that must be undertaken during the overall research process, while each of them has been plotted against time axis (Saunders et al., 2012).

Table 9 – A Gantt Chart Showing Duration of Particular Stages of the Research

	Mar 2013	Apr 2013	May 2013	Jun 2013	Jul 2013	Aug 2013	Sep 2013
Literature review							
Questionnaire design							
Interview schedule design							
Pilot of questionnaire							
Pilot of interview schedule							
Send out Questionnaire							
Conduct interviews							
Data analysis							
Write up findings							
Other adjustments							

Source: On Author's Own Supported by (Feather, 2013).

As seen in Table 9 above, author started with her research project in March 2013. At this time, the main activities of the research focused on appropriate understanding of the research area, as well as developing research questions and objectives. Nevertheless, reviewing of related academic and business literature accompanied the entire research project until the final submission date of 9th September 2013, as well as analysis of any other related data. Between April 2013 and May 2013, author designed questionnaire and interview schedule, to which was later, in June 2013, applied pilot study/test to find out the weaknesses of composed research techniques, or where appropriate add further questions.

Online questionnaire survey (in Google Docs) started 1st June 2013 and was closed 1st September 2013 (for the topicality was the date of closure determined to September); ten in-depth interviews (with employees of the employment offices in the Czech Republic) took place between 1st June and 15th August. As for the writing up findings, these activities were undertaken between July 2013 and the date of submission, 9th September 2013. Nevertheless, overall research process included many adjustments of the dissertation; in this category are included activities such as creating author's own spreadsheets, diagrams, visualizations, or translating of the Czech version of questionnaire to English, and so on.

3.7 Strengths, Weaknesses and Limitations of the Research

In accordance with Herbst and Coldwell (2004), competent and thinking researcher may be prepared to be objectively self-evaluating his/her dissertation and provide the reader with some reflection on the strengths and weaknesses of what have been done in the research. Nevertheless, during the research there probably exist some factors that limit author's ability to conduct research thoroughly – limitations of the research. Therefore, this section was devoted to the reflection on the strengths and weaknesses, and assessment of the limitations (Feather, 2013).

As the biggest strength of this thesis author considers the simplicity and clarity of how the thesis has been written. In addition, author believes that due to the large number of thematic visualizations (e.g. charts, diagrams) and given examples of real business, topic of the thesis can be easily understood by anyone previously “untouched” by selected research area. According to the author, further strength of this study is its contribution in the form of new business perspective of the UK business model and its possible application to the market conditions in Eastern Europe. In addition, author acknowledges that the development of this study has been beneficial for her, it provided her with many perspectives on the discussed issues, and overall it has enriched the author by rewarding experience.

On the contrary, despite the best efforts made by the author of this thesis, there has been recognized some weak points. Firstly, author of this dissertation is aware that her lack of experience in real business might have a tendency to slightly unrealistic

approach in analysing of the research results. Moreover, even though the author is learning English from her childhood, from her age of 16 is the holder of Cambridge Language Certificate (FCE, level B2), and in the last year of her life in England, her academic English identified a great progress; author admits that there still exist certain language barrier whereas the English is not her first language.

As for the limitations of the methods used in this thesis, due to delineated time allotted for the preparation of this work (approximately 7 months) and limited financial resources (approximately £ 2,000); the sample size has been limited, as well as investigated area of the research, which has been limited only to one region in the Czech Republic (Moravian-Silesian Region). Therefore, the sample of potential customers in this work cannot be considered as fully representative pattern of the general population in the Czech Republic. Questionable is limitation of respondents and their seriousness and rigor with which they approached in completing the questionnaires.

Overall, author believes that despite all these limitations and weaknesses, through this dissertation and related analysis could be appropriately depicted the possibility of the UK business model application to the Czech market.

3.8 Research Ethics

Firstly, in terms of implementing research in an ethical manner, author filled and signed the ethics form and forwarded to her supervisor Mr. Mike Newsome for approval of this dissertation. Due to the fact, that topic of this dissertation, *“An Evaluation of Applicability of the UK Business Model to the Conditions of the Czech Market”* does not contain any conflicting aspect and overall dissertation has been conducted in accordance with principles of the *“Ethical Guidelines for Good Practice in Teaching & Research”* by Huddersfield University Ethics Committee (2011), the approval of the ethics form was granted.

Secondly, author conscientiously followed above mentioned ethical policy of Huddersfield University Ethics Committee (2011); author in her research respected human rights, did not cause any psychological or physiological harm to the respondents, and was honest in respect of all actions related to her study. Moreover, in accordance

with the British Education Research Association (2004), which identified that all participants of the research must be fully aware what is the purpose of research; every electronically distributed questionnaire contained (as seen in Appendix K) brief description of overall research and there were also supplement of full anonymity of the research (participants were not forced to provide any personal information). Therefore, participants were completely informed about the academic purpose of research before they start to fill questionnaire.

As for in-depth interviews, also these techniques were conducted ethically; author contacted participants in advance (by email or telephone) and informed them about the purpose of the research, and that the interview will be recorded. According to the ethical guidelines of Huddersfield University Ethics Committee (2011), all interviews were anonymous. Therefore, the names of interviewed employees of adequate state authorities, specifically of the Employment Offices in the Moravian-Silesian region; remain anonymous and do not appear anywhere in the thesis.

3.9 Resources

To develop this thesis was not only required diligence and conscientious work, but there were also financial resources needed. Most financial resources were required for travelling, as visiting and interviewing relevant authorities directly in the CR was crucial to obtain primary data. Therefore, travelling to the Czech Republic has been an essential part of this research. However, there have been included also several smaller expense items, such as printing during the development of the thesis (some journal articles have been printed to facilitate the work), and then printing of the final version of this dissertation for submission, blank disk for answers taken during interviews, and other items. For the main survey through questionnaire, there has been used online questionnaire in Google Docs, which is free. Also distribution of this questionnaire was relatively free, except its time cost; because author spent a lot of time on finding appropriate online distribution channels on the internet (finally distribution was conducted mainly through social networks, e.g. Facebook groups connected with “car-sharing” and Facebook official “fanpages” of several Universities in Brno and so on). Finally, collected data will be processed through econometric and statistical calculations in Excel Statistics. Overall research costs are estimated at £ 2,000.

4 Research Results, Analysis and Discussions

The following section is concerned with the findings of the research. For simplicity and clarity, this section was divided into two parts by the two main questions. Additionally, in each part author dealt with related objectives. Concerning qualitative approach, collected data were processed through statistical calculations in Excel Statistics; generated statistics of the questionnaire from Google Docs were used, as well.

4.1 Dealing with the 1st Main Question and Related Objectives

As was previously stated at the beginning of this dissertation, there were defined two main research questions for purpose of this Master's thesis. As for the first one:

- *Is the chosen UK business model applicable to the conditions of the Czech Market?*

Overall research connected with the first question will answer on what are the crucial specifications of the Czech Market in which it differs from the UK Market; considering chosen business model. Therefore, three objectives will be answered:

- *to determine the external environment (e.g. industry) of the UK business model,*
- *to analyse Czech external environment connected with potential low-cost business,*
- *to identify key drivers of success of chosen UK low-cost business model (Megabus), (see also visualisation of Conceptual Framework in Figure 7).*

4.1.1 PESTEL Analysis of the UK Transport Industry

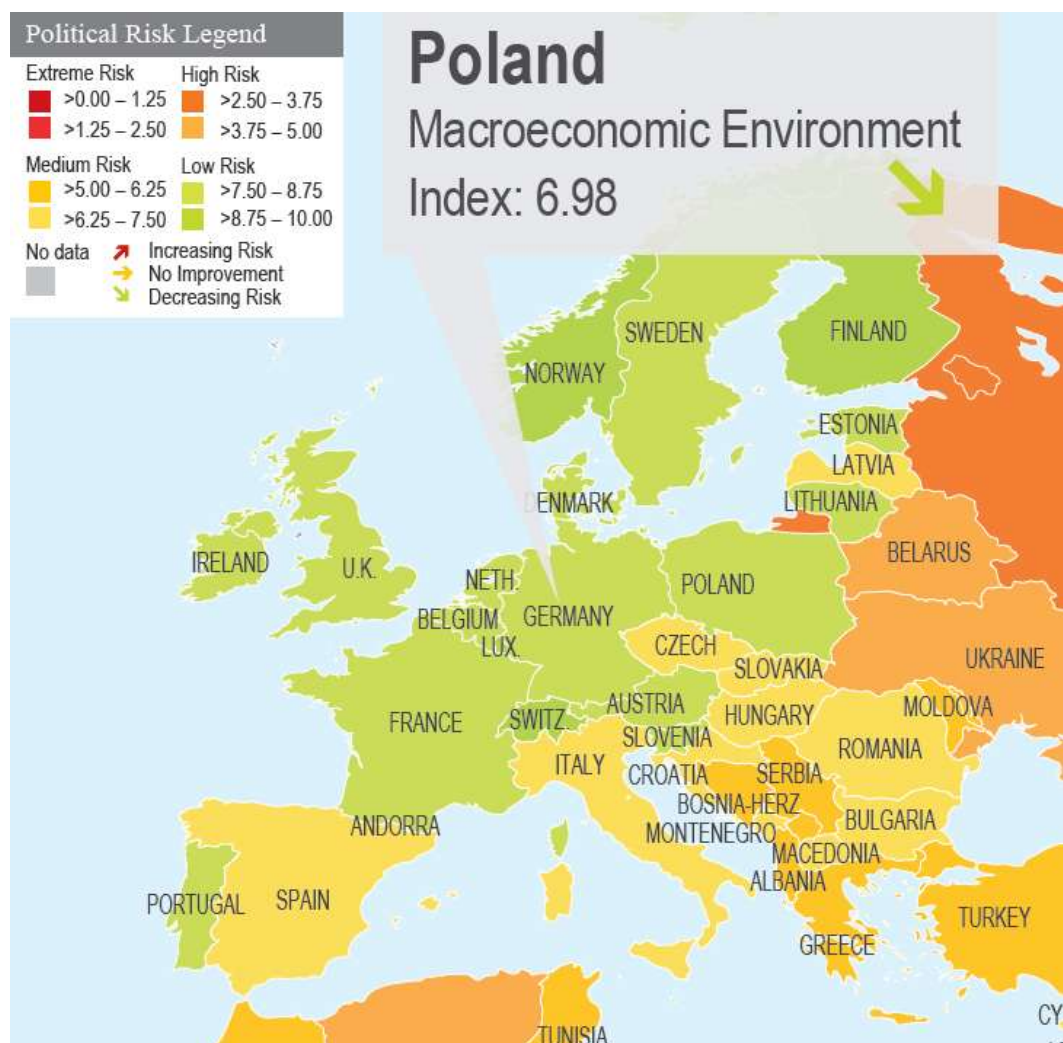
Subsequent analysis serves as an overview of the key external factors influencing chosen business model. In this part will be dealt with the first objective.

4.1.1.1 Political Analysis Considering UK Transport Industry

- In accordance with Ernst & Young's Attractiveness Survey (2012), the United Kingdom has one of the most stable political environment in the world; and its transparent legal and regulatory environment and very low corruption rate make from England an ideal place for business.

- According to Corruption Perceptions Index (Transparency International, 2012), score of the UK is 74, which is perceived as relatively clean (level of corruption was indicated on a scale of 0 – 100, where 100 implies very clean).
- As for political risk of the United Kingdom, that could include direct government actions influencing business activities (e.g. rapid changes in regulations, taxes); the UK presents one of the lowest political risk in the Europe, as seen in Figure 18 (Maplecroft and Marsh, 2013).

Figure 18 – Political Risk Map of Europe



Source: (Maplecroft and Marsh, 2013).

- Government of the UK, constitutional monarchy, occupies considerably proactive approach to developing business in the country and opens up new possibilities for entrepreneurs through its grants, loans; moreover, offers business support such

as mentoring, consultancy; and overall, in the public awareness is seen more as a partner for business than as threat (Government of the UK, 2013).

- In terms of corporation tax rates, which depend on the amount of company's profit, they may change on April 1 every year (as seen in Table 10). However, Minister of State for Trade and Investment, Green stated, that "*corporation tax will be further reduced to 22 per cent by 2014 (Ernst & Young, 2012, p3)*". Above table shows corporation tax rates between 2011 and 2013, figures given could be considered as mean values, compared to OECD average of 25.32 % and Europe average of 20.6 %; indicating rather favorable business conditions (KPMG, 2013).

Table 10 – Corporation Tax Rates in the UK

Rate	From April 1 2011	From April 1 2012	From April 1 2013
Profits £300,000 or less ('small profits' rate)	20%	20%	20%
Profits above £300,000 ('main' rate)	26%	24%	23%

Source: (Government of the UK, 2013).

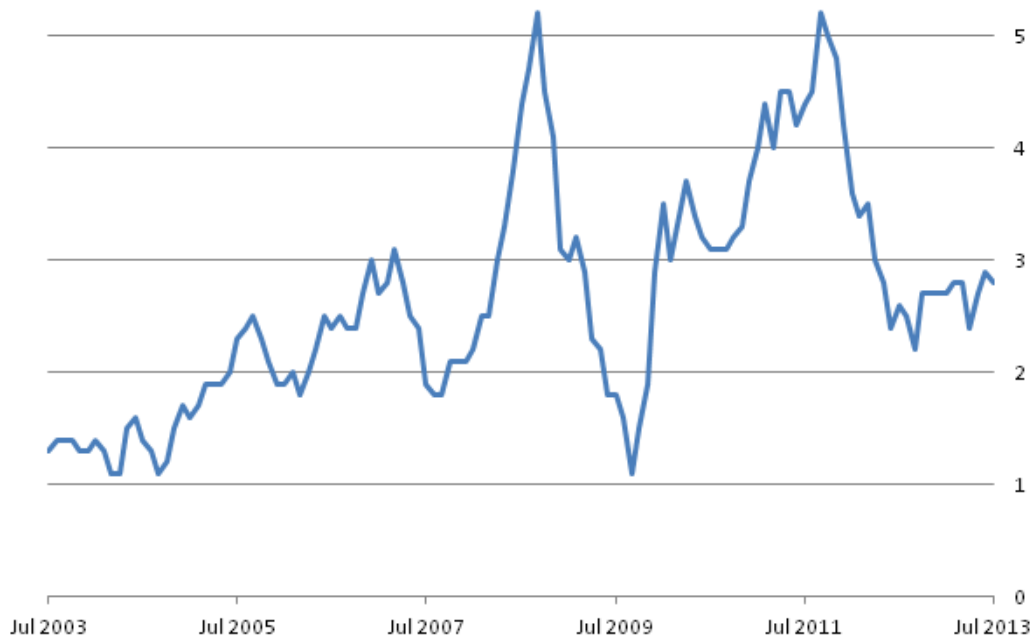
- In terms of transport industry, UK government cooperate with their strategic partners to support the transport network; and considerably invest in transport infrastructure (DfP plans to invest £671 million in 2013-14) to keep people and goods on the move. Nevertheless, Department for Transport issues the necessary restrictions to sustain order in the UK, as well (Department for Transport, 2013).

4.1.1.2 Economical Environment

- Macroeconomical data of Central Intelligence Agency (2012) displays that the GDP (purchasing power parity) was \$2.375 trillion in 2012, which also resulted in overall ninth position of the UK in comparison to the world.
- The Consumer Prices Index (CPI) inflation decreased by 2.8% in the year to July 2013, down from previous 2.9%. The greatest contributions to the decrease arose from air fares, positive price fluctuations in recreation and culture; increase in prices of fuel partially compensate for the drop. As shown in Figure 19, figures

follow the trend of generally stable inflation seen since 2012; and compared to 2008, CPI rate is relatively acceptable (Office for National Statistics, 2013).

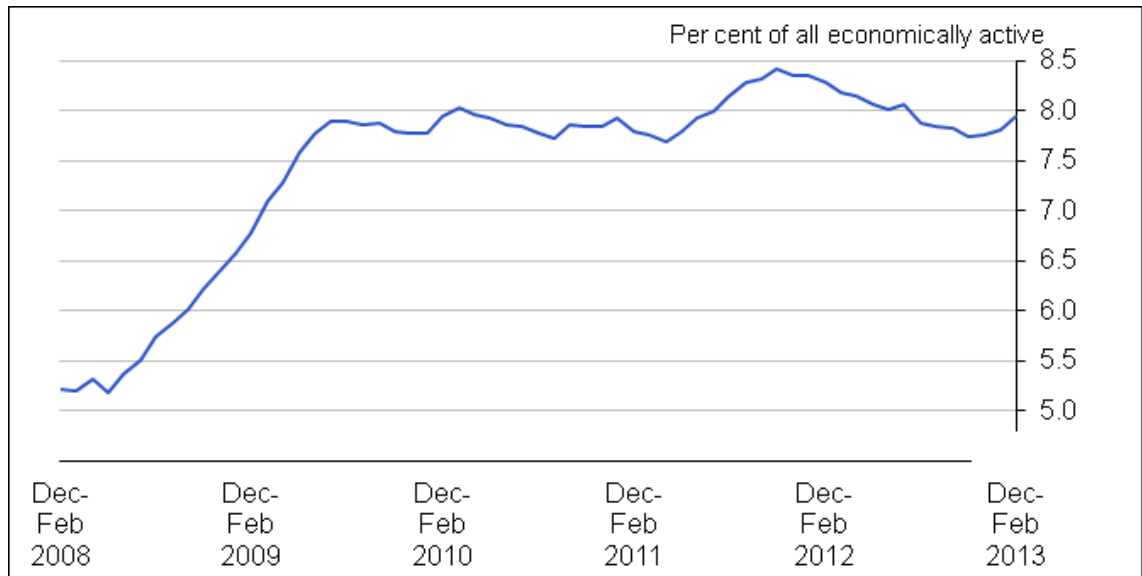
Figure 19 – UK CPI 12-Month Inflation Rate between 2003-2013



Source: (Office for National Statistics, 2013).

- Petrol and diesel prices rose by an average of 0.7% and 0.4% per litre between June and July 2013, compared with falls of 1.2% and 1.6% per litre last year (Office for National Statistics, 2013).
- Inflation and fuel price affects significantly costs in UK transport sector; in 2012, Megabus increased coach prices by approximately 5%. Its management assessed: *"We have been able to hold fares to around inflation, which is a miracle, and we have been able to do that because we have got extra people switching because of the cost of fuel. The other carriers are up by around 8% or 9% (Hiscott, 2012)."*
- In August 2013, the unemployment rate was 7.8% of the economically active population (see in Figure 20), thence 2.51 million unemployed people.

Figure 20 – UK Unemployment Rate between 2008-2013

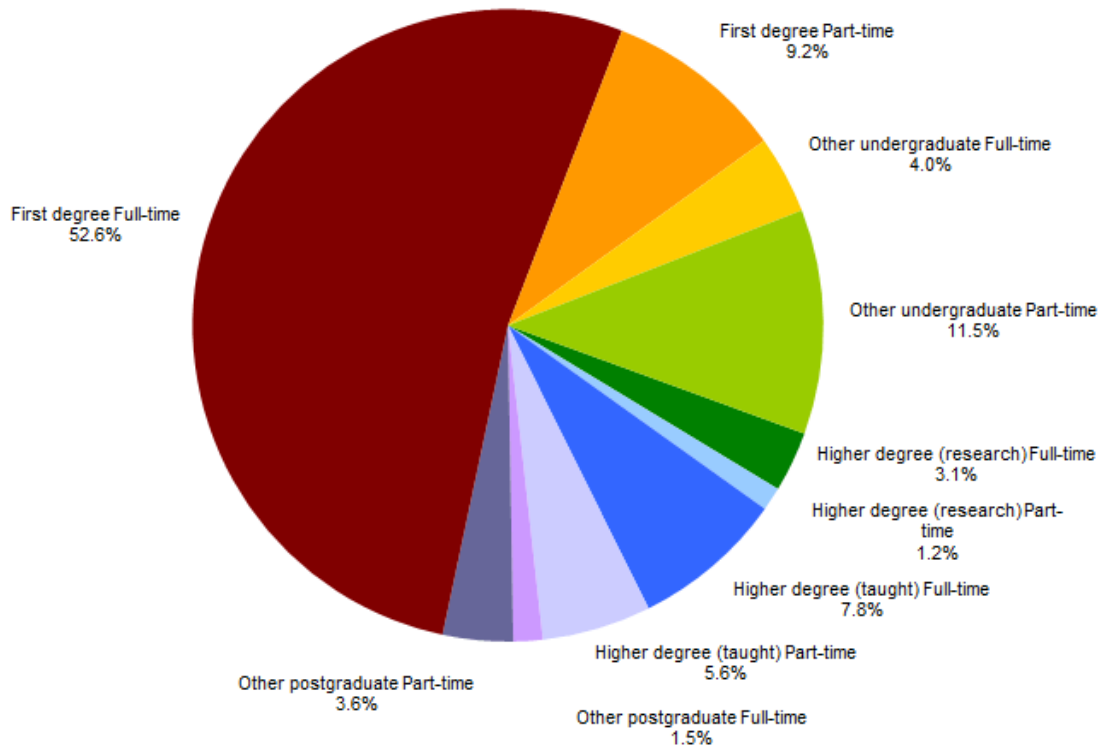


Source: (Labour Market Statistics, 2013).

- In 2011-2012, there have been approximately 2.55 million students studying at 163 UK higher education institutions (see in Figure 21), while postgraduate full time only 7.8%, thence approximately 310 thousand students (HESA, 2013).

Figure 21 – Overall Chart of HE Students by Level and Mode of Study 2011-12

Percentages in this chart have been rounded to one decimal place, therefore they may not sum exactly to 100%.



Source: (HESA, 2013).

Figure 22 – Average Weekly Earnings in the UK, June 2013



Source: (Labour Market Statistics, 2013).

- As seen in Figure 22, average weekly salary including bonuses was £473; since 2011 this is the first time the annual growth in wages including bonuses has exceeded 2%. Average hourly earnings were recorded £11.21 per hour, in 2012 (Labour Market Statistics, 2013).

4.1.1.3 Socio-Cultural Environment of the UK

- The United Kingdom, a land of distinct cultural and ethnic diversity with its 63.5 million inhabitants, consists of four countries each with a clear identity: England, Scotland, Wales, and Northern Ireland (CIA, 2012).
- According to Communicaid (2009), the UK as thoroughly multicultural society with approximately 14.5% (LFS, 2012) immigrants (see Table 11) nowadays continues to combine its rich cultural heritage with a contemporary and innovative outlook. On the contrary, BBC (2013) identifies issues revolving around multiculturalism, immigration and national identity as the main reasons for recent struggling of the country. As the most significant threat (not only for transport industry) of this kind of multiculturalism could be considered concerns about terrorism and Islamist radicalism, *“heightened after the suicide bomb attacks on London’s transport network in 2005 (BBC, 2013).”* Despite the above mentioned, as an opportunity can be seen the fact that *“immigrants are younger and better educated than their UK-born counterparts, on average (CEP, 2012).”*

Table 11 – UK Immigrants’ Country of Origin Due to Percentage Share of Migrants

Largest senders	1985	2012
All immigrants		
1	Ireland (16.5%)	Poland (9.0%)
2	India (13.5%)	India (8.9%)
3	Pakistan (6.9%)	Pakistan (6.0%)
4	Jamaica (5.1%)	Germany (4.1%)
5	Germany (4.6%)	Ireland (3.7%)
New immigrants (arrived in last year)		
1	United States (20.6%)	India (10.4%)
2	Ireland (10.6%)	China (10.0%)
3	India (5.2%)	Poland (5.0%)
4	Pakistan (4.1%)	Romania (4.9%)
5	Germany (3.9%)	United States (4.8%)

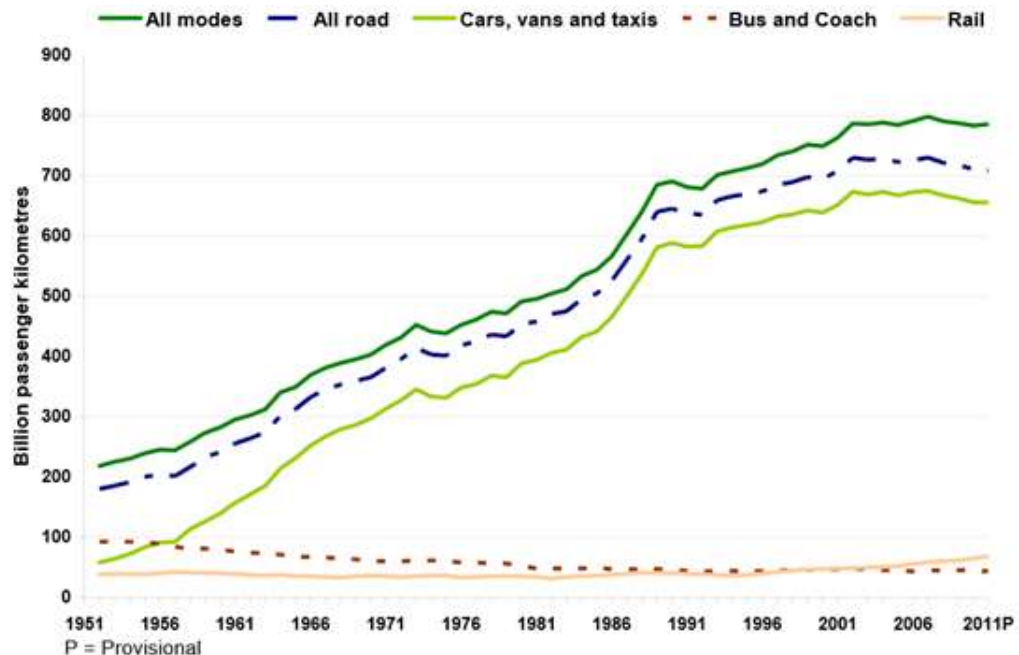
Source: (CEP, 2012).

- As for the key concepts and values, British culture has been renowned for its indirectness; and British people are well-known for their politeness and courtesy,

which entail an essential aspect of British communication style (Communicaid, 2009; Morrison and Conaway, 2006).

- Significant for culture of British people is that rapid changes are not embraced unreservedly by most of them. *“Traditional ways are valued, and the class system still has an impact on lifestyles (Morrison and Conaway, 2006, p535).”* Consequently, high price means high quality and comfort; British customers are well-known for their high expectations as well as high emphasis on safety, and timer punctuality. Therefore, it is crucial for them to be everywhere on time.
- Cultural grounding is closely connected with customer preferences; following Figure 23 shows how choices of British passengers evolve by the years 1952-2011 (Transport Statistics Great Britain, 2012, p2). In 2000, the British favored the bus and coach instead of rail services, but in subsequent years, their preferences focus on transporting by train. However, car transportation noticeably predominates throughout in the preferences of British (and their focus on punctuality).

Figure 23 – Passenger Means of Transport Preferences in the UK



Source: (Transport Statistics Great Britain, 2012, p2).

4.1.1.4 Technological Environment

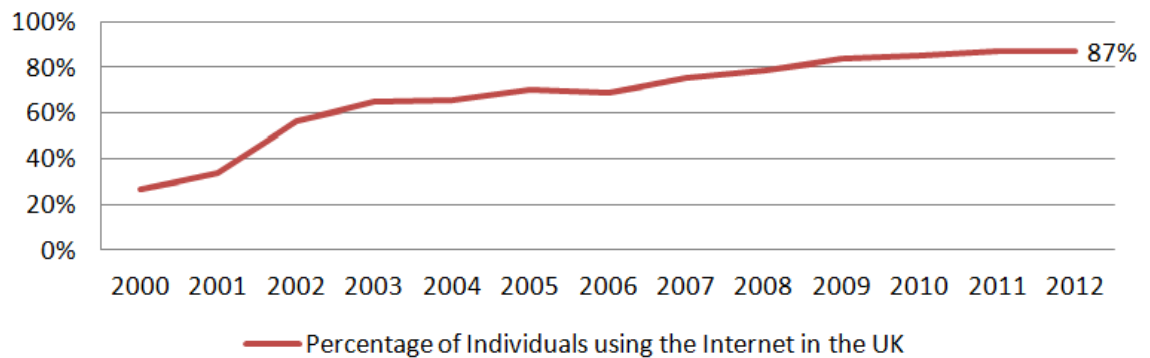
- According to renowned popularity of online shopping (see Table 12) or social networks among British of practically all age categories; “*the UK is becoming one of the worlds most web and gadget obsessed countries (Seghi, 2012)*” in the world.

Table 12 – Annual Average Value (£ per Person) Spend on Online Shopping in the UK

Country	2007	2008	2009	2010	2011
UK	742	771	779	950	1,083
France	210	268	333	411	497
Germany	205	253	285	319	377
Italy	70	83	83	97	115
USA	443	455	494	567	620
Canada	229	251	246	318	350
Japan	225	272	349	456	527
Australia	411	406	468	667	842
Spain	112	97	107	136	169
The Netherlands	260	308	358	423	462
Sweden	384	463	578	668	747
Ireland	291	419	401	552	683
Poland	30	45	44	59	76
Brazil	16	26	42	56	66
Russia	15	25	26	37	49
India	1	2	2	4	5
China	1	0	2	8	17

Source: (Ofcom, 2012).

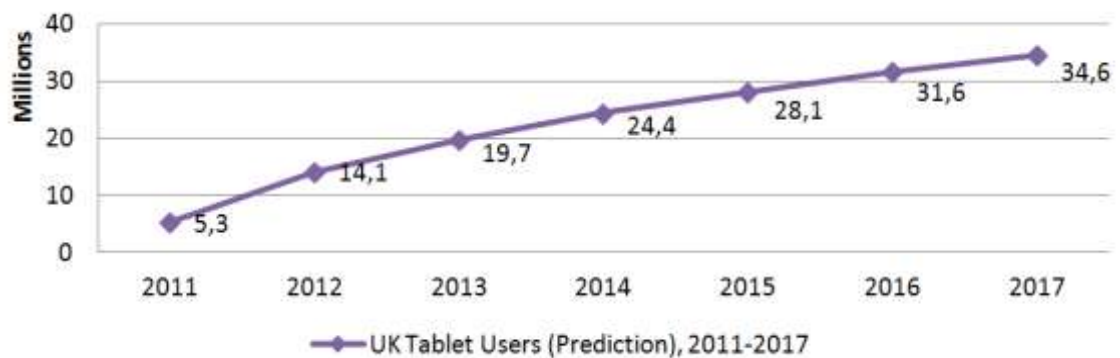
Figure 24 – Trend in the Internet Usage in the UK between 2000-2012



Source: On Authors Own in Excel Statistics, Supported by (Ofcom, 2012).

- Each of approximately 90% of individuals using internet (see Figure 24) spend on average £1,083 yearly on online shopping; while approximately 60% of them can make their purchase through their smartphone. Although the UK average age of smartphone users is 29, it must be noted that also 55+ and elderly people in general are very familiar (approximately 25% of all smartphone users) with new technologies (Sedghi, 2012).
- Moreover, in the UK is currently approximately 20 million tablet users and prediction (see in Figure 25) shows that in 2017, the number of them could be almost doubled (ETC, 2013).

Figure 25 – Trend in the Tablet Usage in the UK between 2011-2017



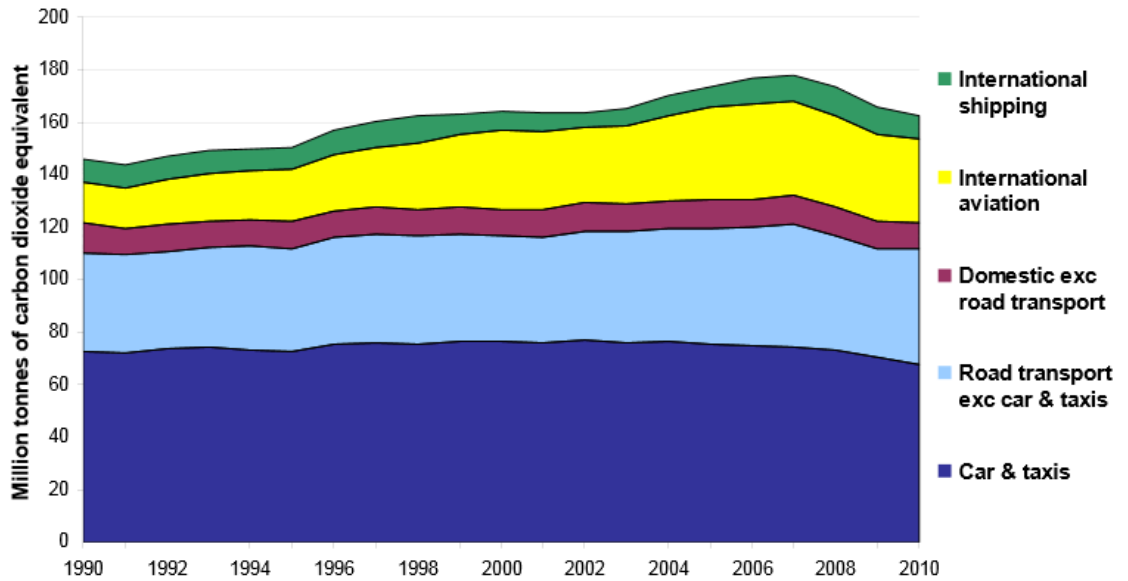
Source: On Authors Own in Excel Statistics, Supported by (ETC, 2013).

4.1.1.5 Environment and Transport Industry in the United Kingdom

- Despite the fact that in UK is overall very low index of air pollution (DEFRA, 2013); as seen in Figure 26, „as a proportion of total GHG emissions, transport emissions have risen from 18% in 1990 to 26% in 2010 (Transport Statistics Great Britain, 2012, p4)”.
- As a road transport constitutes in 2010 approximately 69% of total GHG emissions from transport; UK government occupies considerably proactive approach to reduce carbon emissions and protect the environment through various policies and restrictions (Department of Energy and Climate Change, 2013). For example, transport sector must follow strict biofuel regulations in accordance with Renewable Transport Fuel Obligations Order, fulfillment of these restrictions is constantly controlled by DfT (Department for Transport, 2013).

Figure 26 – Transport Greenhouse Gas Emmissions in the UK

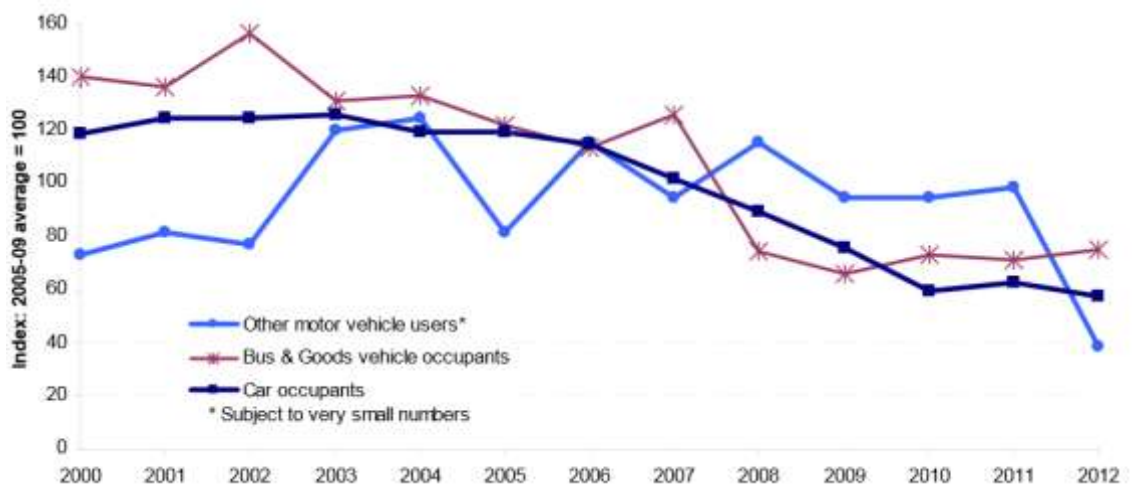
UK transport greenhouse gas emissions 1990-2010



Source: (*Transport Statistics Great Britain, 2012, p4*).

- Environmental factors include weather and climate conditions that may affect significantly transport industry, as well. Especially typical rainy weather in the UK (between 1981-2010, average yearly total 156.2 rainy days) has significant impact on number of accidents on the UK roads (Met Office, 2013).
- As seen in Figure 27, although total number of fatalities between 2000-2012 decreased (e.g. customized speed limit); the largest proportion of fatalities belongs to bus and good vehicle occupants (Department for Transport, 2012).

Figure 27 – Number of Fatalities in the UK by Motor Vehicle User Type



Source: (*Department for Transport, 2012, p4*).

4.1.1.6 Legal Environment Connected with Bus Transport Service

- The current composition of the bus market in the UK is based on a deregulated structure by the Transport Act 1985; therefore “*any holder of a Public Service Vehicle operator’s license may operate bus services, having first registered various details with the relevant traffic commissioner (Stagecoach Group, 2011, p3)*”, which is responsible for enforcing compliance with technical standards reliability and punctuality (Department for Transport, 2013).
- Overall, legal environment connected with bus transport service in the UK is highly rigorous (e.g. high emphasis on safety and national security, weight limits, biofuel regulations, free travel for elderly and disabled people). For instance, in accordance with the Public Service Vehicles Accessibility Regulations 2000 (PSVAR) of the UK government, “*all new buses and coaches brought into service since 31 December 2000, which carry more than 22 passengers; are required by law to be accessible for disabled people, including wheelchair users (Department for Transport, 2012).*” The aim of this regulation is to adjust equality for everyone; reduce car journeys, and therefore reduce carbon emissions (Department for Transport, 2012).

4.1.2 PESTEL Analysis of the Czech Transport Industry

Following analysis provides the key external factors that may have impact on potential business model in the CR. This section is devoted to the second objective.

4.1.2.1 Political Analysis Considering Czech Transport Industry

- According to Ernst & Young’s Attractiveness Survey (2013), the Czech Republic has relatively stable political environment; however, there has been recognized some weak points in transparency of its legal and regulatory environment.
- In accordance with Corruption Perceptions Index (Transparency International, 2012), score of the Czech Republic is 49, which is perceived as medium level of corruption (level was indicated on a scale of 0 – 100; 100 implies very clean).

- As for political risk of the Czech Republic, that could include direct government actions influencing business activities (e.g. rapid changes in taxes); the CR presents medium political risk, as seen in Figure 18 (Maplecroft and Marsh, 2013).
- Government of the Czech Republic, parliamentary democracy, occupies relatively proactive approach to developing business in the country and aims to encourage competitiveness through EU grants; they provide small and medium entrepreneurs with consulting services (Government of the CR, 2013). Nevertheless, in relation with the recent government scandals, in the public awareness is Czech government seen more as a threat for business than as a partner (Cameron, 2013).
- In terms of corporation tax rates, the standard rate of the Czech Republic is 19%. Nevertheless, final tax depends on the calculated tax base „*from the accounting profit/loss shown on the relevant financial statements prepared according to the Czech Accounting Act and Czech Accounting standards (CzechInvest, 2013)*”, as seen in Table 13.

Table 13 – Calculation of the Corporate Tax Base in the Czech Republic

+/-	Accounting profit/loss before tax (as shown in the taxpayer's financial statements prepared in accordance with the Czech Standards)
+	Non-deductible costs
+/-	Difference between accounting and tax depreciation
-	Non-accounting adjustments - tax-deductible costs not booked
-	Non-taxable income or income not subject to corporate income tax
+	Non-accounting adjustments - taxable income not booked
	Adjusted tax base
-	Accumulated tax losses carried forward from previous years (tax losses from previous 5 years may be utilised)
-	Gifts to charities (up to 5% of the tax base)
-	R&D allowance of up to 100% of certain expenses incurred in connection with research and development projects
	Tax base adjusted for gifts, R&D allowance and tax losses
x	Tax rate/100
	Tax before tax relief

Source: (CzechInvest, 2013).

- In terms of transport industry, Czech government receives financial support from the European Union which is further allocated through “Transport Operational

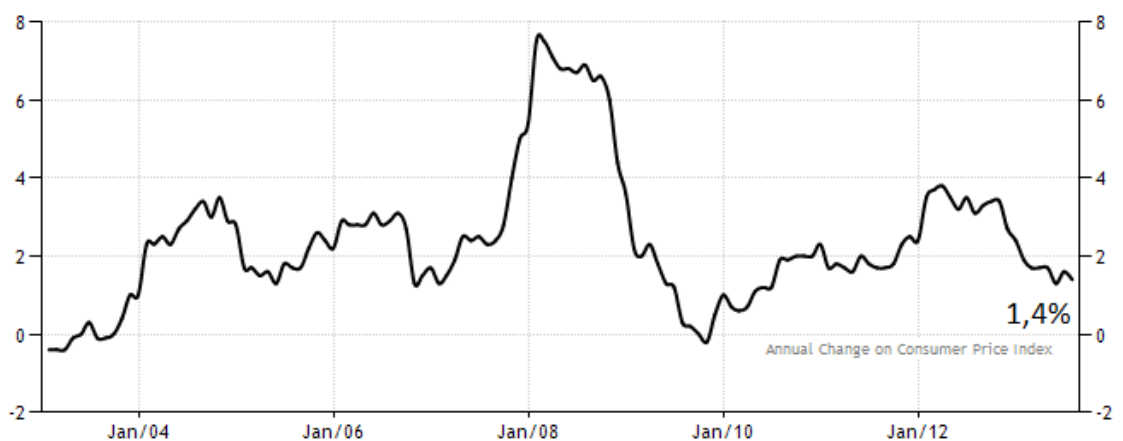
Programme” – the largest operating program in the Czech Republic, comprising grants of approximately £5 billion, which is about 22% of all funds for the Czech Republic from the EU funds for the period 2007-2013 (OPD, 2013).

- Czech Ministry of Transport cooperates with its partners on modernization and development of motorways and roads, as well as development of intelligent transport systems to improve the safety and fluency of road traffic (OPD, 2013). Moreover, Ministry of Transport issues the necessary restrictions to sustain order in the CR, as well (MDCR, 2013). Nevertheless, Ministry of the Environment of the CR (2008) criticise Czech infrastructure due to relatively technical neglect reflected in the lack of parameters, transport defects, lack of capacity and quality.

4.1.2.2 Economical Environment

- Macroeconomical data of Central Intelligence Agency (2012) displays that the GDP (purchasing power parity) was \$291.7 billion in 2012, which also resulted in overall 45th position of the CR in comparison to the world.
- As seen in Figure 28, the Consumer Prices Index (CPI) inflation decreased by 1.4% in the year to July 2013, down from previous 1.6%. The greatest contributions to the decrease arose from regulated prices (mainly due to the decrease in gas prices by 2.8%, prices of food were lowered by 2.1%). On the contrary, fuel prices rose repeatedly by 1.4% in July (CSO, 2013).

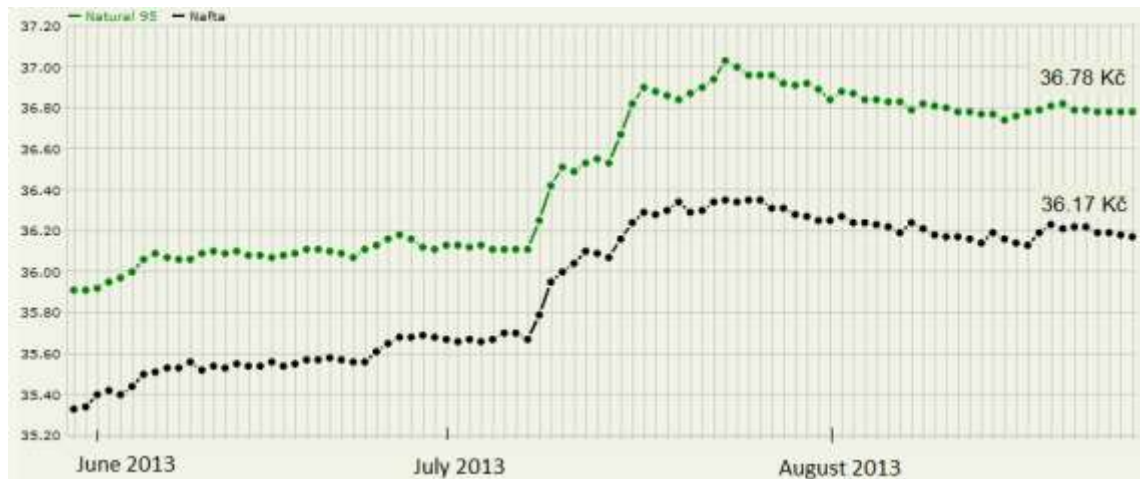
Figure 28 – CR CPI 12-Month Inflation Rate between 2003-2013



Source: (TradingEconomics, 2013).

- As shown in Figure 29, Petrol and diesel prices decreased to 36.78 CZK and 36.17 CZK (£1.22 and £1.20; according to the exchange rate from 21 August 2013 amounted to GBP/CZK=30.2) per litre in August 2013 (Kurzy, 2013).

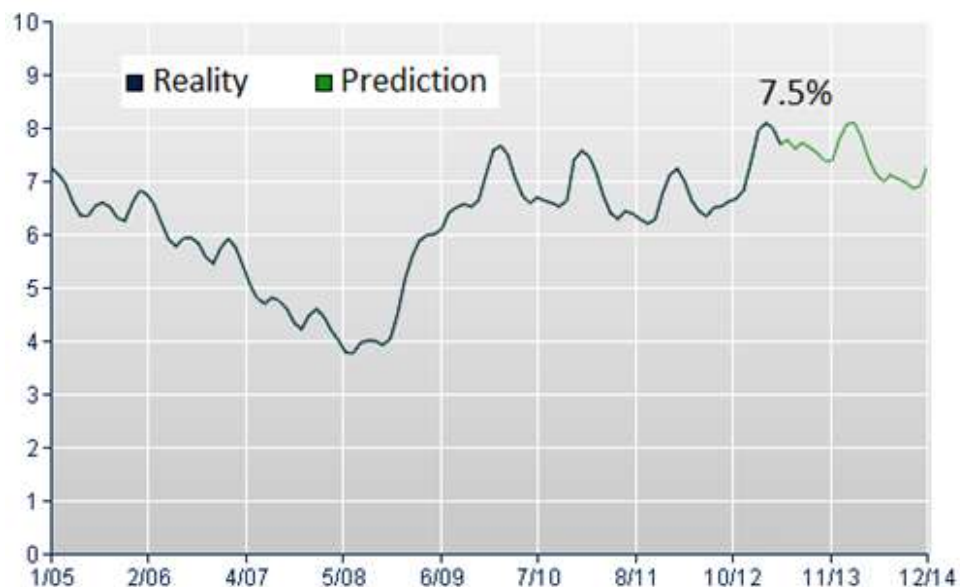
Figure 29 – Petrol (Natural 95) and Diesel (Nafta) Prices between Jun-Aug 2013



Source: (Kurzy, 2013).

- In August 2013, the unemployment rate was 7.5% of the economically active population (see in Figure 30), thence 0.55 million unemployed people. In Moravian-Silesian Region unemployment rate was 9.65 %, which is the second highest rate in the Czech Republic (ČSÚ, 2013). In 2012, the Employment Office in Ostrava registered approximately 23000 of job applicants; therefore to one job position in Ostrava could apply an average of 13.4 job applicants (SMO, 2012).

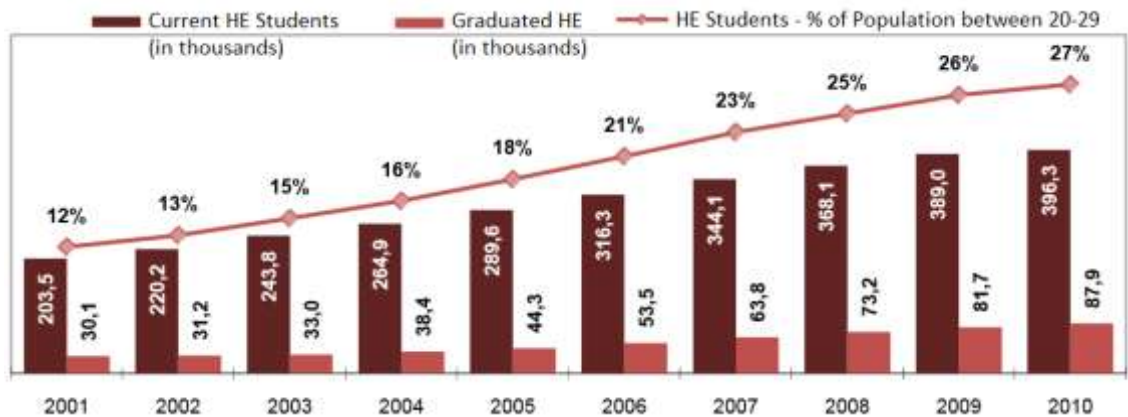
Figure 30 – Unemployment Rate in the Czech Republic between 2005-2014



Source: (Patria, 2013).

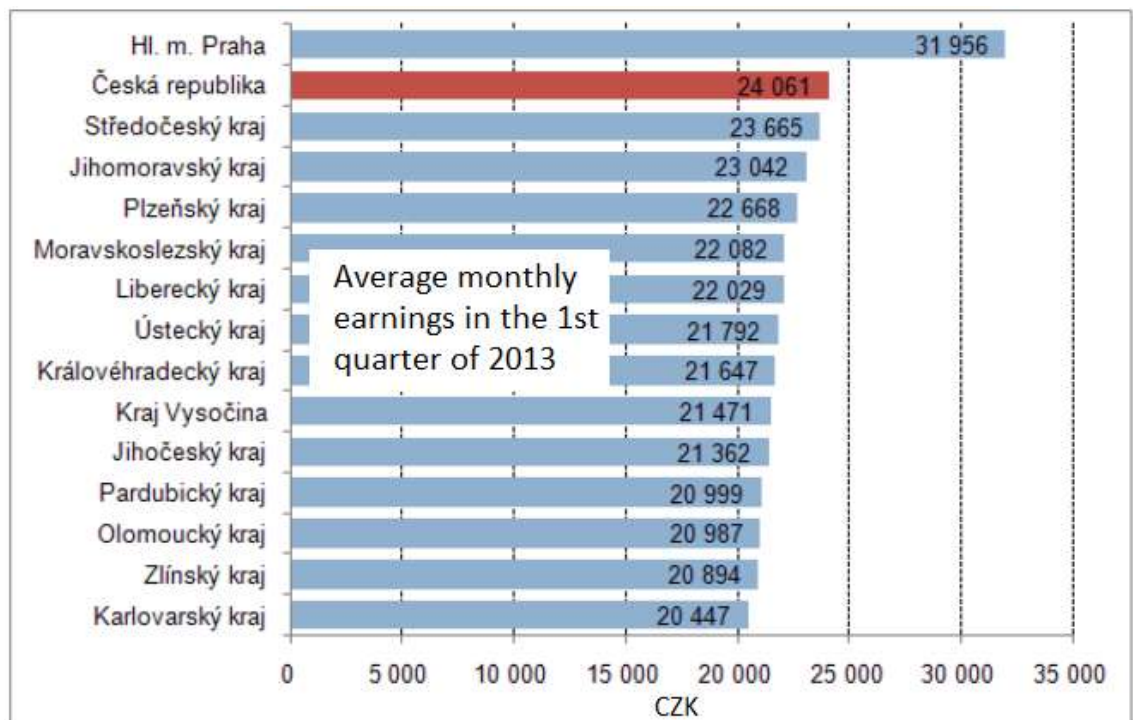
- In 2010, there have been approximately 27% highly educated people of Czech population of the age between 20-29 (see in Figure 31), while 56% were women and 44% men; total number of students in the Czech Republic was approximately 395 thousand (ČSÚ, 2013).

Figure 31 – HE Students in Percentage of Population of the Age between 20-29



Source: (ČSÚ, 2013).

Figure 32 – Average Monthly Earnings in the CR, 1st Quarter of 2013



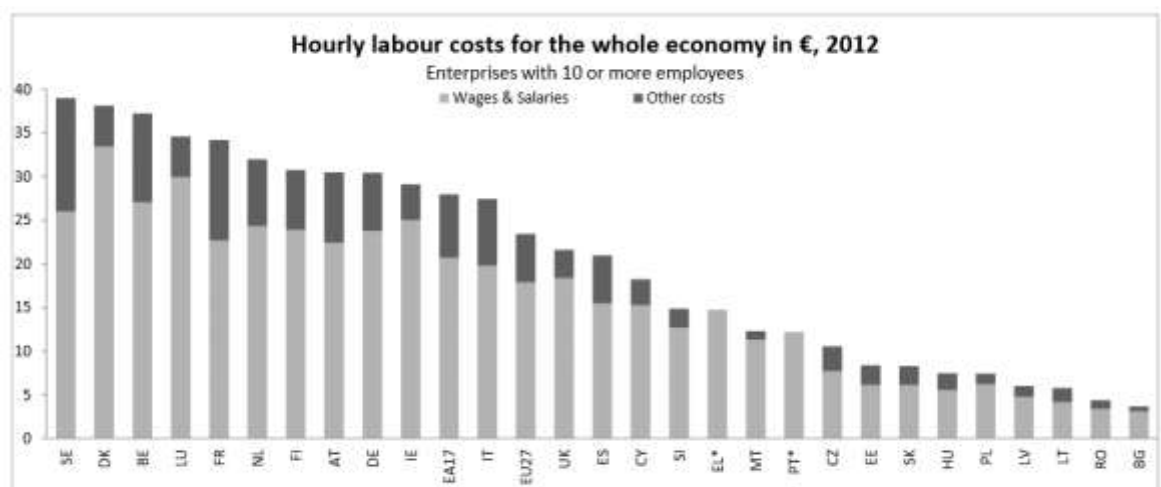
Source: (ČSÚ, 2013).

- In the first quarter of 2013, an average monthly salary in the Czech Republic was 24061 CZK (£797 monthly and approximately £200 weekly; according

to the exchange rate from 21 August 2013 amounted to GBP/CZK=30.2); in the Moravian-Silesian Region – 22082 CZK (£730 per month; £182 per week), as shown in Figure 32 (ČSÚ, 2013).

- Foregoing Figure 33 shows that the CR with its average hourly earnings of approximately €10.6 per hour (approximately £9), in 2012 occupies 21st place among other EU member states (Eurostat, 2013). However, basic hourly rate set by the Government is 50.6 CZK (approximately £1.7), in 2013 (Aktuálně, 2013).

Figure 33 – Average Hourly Earnings: EU Comparison 2012



* Based on a Eurostat estimate for the 4th quarter of 2012. Only the total level is estimated.

Source: (Eurostat, 2013).

4.1.2.3 Socio-Cultural Environment of the Czech Republic

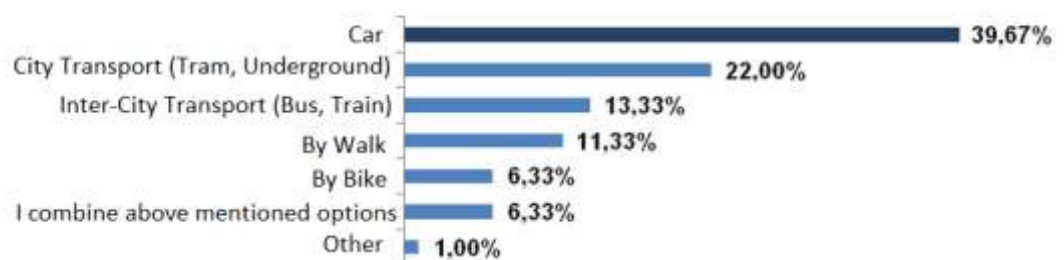
- The Czech Republic, as a part of Czechoslovakia until the “Velvet Divorce” in January 1993, has strong democratic tradition, a highly developed economic environment, and rich cultural heritage with its 10.6 million inhabitants in Bohemian, Moravian and Silesian part of the country. Since 2004, the Czech Republic is a member state of European Union (BBC, 2013; CIA, 2012).
- In terms of multiculturalism, approximately 95% of the population have Czech nationality, but there is minority population of Slovak, Ukrainian, Polish, German, Vietnamese, Korean and Roma nationalities (ČSÚ, 2001).
- In accordance with over 40 years of Communist rule, from which country emerged in 1990; avoidance of violence is an important part of Czech philosophy. Czech

people are proud of the way they endured two wrenching changes without violence; the 1989 “Velvet Revolution” in which the Communist regime gave way to democracy, and the peaceful separation of Czech and Slovak Republics in 1993 (BBC, 2013; Morrison and Conaway, 2006).

- The priority of Czech thinking is egalitarianism. On the contrary, one of the disappointments Czech people have with the market economy is that everyone is no longer equal, as under Communism most people lived under similar conditions (BBC, 2013; Morrison and Conaway, 2006).
- Czech people tend toward modesty and informality, they have relatively low expectations, and from a cultural point of view, Czechs are encouraged from childhood to save money for "worse times". Therefore, it is typical for Czech people to buy in discounts and do not have a high emphasis on luxury and comfort, but on price. Nevertheless, younger generation born after “Velvet Revolution” have more “western” tendency in lifestyles (BBC, 2013; Morrison and Conaway, 2006).
- Significant for culture of Czech people is that they live at the same place whole life and have a strong family background; therefore they are not willing to move due to better work, they rather commute (CIA, 2013; Morrison and Conaway, 2006).
- Cultural grounding is closely connected with customer preferences; following Figure 34 shows commuting choices of Czech passengers in 2013 (KPMG, 2013). In 2013, KPMG (2013) investigated that Czech people increasingly favored the car transportation for their commute to work (approximately 40%), which may have significant impact on the environment of the country (MDCR, 2012).

Figure 34 – Customer Preferences in Mode of Transport in the CR

What means of transport do you choose most often to commute to work?



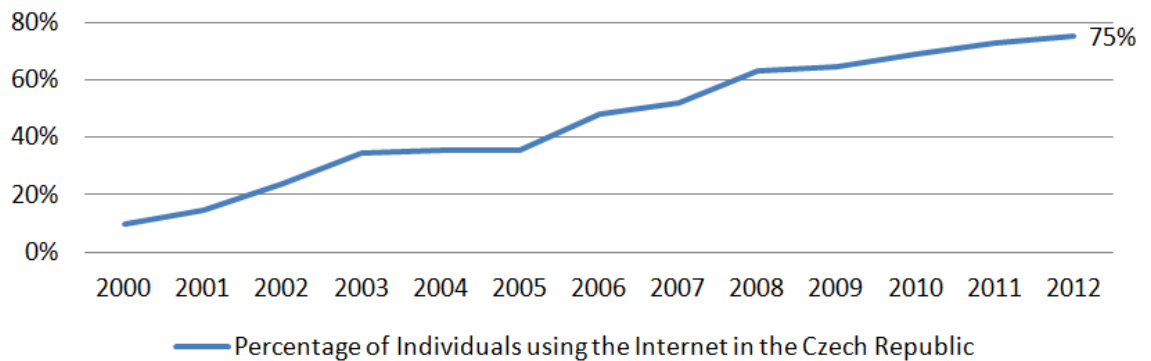
Source: (KPMG, 2013).

- As for the key concepts and values, Czech people are well known for their punctuality; being everywhere on time is important, they usually plan their journeys to arrive with a certain time reserve (Morrison and Conaway, 2006).

4.1.2.4 Technological Environment

- According to increasing popularity of online shopping or social networks among Czech people of predominantly younger categories; internet is a daily routine in the Czech Republic; there are approximately 75% of individuals using the internet (see Figure 35); and moreover, there are many start up businesses based on online operations (Eurostat, 2012; Tyinternety, 2013).

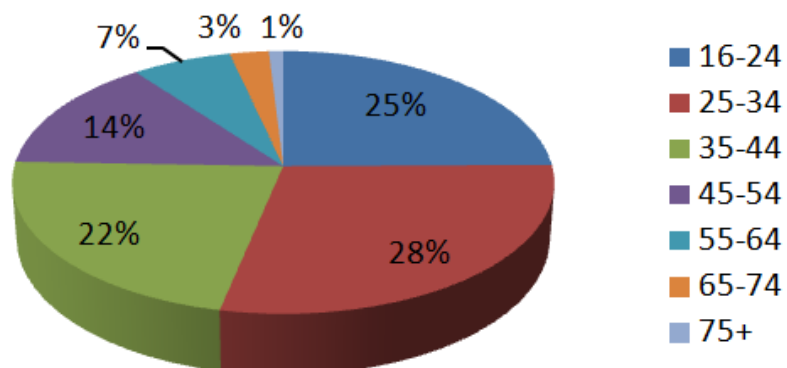
Figure 35 – Trend in the Internet Usage in the CR between 2000-2012



Source: On Authors Own in Excel Statistics, Supported by (Ofcom, 2012).

- In relation to the data of Czech Statistical Office (2010), Czech internet retailers had recorded revenues of 33 billion CZK (approximately £1billion); nevertheless, only approximately 10% of payments were made online by credit card.

Figure 36 – Share of Purchasing over the Internet by Age Group, the CR 2010



Source: On Authors Own in Excel Statistics, Supported by (CSO, 2010).

- As seen in Figure 36, online shopping is most popular among Czechs between the ages of 25-34. Conversely, there was only 1% of “online shoppers” of the age 75+ (CSO, 2010). In 2012, analytic company GfK investigated that approximately 55% of all individuals using internet in the Czech Republic could make online purchase through their smartphone (Kadicova, 2013).
- Furthermore, the fact that Czech people are increasingly familiar with new technologies is also confirmed by increase of 237% in sales of tablets (approximately 250000 tablets; predominantly Apple iPad), in the CR in 2012 (Kadicova, 2013).

4.1.2.5 Environment and Transport Industry in the Czech Republic

Figure 37 – Example of Environment of the Czech Motorway

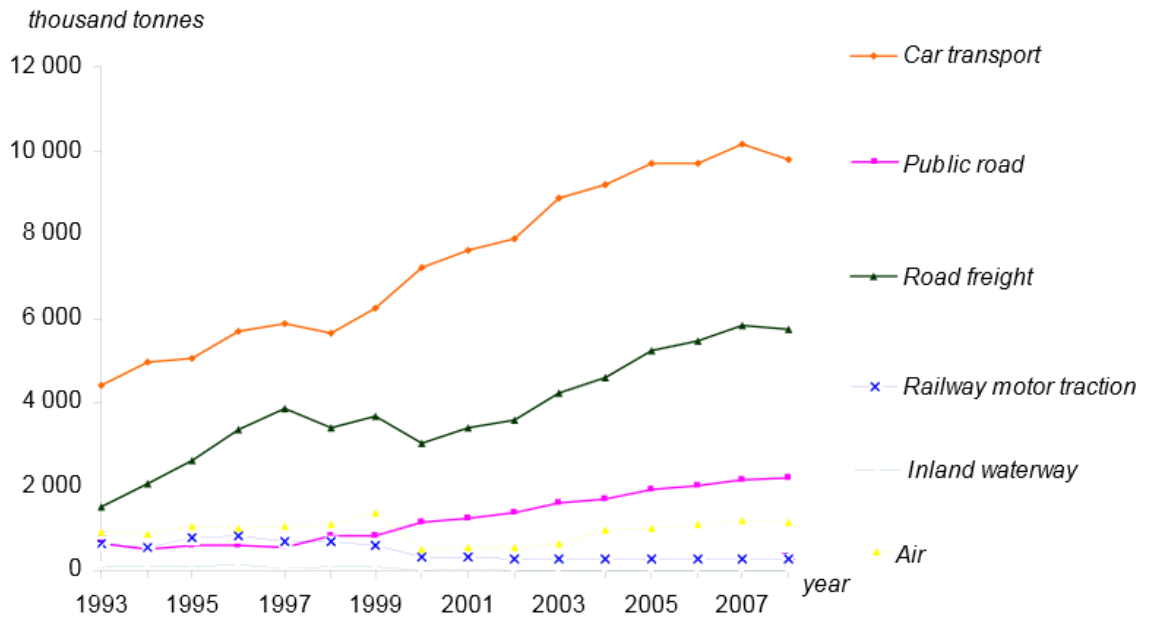


Source: (*“Ředitelství silnic a dálnic ČR”, 2011*).

- Despite the fact that in CR is overall lower medium index of air pollution, *“the level of atmospheric PM10 – tiny air pollutant particles small enough to enter and cause damage to the lungs – is 17 micrograms per cubic meter, lower than the*

OECD average of 21 (OECD, 2013)”; Czech Ministry of the Environment strives to set sustainable transportation through policies and restrictions (MECR, 2013). However, this task is vitiated by the fact that the CR is due to its location transit country, through which runs freight to and from Western Europe.

Figure 38 – Transport CO_2 Emmissions in the CR

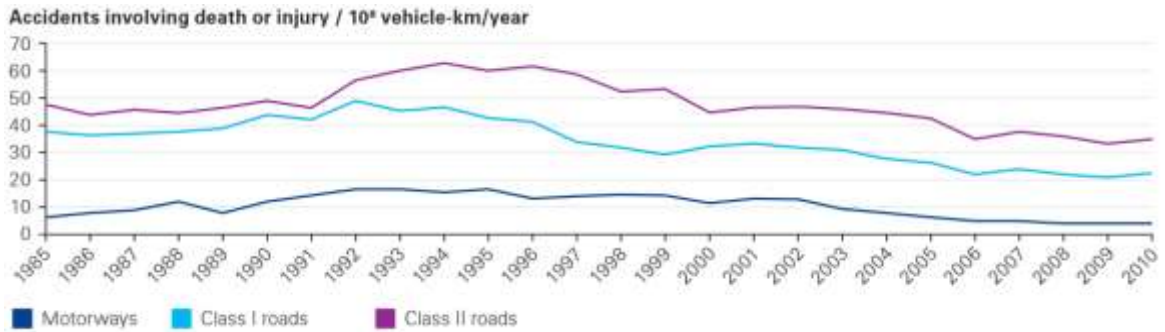


Source: (MECR, 2008, p47).

- As a road transport constitutes in 2008 the highest energy consumption among all modes of transport; and car transport produces the highest CO_2 emmission of total CO_2 emissions from transport (see Figure 38); Czech government occupies relatively proactive approach to reduce carbon emissions and protect the environment; and follows related legislation of the European Union which is obligatory (MECR, 2008). For instance, transport sector must follow regulations of the fuel quality, as was „on 22 December 2008 implemented the Decree on setting requirements for quality of fuels for stationary sources from the point of view of air protection (MECR, 2008, p11)“.
- Environmental factors include weather and climate conditions that may affect significantly transport industry, as well. As the CR is located in the middle of the Europe, it has proper four seasons; especially snow and abrupt storms (to flooding) in the CR (e.g. destructive floods in June 2013) has significant impact on number of accidents on the Czech roads.

- As seen in Figure 39, although total number of fatalities in 2010 decreased in comparison with historical data; the largest proportion of fatalities belongs to Class II Roads, while motorways decreased accident rate; and overall fatalities decreased to number of 753 (CNN, 2013; "Ředitelství silnic a dálnic ČR", 2011).

Figure 39 – History of Relative Accidents Rates in the CR between 1985-2010



Source: ("Ředitelství silnic a dálnic ČR", 2011, p11).

4.1.2.6 Legal Environment Connected with Bus Transport Service

- The current composition of the bus market in the CR is based on a deregulated structure by the Road Transport Act No. 111/1994 Coll. - Domestic regular public transport service; however, CR accession to EU has fundamentally changed the rules under which bus service since May 1 2004 operates passenger transport within the European Union. These common rules are laid down in Council Regulation (EEC) No. 684/92 (MDCR, 2013).
- Furthermore, for instance the establishment of start up in legal form of "s.r.o."(Ltd), it is regulated in the CR by the Trade Act; in this case it is legally required to pay a "Registered capital" of 300.000 CZK (approximately £10.000), which is relatively high (MPO, 2012).
- Overall, legal environment connected with bus transport service in the CR (MDCR, 2013) is highly rigorous and the establishment of such a company can be very tedious and complicated also in accordance with EU restrictions (e.g. relatively high emphasis on safety, speed limits, weight limits, biofuel regulations, regulations of fuel quality, requirements for "Registered capital", equality for all passengers transported).

4.1.3 Comparison between the UK and Czech External Environment

Table 14 – Comparison between the UK and Czech Business Environment

	The United Kingdom	The Czech Republic
<i>Political Analysis Considering Transport Industry</i>	<ul style="list-style-type: none"> The United Kingdom has one of the most stable political environment in the world; its transparent legal and regulatory environment as well as very low corruption rate make from England an ideal place for business. Corruption Perceptions Index score of the UK is 74, which is perceived as relatively clean. Government pro-actively supports business in the country. Corporation tax: 20% or 23%. 	<ul style="list-style-type: none"> The Czech Republic has relatively stable political environment; however, there has been recognized some weak points in transparency of its legal and regulatory environment. Corruption Perceptions Index score of the CR is 49, which is perceived as medium level of corruption Government occupies relatively proactive approach to developing business in the country and aims to encourage competitiveness. Corporation tax rate: 19%.
<i>Economical Environment</i>	<ul style="list-style-type: none"> GDP of \$2.375 trillion in 2012, 9th position of the UK in comparison to the world. Consumer Prices Index (CPI) inflation decreased by 2.8%. Petrol and diesel prices increased to £1.37 and £1.41. Unemployment rate: 7.8% of the economically active population, 2.51 million unemployed people. 2.55 million students study at 163 UK higher education institutions, while postgraduate full time only 7.8%, thence 310 thousand. Average weekly salary including bonuses: £473. Average hourly earnings were recorded £11.21 per hour. 	<ul style="list-style-type: none"> GDP of \$291.7 billion in 2012, 45th position of the CR in comparison to the world. Consumer Prices Index (CPI) inflation decreased by 1.4%. Petrol and diesel prices decreased to 36.78 CZK and 36.17 CZK (£1.22 and £1.20). Unemployment rate: 7.5% of the economically active population, 0.55 million unemployed people. 27% highly educated people of Czech population of the age between 20-29; total number of students in the Czech Republic was approximately 395 thousand. Average weekly salary: approximately £200. Average hourly earnings were recorded £9 per hour. However, basic hourly rate set by the Government is approximately £1.7.
<i>Socio-Cultural Environment</i>	<ul style="list-style-type: none"> 63.5 million inhabitants. Distinct cultural and ethnic diversity, issues revolving around multiculturalism, immigration and national are being identified as the main reasons for recent struggling of the country. 	<ul style="list-style-type: none"> 10.6 million inhabitants. Approximately 95% of the population have Czech nationality, one of the disappointments Czech people have with the market economy is that everyone is no longer equal, as under Communism most people lived under similar conditions.

	<ul style="list-style-type: none"> • Indirectness, politeness and courtesy. • High expectations, high emphasis on safety, and timer punctuality. Rapid changes are not embraced unreservedly, traditional ways are valued. 	<ul style="list-style-type: none"> • Egalitarianism, modest and informal. • Relatively low expectations, Czechs are encouraged from childhood to save money for "worse times". Not willing to move due to better work, they rather commute.
<i>Technological Environment</i>	<ul style="list-style-type: none"> • 90% of individuals using internet • Individual spend on average £1,083 yearly on online shopping • 55+ and elderly people in general are very familiar (25% of all smartphone users) with new technologies. • Approximately 20 million tablet users. 	<ul style="list-style-type: none"> • 75% of individuals using the internet. • Only approximately 10% of payments were made online by credit card. • Only 1% of "online shoppers" of the age 75+. • 55% of all individuals using internet in the Czech Republic have smartphone. • Approximately 0,25 million tablets; predominantly Apple iPad.
<i>Environment and Transport Industry</i>	<ul style="list-style-type: none"> • Overall very low index of air pollution in the UK. • Road transport constitutes in 2010: 69% of total GHG emissions from transport. • UK government occupies considerably proactive approach to reduce carbon emissions and protect the environment through various policies and restrictions. • Typical rainy weather (average yearly total 156.2 rainy days) has significant impact on number of accidents on the UK roads. The most fatalities belongs to bus and good vehicle occupants. 	<ul style="list-style-type: none"> • Overall lower medium index of air pollution in the CR. • Czech Ministry of the Environment strives to set sustainable transportation through policies and restrictions (However, the CR is due to its location transit country, through which runs freight to and from Western Europe. • Especially snow and abrupt storms in the CR (e.g. destructive floods in June 2013) has significant impact on number of accidents on the Czech roads. Largest proportion of fatalities belongs to Class II Roads, while motorways decreased accident rate; and overall fatalities decreased to number of 753.
<i>Legal Environment Connected with Bus Transport Service</i>	<ul style="list-style-type: none"> • The composition of the bus market in the UK is based on a deregulated structure by the Transport Act 1985. • Legal environment of the bus transport in the UK is highly rigorous (high emphasis on safety and national security, weight limits, biofuel regulations, free travel for elderly and disabled people). 	<ul style="list-style-type: none"> • Road Transport Act No. 111/1994 Coll. - Domestic regular public transport service; must follow common rules by EU, laid down in Council Regulation (EEC) No. 684/92. • Rigorous, the establishment of company may be tedious and complicated in accordance with EU restrictions (relatively high emphasis on safety, weight limits, regulations of fuel quality, requirements for "Registered capital")

Source: On Author's Own Supported by Previous Analysis.

4.1.4 Analysis of Megabus Business Model

This section deals with the third objective.

4.1.4.1 Megabus

- Private company of Megabus, which was introduced to the UK market in 2003 and yearly transport over 2 million passengers; is current market leader in low-cost “inter-city” coach operating in the United Kingdom, partially Europe and North America (Megabus, 2013; StagecoachBus, 2013). Last year, its owner, Stagecoach Group invested approximately 2.5 million pounds in a fleet of modern and comfortable busses, equipped with toilets and wi-fi (Hiscott, 2012).

Figure 40 – Megabus Coach



Source: (Megabus, 2013).

- As for the provided services (as seen in Figure 41), Megabus offers comfortable fast, relatively frequent (including departure times almost all day), low-cost coach services with modern fleet, toilets on the board, especially among young people popular free wi-fi acces during the journey, accompanied by personal assistance provided by professional drivers. Furhermore, in accordance with “The Public

Service Vehicles Accessibility Regulations 2000”, Megabus coaches are accessible for mobility impaired people (Department for Transport, 2012; Megabus, 2013). With aim to reduce terminal/depot costs, Megabus provides safe and convenient “pick up” on frequented street corners; and reduce back-office staff by offering online booking and payment.

Figure 41 – Provided Megabus Services

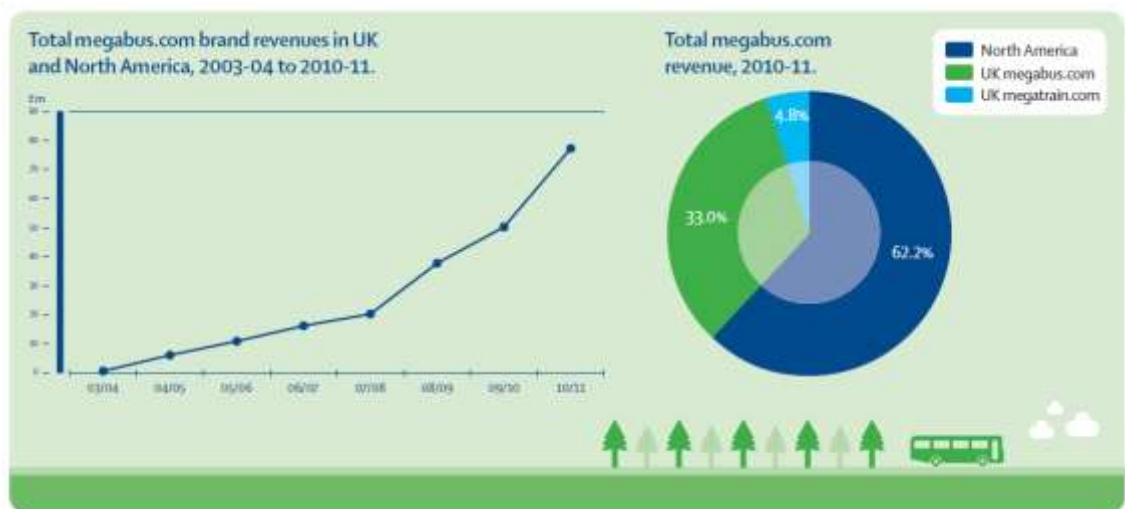


Source: (Megabus, 2013).

- In addition, from 12 July 2013, Megabus newly offers overnight “sleepercoach” services MegabusGold with fleet of ten specially designed coaches (55 seats can be converted to 42 beds) linking “central Scotland, Fife and Edinburgh with London (Megabus, 2013)” for price between £15-60. “Customers receive complimentary refreshments, sleeper kit including an eye mask, a toothbrush and toothpaste, as well as blanket or an onesie to sleep in during their journey (Megabus, 2013)”.
- Although Megabus is comparatively small unit of the international transport Stagecoach Group (see the Business Model in Appendix N); its Chief Executive Souter acknowledges, that Megabus signifies unprecedented potential for growth in North America, where company overs around 90 locations, and invested in approximately 100 new double-decker coaches last year. Moreover, executives of Stagecoach Group continue to analyze diverse possibilities of growth in the US and Canada (Megabus, 2013; Stagecoach Group, 2012, p6).

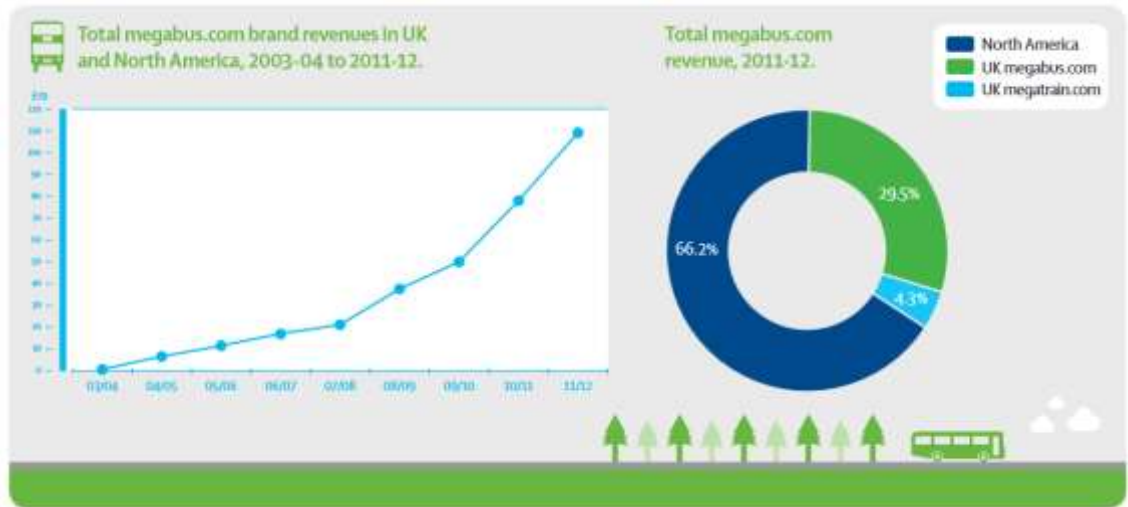
- The Megabus coach service, connecting approximately 60 destinations in Europe, offers tickets from £1/€1 (plus 50p/50c booking fee) across the mainland Europe including Paris, Amsterdam and Brussels, as well. Its management summarized, that despite the fact that Megabus' preference is to act in deregulated markets (to avoid regulations of European Union, which represents a barrier to run routes within individual countries); they monitor thoroughly actions of few countries in continental Europe and sequentially evaluate their possible expanding to other destinations (Megabus, 2013; Stagecoach Group, 2012).
- Beside “*offering high-quality, low-cost travel in some of the country's most modern coaches (Megabus, 2013)*”, in the UK company operates budget rail service Megatrain by cooperation with its “rail partners” South West Trains, East Midlands Trains and Virgin Trains. Such a partnership enabled the provision of fast combined transport between Yorkshire, Lincolnshire and London (Megabus, 2013).
- As seen comparison in Figure 42 and Figure 43, between years 2011 and 2012, there has been recorded significant annual increase in partial revenue of Megabus North America – from 62,2 % to 66,2 %. Also these figures indicate that North-American market is growing sharply for inter-city coach provider Megabus; and represent distinct expanding opportunities (e.g. Hiscott, 2012; Jacobs, 2012; Stagecoach Group, 2011; 2012).

Figure 42 – Total Megabus Revenues between 2003 and 2011



Source: (Stagecoach Group, 2011, p2).

Figure 43 – Total Megabus Revenues between 2003 and 2011










Source: (Stagecoach Group, 2012, p2).

- Additionally, Stagecoach Group’s Chief Executive Souter stated, that core short to medium-term objective of the overall business strategy “is the expansion of the fast growing Megabus business (Stagecoach Group, 2012, p10)”; moreover adds, that “these businesses will benefit from both our management expertise and ability to invest for growth (Stagecoach Group, 2012, p3)”.
- As the primary competitor Megabus considers private car. Therefore, the main goal of the company is to encourage modal shift from car to public transport. Nevertheless, Megabus faces competition from airlines and train networks, as well. Chief Executive of the Group summarized: “The opportunity to stimulate modal shift from car to bus and coach is substantial and Megabus has been successful in doing this (Stagecoach Group, 2012, p10).”

4.1.4.2 Business Model Canvas

Following Table xy will provide reader with visualization of Megabus key internal analysis results. For overall internal analysis of Megabus business model, author focused on the knowledge gained from literature review, as well as publication of Osterwalder and Pigneur (2010) and its Business model Canvas; and range of related publications and business press (e.g. Hiscott, 2012; Jacobs, 2012; Megabus, 2013; Salleta, 2013; Stagecoach Group, 2012).

Table 15 – Business Model Canvas - Megabus

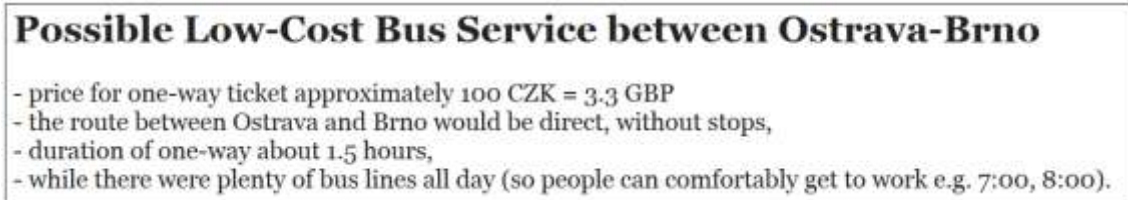
<p>Key Partners </p> <ul style="list-style-type: none"> work in partnership with UK Government, Depart. for Transport, Local Transport Authorities faster combined transport through cooperation with East Midlands Trains, South West Trains, Virgin Trains cooperation with Citylink, CitylinkGold offering discounted budget coach travel to members of TESCO Clubcard customer's payments powered by World Pay customers may enjoy free wi-fi on the board due to partnerships with wi-fi provider 	<p>Key Activities </p> <ul style="list-style-type: none"> Megabus is the market-leading budget inter-city coach operator in the UK, Europe and North America. Megabus offers greener smarter travel at great value prices and access to towns too close to fly and too far to drive. 	<p>Value Propositions </p> <ul style="list-style-type: none"> saves time and money + additional value. personal productivity, e.g. due to wi-fi, opportunity to work during the journey; newly, customers can use overnight sleepercoach route, therefore they can comfortably sleep all journey. provides fast access to towns too close to fly and too far to drive. EASE of ticketing due to ONLINE BOOKING low fares from £1 (+ 50p) safety and convenience of pick up on busy streets in the city centres 	<p>Customer Relationships </p> <ul style="list-style-type: none"> personal assistance (e.g. drivers assist disabled people) self-service assistance (e.g. online booking and payment) co-creation (Megabus listens to customers, e.g. customers online survey) <p>Channels </p> <ul style="list-style-type: none"> communication online (e.g. Megabus website, annual report of Stagecoach, press) sales channel – 90% sales via online booking; minimum franchises minimal advertising (the best advertisement for Megabus is its customer) 	<p>Customer Segments </p> <ul style="list-style-type: none"> Mass Market (overall, Megabus is determined to anyone looking to get somewhere too far to drive a car and too close to fly; or anyone who simply wants to save money or use the opportunity of being online during the journey, which cannot offer every transport). However, Megabus gained high popularity among STUDENTS and YOUNG PEOPLE, who lack financial resources Also employed people use this opportunity frequently, because they simply aims to save money and time, or want to use free wi-fi on the board.
<p>Cost Structure</p> <ul style="list-style-type: none"> Cost Driven (leanest cost structure – e.g. minimal labour cost, no terminal/depot cost, lower advertising expenditures, low price value proposition, maximum automation – e.g. 90% online booking reduce back-office staff) Fixed costs (salaries, renting offices for executives) Variable costs (fuel costs may vary depending on the current market developments, inflation). 		<p>Revenue Streams </p> <ul style="list-style-type: none"> Usage Fee (money generated from the use of coach service) Dynamic pricing (fares vary by reservation date, day of travel and demand for seats, the lowest price – for early reservations or less popular trips) Fixed pricing (online booking fee – always 50p) 		

Source: On Author's Own Supported by (Osterwalder and Pigneur, 2010) and other related sources (e.g. Megabus, 2013; Stagecoach Group, 2012).

4.1.5 Related Results of the Questionnaire Survey

- At the beginning of the questionnaire, all participants were informed about purpose of the research, and there were also introduced basic characteristics of potential business model (Figure 44).

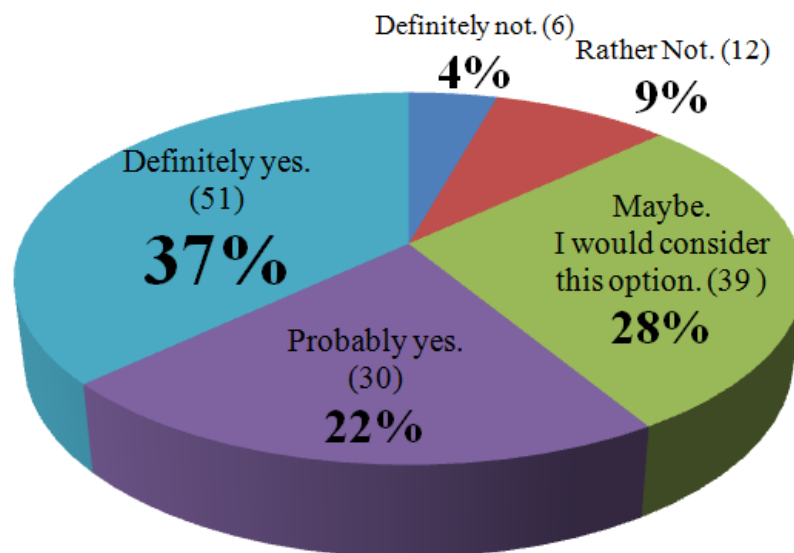
Figure 44 – Presented Characteristics of Potential Transport Service



Source: On Authors Own in Google Docs.

- There were included two main questions detecting potential interest; namely Q6 and supplementary Q7 investigating potential interest in commuting to work from Ostrava to Brno; and Q24 and supplementary Q25 investigating potential interest in overall usage of given transport service (see Appendix J, K).

Figure 45 – Results of Q6, Potential Interest in Commuting from Ostrava to Brno



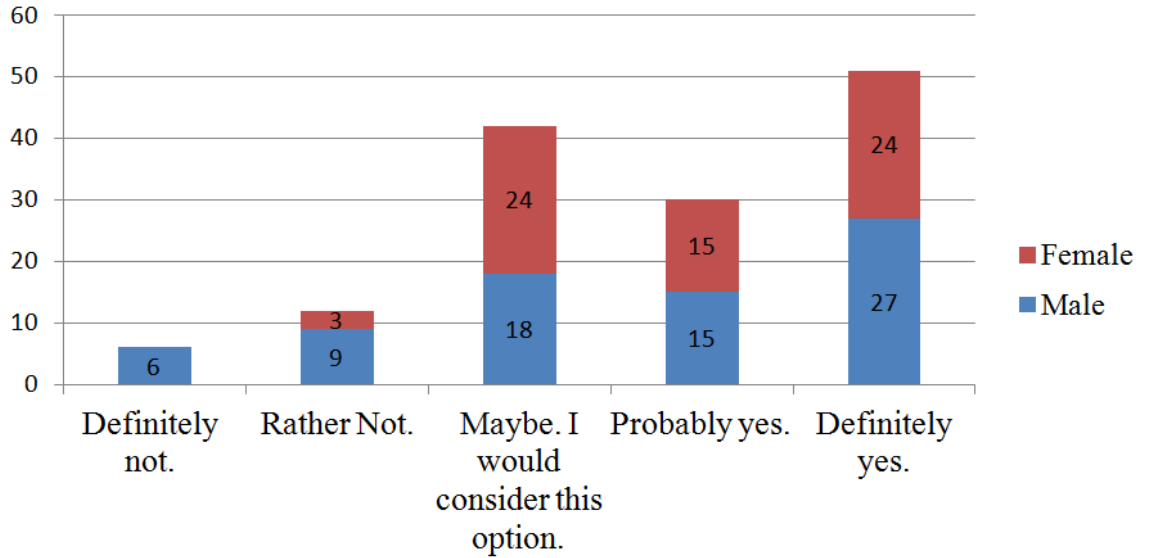
Source: On Authors Own in Excel Statistics.

- In general, there were recorded rather positive responses to Q6 (see Figure 45); answer “Definitely yes” selected 37% of 138 respondents (Q6 was optional, replied

92% of total 150 respondents) and “Probably yes” ticked 22%; conversely answer “Definitely not” selected only 4% (6 respondents).

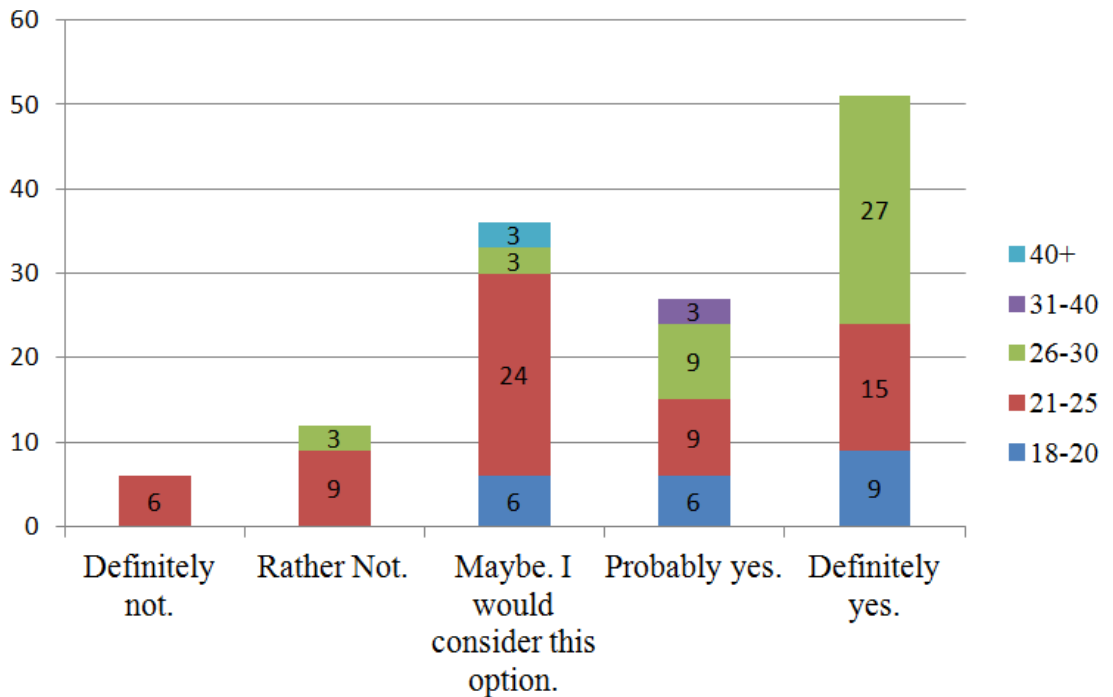
- Author investigated that gender does not have significant influence (Figure 46), because shown interest/disinterest among men and women was balanced – except negative answer “Definitely not”, which was selected solely by males.

Figure 46 – Results of Q6 by Gender



Source: On Authors Own in Excel Statistics.

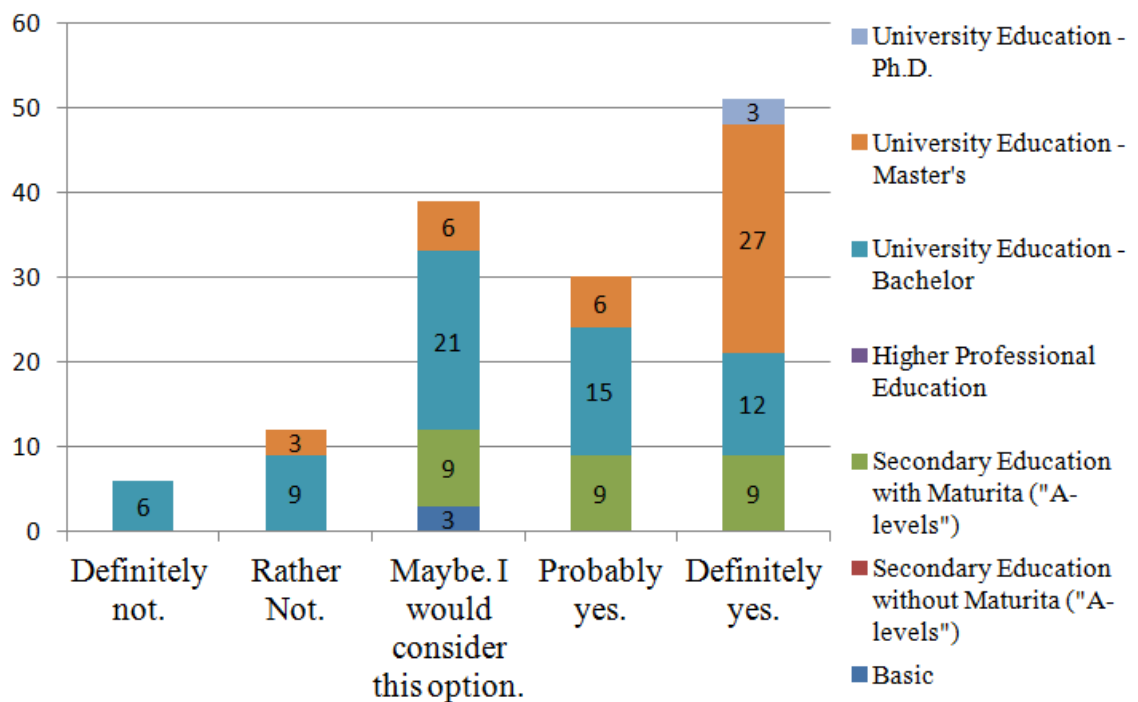
Figure 47 – Results of Q6 by Age of Respondents



Source: On Authors Own in Excel Statistics.

- On the contrary, author investigated that age of respondents does have significant influence (Figure 47), because shown interest/disinterest among various age categories was different. Positive answer “Definitely yes” selected predominantly (27) respondents of age between 26-30; their obvious answer is most probably related to a higher amount of experience in the labour market than in younger categories of age between 21-25; which were not clearly sure about their answer (24 respondents of age between 21-25 selected answer “Maybe”).

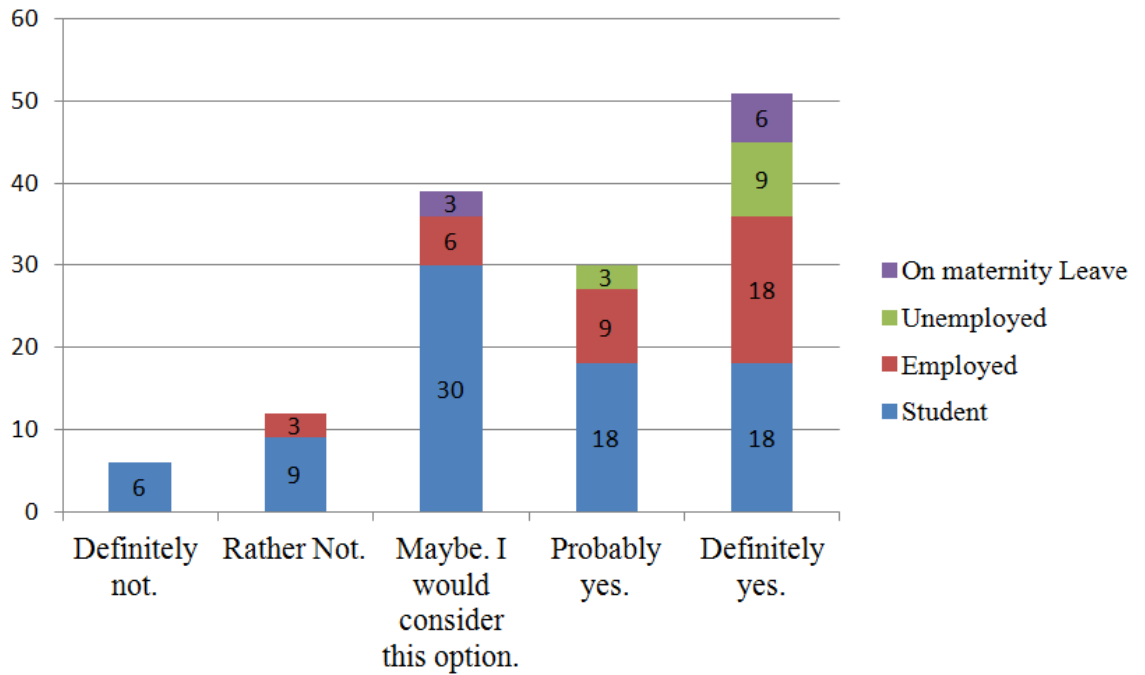
Figure 48 – Results of Q6 by Level of Education



Source: On Authors Own in Excel Statistics.

- According to the level of education of respondents (Figure 48), positive answer “Definitely yes” selected predominantly (27) respondents of “University Education – Master’s”. Their obvious answer is most probably related to the fact that in Moravian-Silesian Region, there is a lack of adequate lucrative jobs for such highly educated potential workers. Due to dramatically higher earnings in Brno, they would clearly benefit from everyday commuting.
- As seen in Figure 49, shown clear interests among students and employed people were balanced. Women on maternity leave and unemployed people were relatively interested as well.

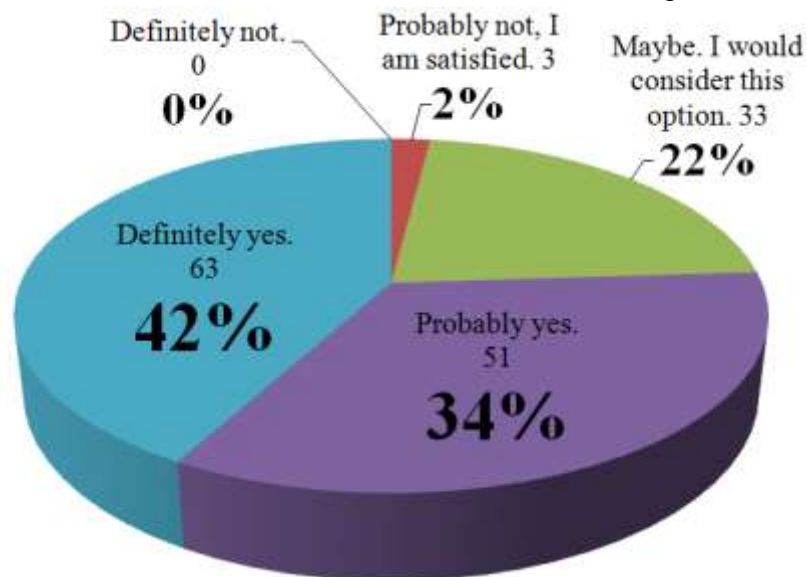
Figure 49 – Results of Q6 by Status of Respondents



Source: On Authors Own in Excel Statistics.

- Results of supplementary Q7 were various; nevertheless, as the main reason of disinterest was investigated the fact, that some people does not live directly in Ostrava, but lives in a neighborhood that is difficult to access. Therefore, due to “time cost”, commuting to Brno was not interesting for them. On the other hand, most of the respondents sympathized with the idea.

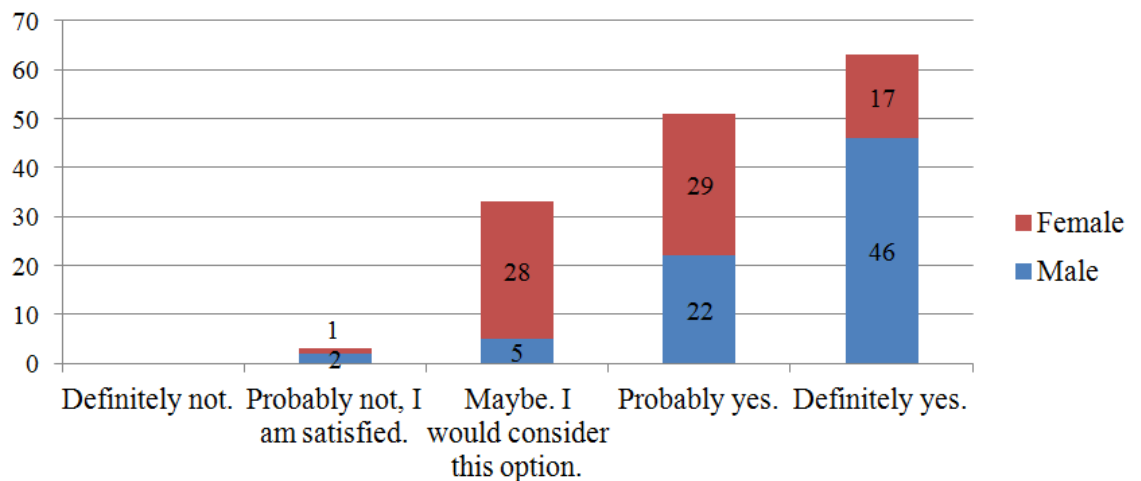
Figure 50– Results of Q24, Potential Interest in Overall Usage of Transport Service



Source: On Authors Own in Excel Statistics.

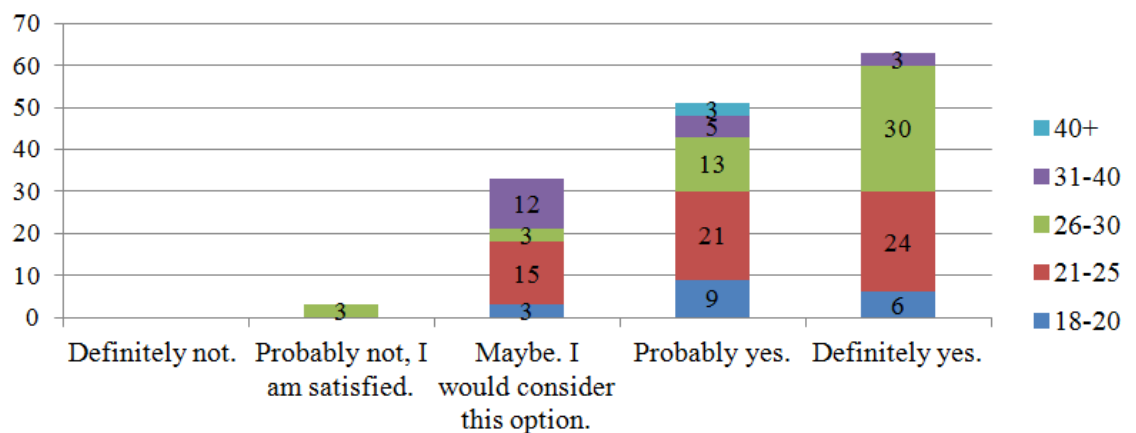
- As seen in Figure 50, there were recorded significant positive results of Q24 investigating potential interest among current travellers between Ostrava and Brno in overall usage of given transport service; 42% total of 150 respondents answered “Definitely yes”, 34% selected “Probably yes”, and 22% said that would consider given option.
- Whereas in Q6 gender does not have significant influence (Figure 46); when responding to Q24 (Figure 51), women were more cautious and they most frequently answered “Maybe” or “Probably yes”. Author believes that this is due to the fact that women in the Czech Republic are less willing to change. Conversely, in males predominated clear answer “Definitely yes” (46 of total 75 males).

Figure 51 – Results of Q24 by Gender



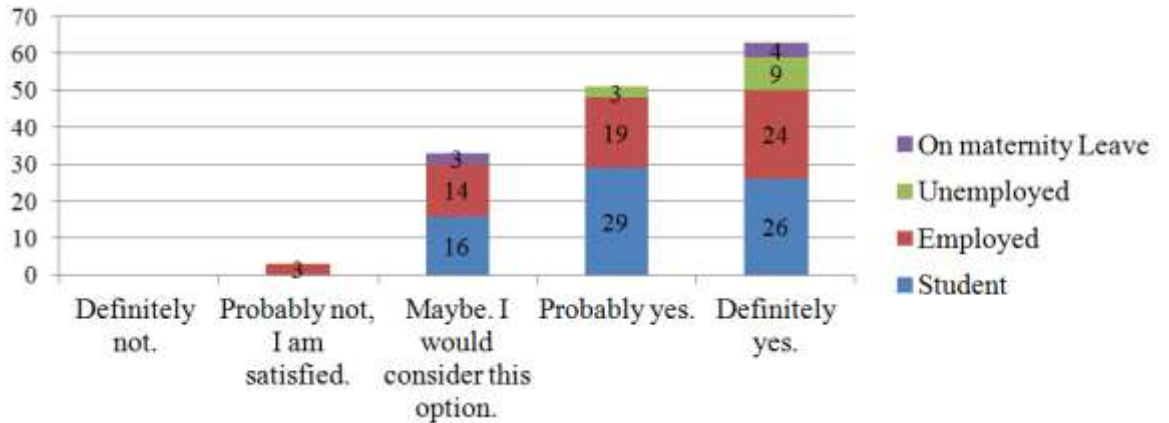
Source: On Authors Own in Excel Statistics.

Figure 52 – Results of Q6 by Age of Respondents



Source: On Authors Own in Excel Statistics.

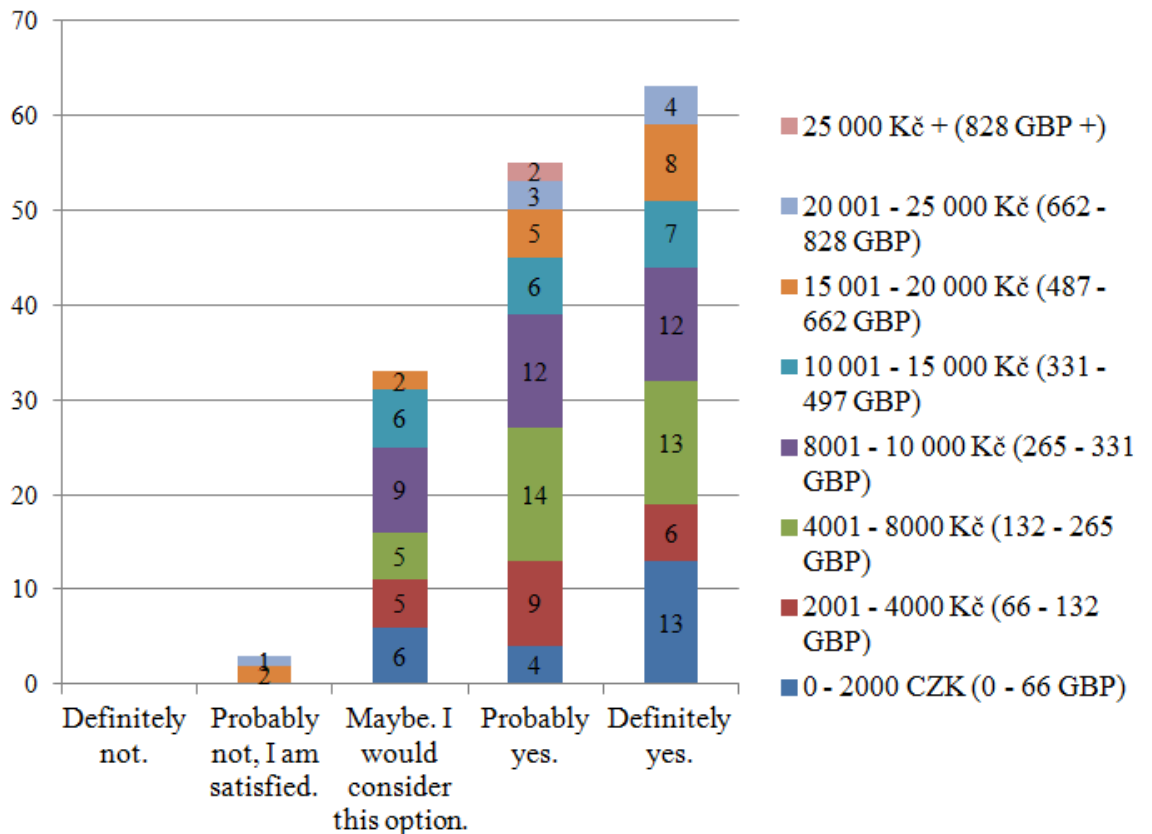
Figure 53 – Results of Q6 by Status of Respondents



Source: On Authors Own in Excel Statistics.

- In accordance with results in Figure 52 and Figure 53, the greatest popularity gain presented business model among younger generation of students and employed people between age of 21-30.

Figure 54 – Results of Q6 by Income



Source: On Authors Own in Excel Statistics.

- As seen in Figure 54, there has been investigated very interesting result of this research; respondent's income did not have an influence on interest, because "Definitely yes" selected respondents across all levels of income. This is typical for Czech market, everyone want to safe money and time. Moreover, the greatest interest in potential transport service has been recognized among people who travel every day from Ostrava to Brno (40% of respondents that answered "Definitely yes") and who always travel by train (46% of respondents that answered "Definitely yes"). Furthermore, supplementary Q25 revealed that most people favored presented idea because it would be faster and cheaper than train and they would be able to relax on the board instead of driving a car.

4.1.6 Related Results of the In-Depth Interview

- In-depth interviews with 10 employees of Employment Offices in the Moravian-Silesian Region helped uncover several fundamental aspects.
- Well experienced interviewees agreed in the majority of cases (8 of 10), that the full utilization of the low-cost transport is possible only if the potential user is directly from Ostrava or from a nearby well accessible area. Any extra time or extra money would contribute to lack of interest in commuting to Brno.
- Interview investigation also uncovered that moving for work is unacceptable for Czechs; they prefer to commute. However, the distance of their commute is fully dependent on lucrativeness of offered job position; and therefore Employment Offices recorded highest success rate among university graduates applying for a job in Brno, which usually commute by car.
- Most (9 of 10) interviewees assessed the business plan as an opportunity for others who do not have enough funds to purchase a car, or commuting to Brno for them is not sufficiently profitable.
- All interviewees agreed that the low-cost bus service would help dramatically change the unfavorable unemployment situation in the Moravian-Silesian Region, as the current transport providers do not offer this excellent opportunity (e.g. one way by train lasts minimally 3 hours and costs approximately 290 CZK, £10).

4.2 Dealing with the 2nd Main Question and Related Objectives

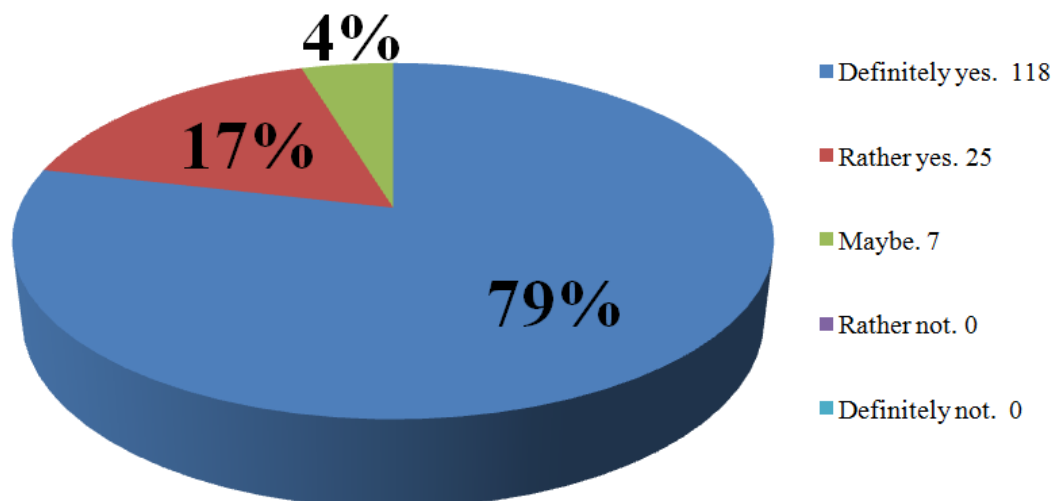
The second main question of this dissertation was defined as:

- What adaptation is necessary to the chosen UK business model to be applied to the Czech Market, in respect of the low-cost transport opportunities?

Therefore, the second main question deals with the fourth objective:

- *to identify, which areas have to be changed (and how) in the UK business model to fit most to the conditions of the Czech Market.*
- As was revealed in previous chapter, external business environment of the potential Czech transport service is mostly suitable, except the threat of the relatively weak political conditions in the Czech Republic and required high financial costs of establishment of such a company. Nevertheless, there will be determined which areas have to be changed to fit most to the needs of the Czech customer.
- Previous analysis of technological environment in the CR shown, that Czechs are very familiar with new technologies; this fact was also confirmed in questionnaire survey. As seen in Figure 55, 79% of all participants (118 of 150) answered that they would not mind paying tickets for potential transport service via the Internet.

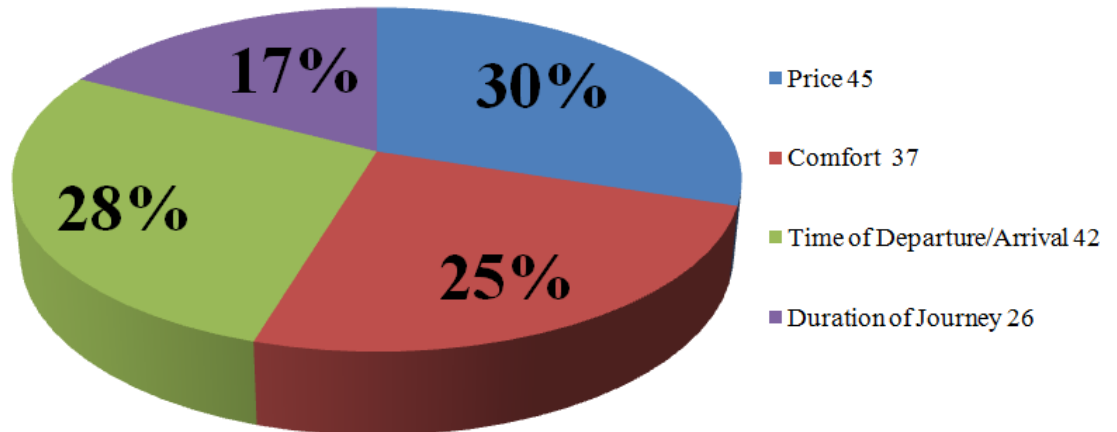
Figure 55 – Results of Q13, Willingness to Pay via the Internet



Source: On Authors Own in Excel Statistics.

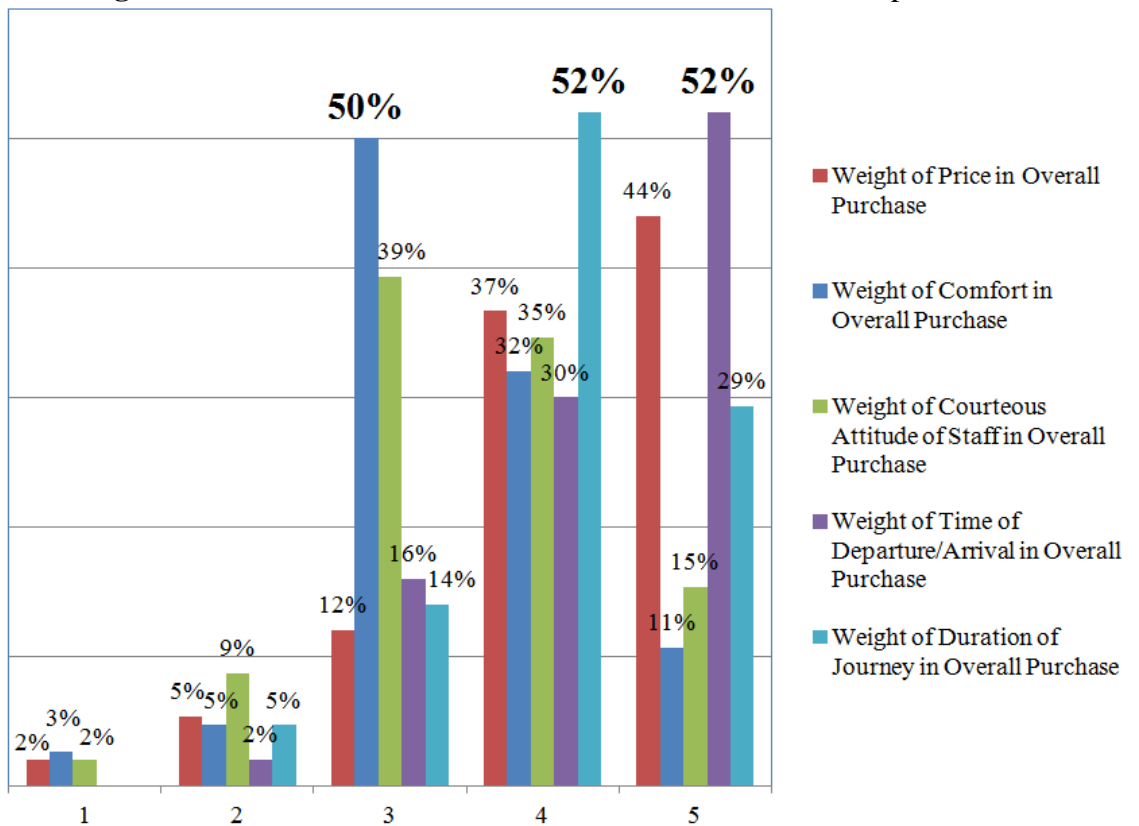
- In terms of different potential customer preferences, as seen in Figure 56, questionnaire survey revealed that for 30% of all participants is most important price in their decisions, 28% of all participants are mostly influenced by day time of departure/arrival, and 25% of all participants make decisions according to comfort (as a comfort may be considered also “not having to drive a car”).

Figure 56 – Results of Q11, the Overall Influence on the Choice of Transport



Source: On Authors Own in Excel Statistics.

Figure 57 – Detailed Overall Influence on the Choice of Transport



Source: On Authors Own in Excel Statistics.

- Nevertheless, detailed analysis of Q15, Q17, Q18, Q21 and Q23 (Figure 57) revealed, that the major impact on customer preferences has time of departure/arrival (52% of all respondents selected weight of 5). Secondly, the crucial role plays price, 44% of all respondents selected weight of 5. 52% of all participants selected weight of 4 in significance of duration of journey; and for 50% of them represents comfort weight of 3. Potential Czech customers have also lower expectations in courteous attitude of staff, 39% of participants selected weight of 3.
- Therefore, to fit most to the needs of the Czech customer, the potential transport service in Czech Republic should focus most on enough bus lines of suitable times of departure/arrival. Results of Q20 revealed that most difficulties with arriving to Brno have participants in morning times between 7:00 and 9:00 am (55% of all respondents). Thus, potential transport service should involve predominantly these peak times, as well as late afternoon times from 17:00 to 19:00 to provide comfortable transport from work/school back to Ostrava.
- Conversely, there should not be such an emphasis on courteous attitude of staff and on the most luxury buses, because for potential customer preferences these do not have crucial weight. Therefore, there may be reduced start-up costs due to purchase of older buses, used for example in Germany; which may wide to overall costs reduction, and thus, there can be offered the lowest fares that have the significant importance for Czech customers.
- The shortest duration of journey would be ensured by direct line (with no stops) between Ostrava and Brno through new Motorway D1, and last only 1.5 hours.
- Nevertheless, in accordance with (by the Czech government required) high financial costs of establishment of such a company (“Registered capital” of 300.000 CZK, £10.000), plus start-up costs; author considers the application of EU grants. Principal conditions for receiving such grants are, that potential business must support sustainable infrastructure, employment or education in the country. In terms of given potential bus transport, as shown in the overall analysis, it meets all these three conditions satisfactorily, and hence there would not be any serious constraints in obtaining EU grants and start a business (“Strukturální Fondy ČR”, 2013).

5 Discussion

5.1 Key Drivers of Success of Chosen Business Model

Crucial for Megabus's success is the fact, that its owner Stagecoach Group stands behind the company, and supports them both financially and through great management and know-how (Stagecoach Group, 2012). Therefore, forceful management of Megabus and its owner Stagecoach Group have been identified as the main key drivers of success of Megabus' Business Model. Both executives of Megabus and the Group are seamlessly able to take best advantage of the opportunity; furthermore, they are continuously mapping potential markets for possible Megabus' expansion (e.g. continental Europe, Canada). In summary, according to Martin (2012), *"the Group has benefited from good management as well as exposure to high-growth areas, the analysts said"*.

Due to flexibility of Megabus' management, they are able to adequately respond to the initiatives from the external environment; for instance, in accordance with "The Public Service Vehicles Accessibility Regulations 2000" of the UK Department for Transport, Megabus coaches are accessible for mobility impaired people (Department for Transport, 2012; Megabus, 2013). Moreover, at first sight threat of higher fuel costs, management could shift into an opportunity; management of Megabus believe that *"rising fuel prices and a difficult consumer environment will help low-cost, yield-managed Megabus achieve the same impressive growth in Europe that it has in the US, where it drove revenues 70 % higher between 2011 and 2010 (Hiscott, 2012)."*

Executives of Megabus are able to address customer needs appropriately (e.g. free wi-fi on the board, new "sleepercoach" services MegabusGold designed for longer distances); Megabus listen to their customers (e.g. Megabus online customer survey) and provide them with great value for money (as seen in Table 15). Nevertheless, author of this thesis identified through analysis of Megabus booking some weak points in provided times of Megabus' departures/arrivals, because in some cases bus lines do not cover all day times (Jacobs, 2012; Megabus, 2013).

Another crucial driver of success is that executives of Megabus do not only listen to their customers, but understand them. Therefore, by embracing technological

breakthroughs of the 21st century, such as online booking and payment, free wi-fi and plug-in capabilities at every seat; Megabus strives to “*refresh the seedy image of bus travel. They realized that young consumers feel unembarrassed about bus travel—as long as they can stay online (Sanburn, 2012)*”.

In order to provide great value for less money through greener and comfortable transport services, Megabus executives are doing well in reducing costs to the absolute minimum; the leanest cost structure involves, for instance minimal labour costs, no terminal/depot cost, or online booking which reduce back-office staff significantly (Hiscott, 2012; Megabus, 2013). Furthermore, Megabus focuses on unregulated inter-country routes in order to avoid regulations and related additional costs (Jacobs, 2012; Stagecoach Group, 2012).

Its customers are also provided by value of safety and convenience by picking up on frequent street corners in the city centres. On the contrary, some Megabus drivers admitted “*they have fears that no-frills lines might stint on safety after a spate of accidents involving smaller discount bus lines and the fatal crash of a Megabus outside Chicago in August 2012 (Sanburn, 2012)*.” Nevertheless, also in this case has been proven the suitability of Megabus management, and their ability to deal with their own employees; they responded by providing its drivers with additional training (Sanburn, 2012).

Furthermore, selecting “the right” business partners such as South West Trains, East Midlands Trains and Virgin Trains enabled Megabus to add extra value of faster transportation for its customers; and therefore to overall Megabus’ success. Megabus have good relationships and cooperate successfully also with partners such as Tesco, World Pay, UK Government (Department of Transport), local transport authorities and validated wi-fi providers.

Essential for success of Megabus are also skills and commitments of their human resources at all levels of the business, as summarized its Chief Executive, Sir Brian Souter, “*our employees are key to our success (Stagecoach Group, 2011, p2)*.” Consequently, magnificent business model of Megabus (shown in Table 15) can be characterized as that “*all the pieces of jigsaw fit together*”.

5.2 Applicability of the UK Business Model to the CR Market

Overall, the potential successful application of the UK business model to the conditions of the Czech market is mainly acknowledged by the fact, that in the Czech Republic exists „market gap“ in the transport services on the route between Ostrava and Brno. There does not exist any direct bus line (without stops), even though there has been established brand new motorway between cities in 2008; and therefore the travel time could be halved (from approximately 3 hours to 1,5 hour), which would facilitate getting to school and work for a lot of people (IDOS, 2013; „Ředitelství Silnic a Dálnic ČR“, 2010). Moreover, questionnaire survey revealed that on average passengers pay 200 CZK (approximately £7) for one way between Ostrava and Brno, which takes them on average 2.5 hours. Therefore there were recorded significant positive results of Q24 investigating potential interest among current travellers between Ostrava and Brno in overall usage of given transport service; 42% total of 150 respondents answered “Definitely yes”, 34% selected “Probably yes”, and 22% said that would consider given option.

Potential business model could be successfully applied to the Czech market also due to suitable external business environment, which signifies distinct potential for growth. In terms of economical environment in the CR, lower labour costs, lower fuel costs, lower corporate taxes and lower total operating costs, represent more appropriate business environment for such a low-cost business model in the CR than in the UK. Moreover, cultural grounding of the Czech customers is more favorable for the low-cost business model in accordance with the fact that in the CR, would like to save money everyone across all levels of income. In addition, questionnaire survey uncovered that potential Czech customers have much lower emphasis on comfort and courteous attitude of staff; in both cases, participants selected predominantly weight 3 (out of 5). From technological environment point of views, both qualitative and quantitative research revealed that Czechs are very familiar with new technologies; 79% of all participants (118 of 150 respondents) answered that they would not mind paying tickets for potential transport service via the Internet. Therefore, application of online booking to the Czech market would not involve any serious constraints.

In terms of environmental impact of potential business model, it would support greener and more comfortable way of transport in the Czech Republic. However, legal and political environment could represent a threat, because in some aspects relatively weak political conditions in the Czech Republic may wide to radical changes that would have potential impact on the low-cost transport service. Despite the high financial costs required by the Czech government (“Registered capital” of 300.000 CZK, £10.000) plus other start up costs, there is a possibility of obtaining EU grants. As was evaluated in the overall analysis, potential business model all conditions (e.g. it supports sustainable infrastructure, employment and education in the country) satisfactorily. Therefore, there would not be any serious constraints in obtaining EU grants and start a business in the Czech Republic.

Furthermore, as was noted previously, Megabus low-cost business model was successfully applied to the conditions of the U.S., French, and Dutch market, which require much higher operating costs than the Czech market does. Therefore, according to all strong arguments given in this dissertation; it can be concluded that the applicability of the UK business model to the conditions of the Czech market is fully feasible. Moreover, Czech transport industry market offers remarkable potential for growth, which is not yet sufficiently exploited.

6 Conclusion

Following chapter has been considered as the closing section of this research study. There will be repeated research aim and objectives, and summarized briefly what author have found.

In today's turbulent business environment, the best way to be proactive is to have a strong business model. Therefore, because of the fact that author saw a great business opportunity, as well as a „market gap“ in her own country, this dissertation focused on evaluation of the applicability of the UK business model to the conditions of the Czech market. For this purpose there was chosen model of one low-cost transport company which operates in the United Kingdom, namely Megabus.

There was provided deep analysis of its marketing and business strategy, as well as identification of the key drivers of success, with regard to the environment of the UK market (PESTEL analysis of UK transport industry). As the main key driver of success of Megabus' Business Model was identified its forceful management, that is able to adequately respond to the initiatives from the external environment (e.g. new restrictions of government), to address customer needs appropriately (e.g. free wi-fi on the board, new “sleepercoach” services designed for longer distances); moreover, Megabus listens to their customers (e.g. Megabus online customer survey) and provides them with a great value for money.

Furthermore, comparison with the external environment of the Czech market and the behaviour of Czech customer was included. For purpose of external analysis of potential business opportunity in the Czech Republic, there was used PESTEL analysis of transport industry situated in the Czech Republic, which served to reveal opportunities and threats. Although suitable external business environment in the CR signified distinct potential for growth, Czech legal and political environment represented a threat, because in some aspects relatively weak political conditions in the Czech Republic could wide to the radical changes that would had potential impact on the low-cost transport service.

Overall, this dissertation provided a starting point for author's own real business plan that author would like to realize in the Czech Republic.

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8 Appendices

Appendix A – Theoretical Overview of Business Model Publications

Author	Title	Year	Journal	Definitions of Business Model	Components of Business Models
Amit, R. and Zott, C.	Value Creation in E-Business	2001	<i>Strategic Management Journal</i>	A business model depicts the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities.	Resources/Assets, Capabilities/Competences, Information flows, Output (offerings), Product/service flows, Business opportunities, Create value, Transaction content, Transaction governance, Transaction structure.
Chaharbaghi, K., Fendt, C. and Willis, R.	Meaning, legitimacy and impact of business models in fast-moving environments	2003	<i>Management Decision</i>	Business models are a representation of management thinking and practices that help businesses see, understand and run their activities in a distinct and specific way. While specific business models are built to describe particular business activities, the meta-model provides the underlying blueprint from which these models are developed.	Way of thinking, operational system, capacity for value generation.
Chesbrough, H.	Why Companies Should Have Open Business Models	2007	<i>MIT Sloan Management Review</i>	A business model performs two important functions: It creates value, and it captures a portion of that value. The first requires the definition of a series of value-adding activities. The second requires the establishing of a unique resource, asset or position within that series of activities in which the firm enjoys a competitive advantage. Open business models enable an organization to be more effective in creating and capturing value by leveraging more ideas via the inclusion of external concepts and the utilization of assets, resources or position in other companies' businesses.	

Davenport, T.H., Leibold, M. and Voelpel, S.	Strategic management in the innovation economy: strategy approaches and tools for dynamic innovation capabilities	2006	<i>Book</i>	The "way of doing business". A business model is a firm's entire system for creating and providing value to customers and earning profit from that activity as well as benefit its broader stakeholders.	Value network (Suppliers/partners), Value proposition, Strategy, Customer, Capabilities/Competences, Processes/Activities, Economics, Management, Technology, Legal issues.
Hedman, J. and Kalling, T.	The business model concept: theoretical underpinnings and empirical illustrations	2003	<i>European Journal of Information Systems</i>	The business model is a strategy model which unites the finer aspects of strategy, i.e. resource-bases, activities, structure, products, and external factors.	Value network (Suppliers/partners), Customer (target market, scope), Resources/Assets, Value proposition, Capabilities/Competences, Processes/activities, Revenue/Pricing, Competitors, Cost, Output (offerings), Strategy, Customer relationship, Differentiation, Financial aspects, Culture, Management.
Linder, J. and Cantrell, S.	Changing Business Models: Surveying the Landscape	2000	<i>Accenture Institute for Strategic Change</i>	A business model is also known as an "operating business model" and it is defined as the organization's logic for creating value. It explains how an enterprise makes money and a good business model highlights the distinctive activities and approaches that enable the firm to succeed.	Value network (Suppliers/partners), Value proposition, Customer (target market, scope), Resources/Assets, Revenue/Pricing, Create value, Economics, Customer relationship.
Magretta, J.	Why Business Models Matter	2002	<i>Harvard business review</i>	The business model is a system is a description of how the pieces of a business fit together. However, it does not deal with competition.	Value proposition, Customer (target market, scope), Cost, Economics, Profit.
Mahadevan, B.	Business Models for Internet-Based E-	2000	<i>California management review</i>	A business model is a unique blend of three streams that are critical to the business. These	Value network (Suppliers/partners), Value proposition, Revenue/Pricing,

	Commerce: An Anatomy			include the value stream for the business partners and the buyers, the revenue stream, and the logistical stream.	Product/service flows.
Mitchell, D. and Coles, C.	The ultimate competitive advantage of continuing business model innovation	2003	<i>Journal of Business Strategy</i>	The business model is a combination of the elements involved in providing customers and end users with products and services, i.e. the "who, what, when, why, where, how, and how much".	Value network (Suppliers/partners), Value proposition, Customer (target market, scope), Ressources/Assets, Capabilities/Competences, Revenue/Pricing, Processes/activities, Output (offerings), Product/service flows, Cost.
Morris, M., Schindehutte, M. and Allen, J.	The entrepreneur's business model: toward a unified perspective	2005	<i>Journal of Business Research</i>	A business model is a concise representation of how an interrelated set of decision variables in the areas of venture strategy, architecture, and economics are addressed to create sustained competitive advantage in defined markets.	Value network (Suppliers/partners), Strategy, Capabilities/Competences, Output (offerings), Financial aspects, Create value, Economics, Competitors.
Osterwalder, A. and Pigneur, Y.	Business Model Generation: A Hand-book for Visionaries, Game Changers, and Challengers	2010	<i>Book</i>	A business model describes the rationale of how an organization creates, delivers, and captures value. A business model can be best characterized through nine fundamental components – so-called building blocks – that demonstrate the core logic of organization's intention to profit; and comprise the four essential sections of a business: customers, offer, and financial viability.	Nine Building Blocks: Customer Segments, Value Propositions, Channels, Customer Relationships, Revenue Streams, Key Resources, Key Activities, Key Partnerships, Cost Structure.
Shafer, S. M., Smith, H. J. and	The power of business models	2005	<i>Business horizons</i>	A business model is a reflection of a firm's strategic choices and it facilitates analysis,	Value proposition, Strategy, Customer (target market, scope), Ressources/Assets,

Linder, J. C.				testing, and validation of these choices.	Capabilities/Competences, Revenue/Pricing, Processes/activities, Output (offerings), Financial aspects, Product/service flows, Cost, Create value, Customer relationship, Competitors, Differentiation, Branding, Mission.
Zott, C. and Amit, R.	Business Model Design and the Performance of Entrepreneurial Firms	2007	<i>Organization Science</i>	The business model is defined as in Amit & Zott, 2001 (see top of this table). Further, a business model elucidates how an organization is linked to external stakeholders, and how it engages in economic exchanges with them to create value for all exchange partners. Business model design is defined as the design of organizations' boundary-spanning transactions.	Ressources/Assets, Capabilities/Competences, Information flows, Output (offerings), Product/service flows, Business opportunities, Create value, Transaction content, Transaction governance, Transaction structure

Source: On Author's Own supported by Listed Literature Review.

Appendix B – Typology of “E-business Models”

<i>Timmers (1998) e-business Typology</i>	<i>Description</i>
e-Shops	The Web marketing and promotion of a company or a shop and increasingly includes the possibility to order and pay.
e-Procurement	Describes electronic tendering and procurement of goods and services.
e-Malls	Consists of a collection of e-shops, usually enhanced by a common umbrella, for example a well-known brand.
e-Auctions	The electronic implementation of the bidding mechanism also known from traditional auctions.
Virtual Communities	This model brings together virtual communities that contribute value in a basic environment provided by the virtual community operator. Membership fees and advertising generate revenues. It can also be found as an add-on to other marketing operations for customer feedback or loyalty building.
Collaboration Platforms	Companies of this group provide a set of tools and information environment for collaboration between enterprises.
Third-party Marketplaces	A model that is sustainable when a company wishes to leave the Web marketing to a 3rd party (possibly as an add-on to their other channels). Third-party marketplaces offer a user interface to the supplier's product catalogue.
Value Chain Integrators	Represents the companies that focus on integrating multiple steps of the value chain, with the potential to exploit the information flow between these steps as further added value.
Value Chain Service Providers	Stands for companies that specialize in a specific function for the value chain, such as electronic payment or logistics.
Information Brokerage	Embraces a whole range of new information services that are emerging to add value to the huge amounts of data available on the open networks or coming from integrated business operations.
Trust and Other Third Parties	Stands for trust services, such as certification authorities and electronic notaries and other trusted third parties.

Source: On Author's Own Supported by (Timmers, 2008; Zott et al., 2010).

Appendix C – Example of Modern Business Model: “PatientsLikeMe”

patientslikeme™

Username or Email ***** Login

Patients Treatments Symptoms Research

Search this site Search Help Crisis

Find Patients Just Like You »

Do you have a life-changing condition? Learn from the real-world experiences of other patients like you.

Join Now! (It's free!)

CURRENT DISEASE COMMUNITIES

Prevalent Diseases

- ALS / MND
- Anxiety
- Bipolar
- Depression
- Fibromyalgia
- HIV/AIDS
- MS (Multiple Sclerosis)
- OCD (Obsessive-Compulsive Disorder)

See how PatientsLikeMe can help you take control of your health:

Share your health profile »
Answer simple questions to create a shared health profile to see how you're doing over time.

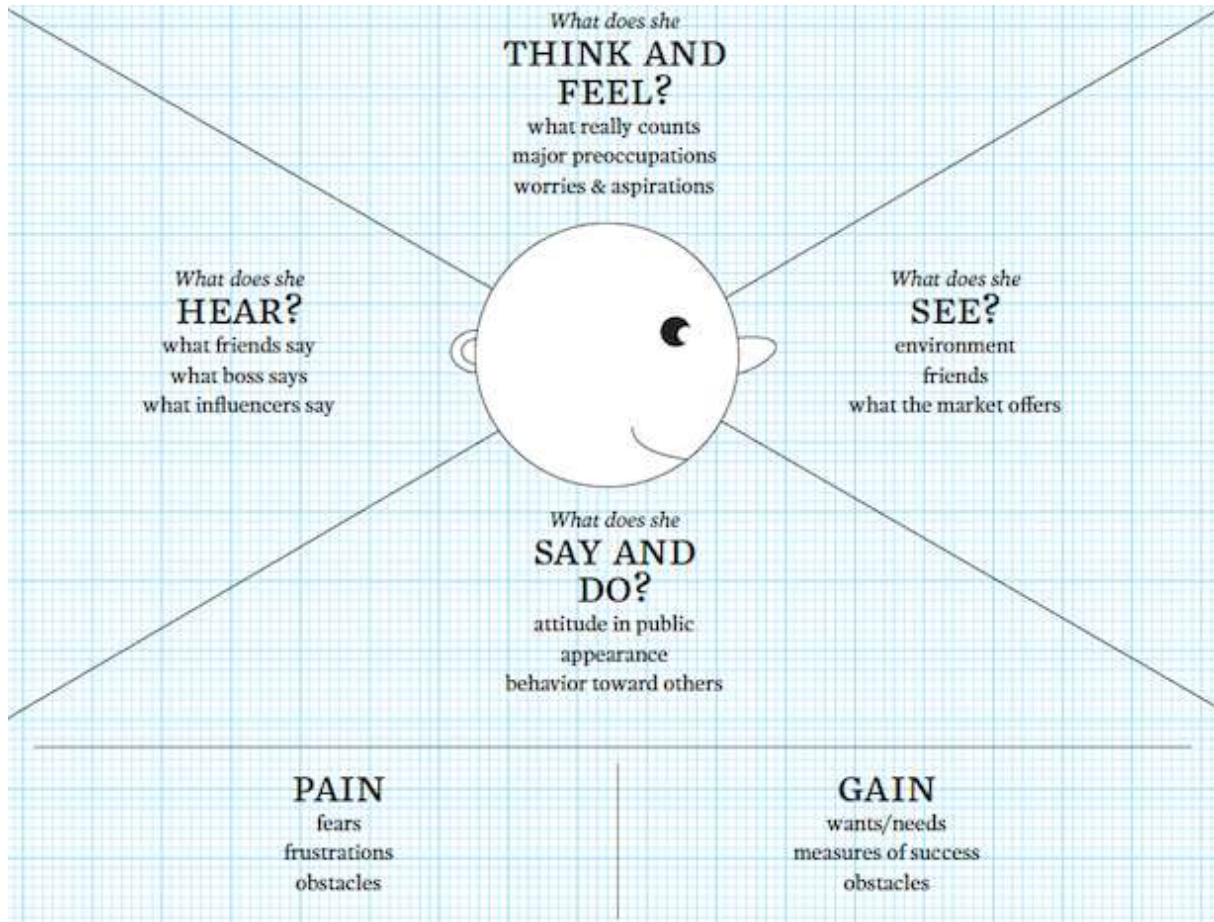
Find patients like you »
Search by gender, age, treatments, symptoms, and time since diagnosis to easily connect with patients like you.

Learn from others »
Learn from real-world treatment and symptom reports, forum discussions, health profiles, and more.

*"I don't think all the money in the world could replace what I've learned here."
—Multiple Sclerosis Community Member*

Source: (PatientsLikeMe, 2013).

Appendix E – Customer Empathy Map



Source: (Osterwalder and Pigneur, 2010, p132).

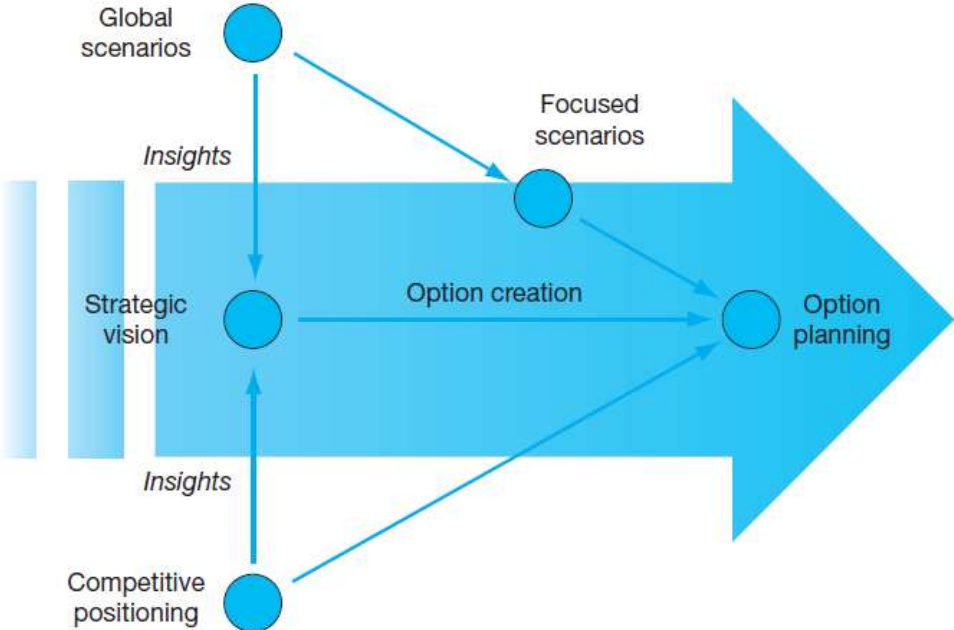
Appendix F – Overview of the Main Areas in Analysis of Business Model Environment

<i>Area</i>	<i>Crucial Factors</i>	<i>Brief characteristics</i>	<i>Main Questions</i>
<i>Market Forces (Analysis of Market)</i>	<i>Market Issues</i>	Identify key issues driving and transforming organization’s market from Customer and Offer viewpoints.	What are the crucial issues affecting the customer landscape? Which shifts are underway? Where is the market heading?
	<i>Market Segments</i>	Identify the main segments of the market, describe their attractiveness, and seek to discover new segments.	What are the most important Customer Segments? Where is the biggest growth potential? Which segments are declining? Which peripheral segments deserve attention?
	<i>Needs and Demands</i>	Outline market needs and analyze the standards of their fulfillment.	What do customers need? What are the biggest unsatisfied customer needs? Where is demand increasing and declining?
	<i>Switching Costs</i>	Describe elements related to customers switching business to competitors.	What binds customers to a company and its offer? What switching costs prevent customers from defecting to competitors? Is it difficult/easy for customers to find and purchase similar offers? What is the importance of brand?
	<i>Revenue Attractiveness</i>	Identify elements related to revenue attractiveness and pricing power.	What are customers willing to pay for? Where can be the largest margins achieved? Can customers easily find and purchase cheaper product or service?
<i>Industry Forces (Competitive Analysis)</i>	<i>Competitors</i>	Identify incumbent competitors and their relative strengths.	Who are organization’s competitors? Who are the dominant players in organization’s particular sector? What are their competitive advantages and disadvantages? Which Customer Segments are they focusing on? What is their Cost Structure? How much influence do they exert on Customer Segments, Revenue Streams, and margins?
	<i>New Entrants</i>	Identify new, insurgent players and determine whether they compete with a business model different from the organization’s business model.	Who are the new entrants in the market? What competitive advantages or disadvantages do they have? Which barriers must they overcome? What are their Value Propositions? Which Customer Segments are they focused on? What is their Cost Structure? To what extent do they influence Customer Segments, Revenue Streams, and margins?
	<i>Substitute Products and Services</i>	Describe potential substitutes for organization’s offers – including those from other markets and industries.	Which products or services could replace the organization’s products and services? How much do they cost compared to organization’s products and services? How easy it is for customers to switch to these substitutes? What business model traditions do these substitute products stem from (e.g. high-speed trains versus airplanes, smart-phones versus cameras)?

	Suppliers and Other Value Chain Actors	Describe the key value chain incumbents in organization's market and spot new, emerging players.	Who are the key players in organization's industry value chain? To what extent does organization's business model depend on other players? Are peripheral players emerging? Which are most profitable?
	Stakeholders	Specify which actors may influence organization and its business model.	Which stakeholders might influence the business model? How influential are stakeholders, government, or lobbyists?
Key Trends (Fore-sight)	Technology Trends	Identify technology trends that could threaten organization's business model – or enable it to evolve or improve.	What are the major technology trends both inside and outside the organization's market? Which technologies represent important opportunities or disruptive threats? Which emerging technologies are peripheral customers adopting?
	Regulatory Trends	Describe regulations and regulatory trends that influence organization's business model.	Which regulatory trends influence organization's market? What rules may affect organization's business model? Which regulations and taxes affect customer demand?
	Societal and Cultural Trends	Identify main societal trends that may influence organization's business model.	What are the key societal trends? Which shifts in cultural or societal values affect organization's business model? Which trends might influence buyer behaviour?
	Socio-economic Trends	Outline major socioeconomic trends relevant to organization's business model.	What are the key demographic trends? How is characterized income and wealth distribution in its market? How high are disposable in-comes? What portion of the population lives in urban areas as opposed to rural settings?
Macro-economic Forces (Macroeconomics)	Global Market Conditions	Outline current overall conditions from a macroeconomic perspective.	Is the economy in a boom or bust phase? What is general market sentiment? What is GDP growth rate, unemployment rate?
	Capital Markets	Describe current capital market conditions as they relate to organization's capital needs.	What is the state of the capital markets? How easy is to obtain funding in organization's particular market? Is seed capital, venture capital, public funding, market capital, or credit readily available? How costly is to procure funds?
	Commodities and Other Resources	Highlight current prices and price trends for resources required for organization's business model.	What is the current status of markets for commodities and other resources essential to business model (e.g. fuel price and labour costs)? How easy is to obtain the resources needed to execute organization's business model (e.g. attract prime talent)? How costly are they?
	Economic Infrastructure	Describe the economic infrastructure of the market in which organization's business operates.	How good is the (public) infrastructure in organization's market? How is characterized transportation, trade, education quality, and access to suppliers and customers? How high are individual and corporate taxes? How good are public services for organizations? How would organization rate quality of life?

Source: On Author's Own Supported by (Osterwalder and Pigneur, 2010, p201-209).

Appendix G – Visualization of Scenario Planning



Source: (Assen, M., et al. 2009, p47).

International Application of the Marketing Mix, Examples

- **Product (Service)**

In accordance with Kotabe and Helsen (2010), certain products such as food, beverages, and clothes are understandably more “culturally sensitive” than other products. In addition, due to cultural (predominantly religious) reasons should be also specific services or products banned or restricted.

However, sometimes cultural norms and different lifestyles could be beneficial and open up new product opportunities (Albaum et al. 2008; Richter, 2012; Kotabe and Helsen, 2010; Osterwalder and Pigneur, 2010). For instance, in connection with different Chinese lifestyle and culture, and due to the fact that most of Chinese have small and cramped living spaces; making more spacious and enjoyable places to congregate, such as business model of Starbucks cafés, was crucial to gain favor from people in China and succeed (Lamb et al., 2009; Wang, 2012).

Paradoxically, from time to time it has been recorded that some companies succeed with its business model, even though nature of their product and culture may seem at first sight absolutely incompatible (Doole and Lowe, 2008; Morrison and Conaway, 2006). A recent example, business model of Swiss-based chocolate maker Barry Callebaut and its entry to the Chinese market, could seem to be total nonsense, because everybody knows that Chinese people eat chocolate very sporadically (Morrison and Conaway, 2006; Wang, 2012). In numbers, the average consumption of chocolate in China is just 100 grams a year. Despite those facts, chocolate companies strive to take advantage of growing „Chinese preferences for luxuries and gift-giving by rebranding chocolate as a premium indulgence, a classy present and a mark of taste and international flair (AFP, 2013)“. Furthermore, executives of Barry Callebaut believe that China will adopt eating chocolate as well as they adopted the foreign habit of drinking coffee (AFP, 2013).

- **Price**

As for the customer willingness to pay, it may vary significantly across the cultural environments. For instance, product that has been considered as a source of good value in one cultural environment, in other cultures could be perceived as valueless. For Western countries is distinctive, that high price indicates the premium quality of products and services (Albaum et al. 2008; Doole and Lowe, 2008; Kotabe and Helsen, 2010; Morrison and Conaway, 2006).

As an example of interaction between pricing and culture should be given pricing method, in which particular prices end with digit 9 (£0,99 instead of £1); characteristic for these prices is enhancement of the unit sales considerably. Nevertheless, in Asian cultures, such as Hong Kong, the prices usually end with 8; for these Asian cultural environment number 8 symbolizes prosperity and good luck. An interesting point could be looking back at Beijing Olympic Games 2008, which begun on August 8, 2008 (Kotabe and Helsen, 2010; Lamb et al., 2009; Morrison and Conaway, 2006; Olympic, 2008; Simmons and Schindler, 2003).

- **Distribution**

Cultural variables and related different needs of foreign customers may also have impact on business model's distribution strategies. For instance in China, KFC and McDonald's have found home delivery as a key part of the growth strategy – to compete with other „fast food“ companies (such as Pizza Hut) which already have home delivery in emerging markets. They recognized well that Chinese customer, in rushed metropolises, such as Beijing, will rather go for fast home delivery instead of going to the restaurant that takes more time (Doole and Lowe, 2008; Jargon, 2011; Kotabe and Helsen, 2010; Morrison and Conaway, 2006).

- **Promotion**

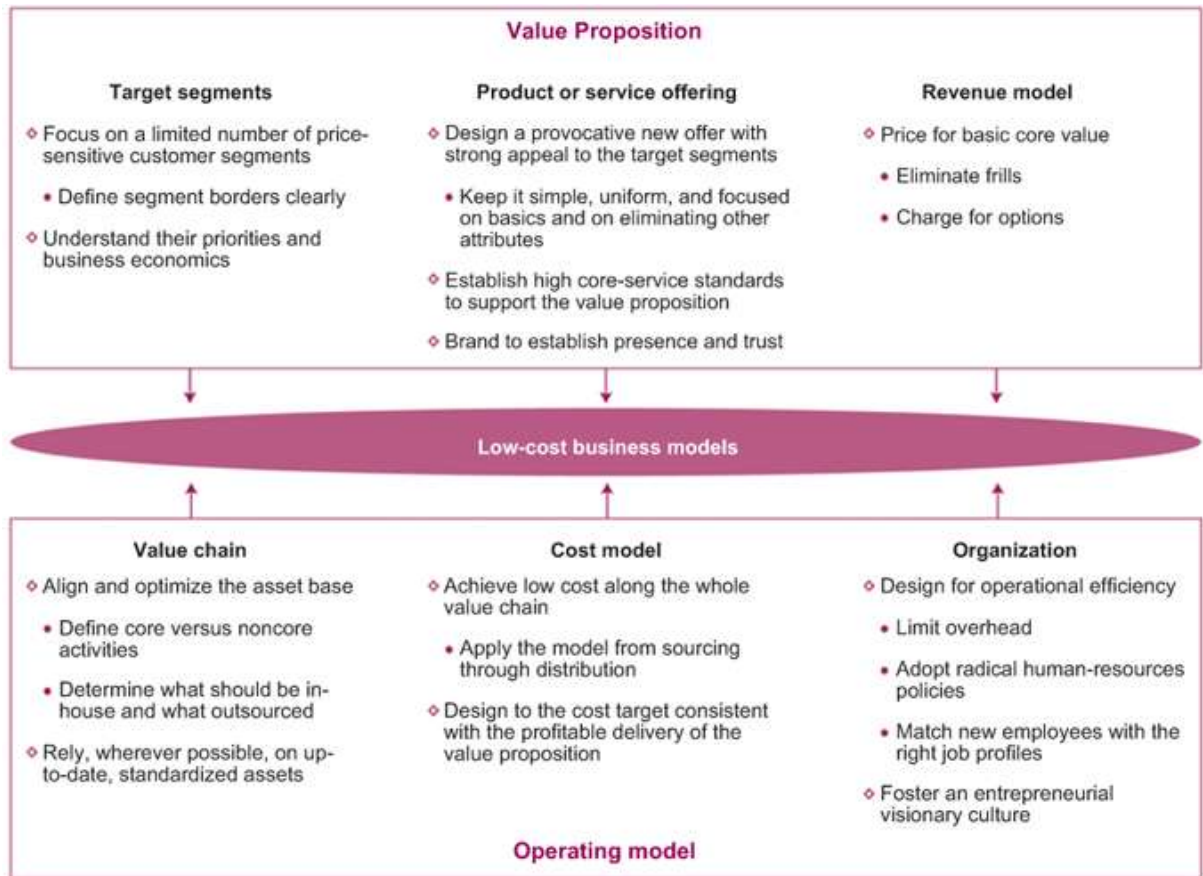
In accordance with Kotabe and Helsen (2010), promotion is considered as the most visible of the four main marketing mix elements. In terms of advertising and communication strategy, different cultures will generally have the major influence. For instance, key events of foreign cultural calendar (e.g. Ramadan, Chinese New Year) typically offer grand marketing opportunities for many organizations.

The way in which foreign customers absorb marketing communications and advertisement mostly depends on their cultural values; thus, advertising which is beneficial in one country can be absolutely counterproductive in others (Albaum et al., 2008; Richter, 2012; Kotabe and Helsen, 2010; Osterwalder and Pigneur, 2010).

In terms of high-context cultural environments (e.g. France, Russia, Japan), marketing communication have a tendency to be more indirect and subtle, while applying less copy and more symbols. On the contrary, in low-context cultures (e.g. Australia, Germany, Scandinavia), promotion uses more copy, realistic data, and reasoning. For example, advertisement in the United States of America or the United Kingdom frequently employes a “lecture-format” style, in which celebrities and famous sportsmen “lecture” the audience about advantages of the advertised product; these cultural environments are characterized by being low in power distance and high in individualism (Doole and Lowe, 2008; Kotabe and Helsen, 2010; Lamb et al., 2009; Morrison and Conaway, 2006; Richter, 2012).

As an example of business model, which implemented its international marketing strategy successfully, can be given Starbucks’ business model in China. Due to Starbucks’ careful market study and local partners which helped the company to understand Chinese culture well; Starbucks implemented a smart market entry strategy in China. Instead of forcing billboards, the “coffee giant” „focused on selecting high-visibility and high-traffic locations to project its brand image (Wang, 2012)” in much less aggressive way than predominantly billboards are created, which would be rather counterproductive (Doole and Lowe, 2008; Kotabe and Helsen, 2010; Morrison and Conaway, 2006; Wang 2012). Therefore, the potential customer could have a look through the glass of the cafes into the chic interior, and based on that decide, on their own, to visit or not (Lamb et al., 2009; Morrison and Conaway, 2006; Rein, 2012).

Appendix I – Overview of Common Characteristics of Low-Cost Business Models



Source: (Kachaner et al. 2011, p44).

Characteristics of Low-Cost Business Models

As seen in visualization above, according to Kachaner et al. (2011), the low-cost business models are based on a thoroughly selected ensemble of “mutually supportive” and “radical” choices through all low-cost business model components:

- **Target Customer Segments**

When implementing low-cost business models, organizations usually focus on “price-sensitive” customer segments, where predominantly, low cost gains great significance for customers (Cerasale and Stone, 2004; Kachaner et al., 2011; Osterwalder and Pigneur, 2010). For organizations targeting “price-sensitive” customers, the most critical moment come when defining clear boundaries of the segment; because subsequent developing of appropriate understanding

of customer behaviour will indicate to what extent will be the implementation adapted to the changing needs of customers (Giménez, 2013; Kachaner et al., 2011).

- **Product/Service offerings**

For most low-cost business models is characteristic, that the main focus is on “radical” rather than “incremental” offerings; which used to be proposed accurately to satisfy the needs of customers (Kachaner et al., 2011; Manivannan, 2010). The main objective is to keep these offerings clear and simple, targeted at the key elements; and to minimize other attributes that might add complications or cost. As for brand, it can be of significant importance due to its assistance with building trust and designing high service standards in the eyes of customers (Cerasale and Stone, 2004; Giménez, 2013; Kachaner et al., 2011).

- **Revenue Model**

In accordance with revenue model in low-cost based organization, pricing method is recommended to be clear and reflecting the core value of the offered product or service (Giménez, 2013; Cerasale and Stone, 2004). *“While frills should be avoided, a well-designed menu of incremental options can be a real source of enhanced profit (Kachaner et al., 2011, p44)”*.

- **Value Chain**

Considering the main principles of low-cost business model, to obtain the lowest cost, executives and entrepreneurs should strive for the leanest value chain as possible – simply to deliver the value proposition and nothing else. For this purpose, organizations commonly execute only essential operations “in-house” and remaining activities are being outsourced. In many instances, organizations replace human resources with modern technologies (e.g. fewer physical stores, online stores more), which are incomparably less costly (Biglaiser et al., 2013; Giménez, 2013; Kachaner et al., 2011).

- **Cost Model**

In accordance with Kachaner et al. (2011), constructing of the cost model should start with cost target considering the gainfully delivering on the value

propositions and afterwards operates backwards to reach this plan. Majority of low-cost based business models achieve its position throughout the complete value chain from sourcing to distribution channel. Nevertheless, several value propositions may be more costly than others, predominantly in areas crucial to gaining of the competitive advantage (Cerasale and Stone, 2004; Kachaner et al., 2011; Manivannan, 2010).

- **Organization**

Although there is no doubt about the importance of limiting human resources in the low-cost based companies, determinative success factor is also having talented employees that conscientiously comprehend the value proposition and organization's mission. In addition, appropriate internal environment of the company as well as visionary culture can guarantee that each communication with the customers is in accordance with brand philosophy and value proposition (Cerasale and Stone, 2004; Giménez, 2013; Kachaner et al., 2011).

Finally, to summarize this section: *“A low-cost innovation might cannibalize some of organization's current profit, but, most likely, it will also expand its market scope in a significant way (Kachaner et al., 2011, p46)”*.

Výzkum pro obyvatele Moravskoslezského kraje: Nízkonákladová Autobusová Doprava na trase Ostrava-Brno

Dobrý den,
tento dotazník slouží pro výzkum a získání primárních dat pro MSc. diplomovou práci na anglické University of Huddersfield. Tématem práce je "Vyhodnocení aplikovatelnosti anglického Business Modelu na podmínky českého trhu" (An Evaluation of Applicability of the UK Business Model to the Conditions of the Czech Market). Nicméně, výzkum je především zaměřen na studenty a pracující (i potenciální pracující), kteří cestují mezi Ostravou a Brnem (nebo by zvážili jejich dojíždění za prací, pokud by byly k dispozici adekvátní podmínky), tedy na obyvatele Moravskoslezského kraje.

Souvislosti výzkumu:

Ve Velké Británii, Megabus prodává lístky na autobus z Huddersfieldu do Londýna £ 1 (plus 0,5 £ rezervace za poplatek, tj. cca 45 Kč), za předpokladu "zabookování" lístku v předstihu (Megabus, 2013). V České republice, přibližně polovina z výše zmíněné cesty (100 mil, tj. 170 km), mezi Ostravou a Brnem, vyjde cestujícího na minimálně 6-krát více (Student Agency, 2013).

Navíc, neexistuje žádný přímý spoj autobusové linky, i když zde byla zřízena nová dálnice mezi městy v roce 2008, jejíž využití by zkrátilo dobu cesty mezi Ostravou a Brnem až na polovinu (z původních 3 hodin na 1,5 hodiny), a usnadnilo tak spoustě lidem jejich cestu do školy a za prací (IDOS, 2013), (ředitelství silnic a dálnic ČR, 2010).

A proto, vzhledem k tomu, že autorka viděla velkou obchodní příležitost, "mezeru na trhu", ve své vlastní zemi, tato práce se zaměřuje na vyhodnocení aplikovatelnosti obchodního modelu fungujícího ve Velké Británii na podmínky českého trhu.

Srdečné díky

za vyplnění tohoto dotazníku, který mi bude nesmírnou podporou pro analýzu primárních dat v mé diplomové práci!

Martina Hlavatá (autorka)

Pozn.: Tento dotazník slouží k plně akademickým účelům a je zcela anonymní.

*Povinné pole

Jaké je Vaše pohlaví? *

- Muž
- Žena

Kolik je Vám let? *

- 18-21
- 21-25
- 26-30
- 31-40
- 40+

Jaké je Vaše nejvyšší dosažené vzdělání? *

- Základní
- Středoškolské bez maturity
- Středoškolské s maturitou
- Vyšší Odborné
- Vysokoškolské - Bakalářské
- Vysokoškolské - Magisterské
- Vysokoškolské - Doktorské

Jaký je Váš průměrný (čistý) měsíční příjem? *

- 0 - 2000 Kč
- 2001 - 4000 Kč
- 4001 - 8000 Kč
- 8001 - 10 000 Kč
- 10 001 - 15 000 Kč
- 15 001 - 20 000 Kč
- 20 001 - 25 000 Kč
- 25 000 Kč +

Jste student nebo pracující (na mateřské, nezaměstnaný)? *

- Student
 - Pracující
 - Nezaměstnaný
 - Na mateřské dovolené
-

OTÁZKA PRO NEZAMĚSTNANÉ a POTENCIONÁLNÍ ZÁJEMCE o práci v Brně: Jestliže by byla uskutečněna možnost levné a rychlé autobusové dopravy (cena za 1 cestu přibližně 100 Kč, jejíž trasa by vedla přímo mezi Ostravou a Brnem bez zastávek a trvala by cca 1,5 hod), přičemž by zde byl dostatek spojů celodenně (tak, abyste se pohodlně dostali do práce např. na 7:00, 8:00 apod.), zvážili byste dojíždění za zaměstnáním z Ostravy do Brna?

- Jednoznačně ne.
- Spíše ne.
- Možná. Zvážil/a bych tuto možnost.
- Spíše ano.
- Jednoznačně ano.

Co je hlavním důvodem Vašeho zájmu/nezájmu?

Jakýkoliv názor či poznatek bude uvítán.

Další otázky jsou určeny POUZE pro obyvatele Moravskoslezského kraje, kteří cestují mezi Ostravou a Brnem.

Co je důvodem Vašich cest mezi Ostravou a Brnem?

- Studium
- Práce
- Přátelé
- Rodina
- Jiné:

Jak často cestujete mezi Ostravou a Brnem?

- Denně
 - 5-3 krát do týdne
 - 1-2 krát do týdne
 - 1-3 krát do měsíce
 - 1-2 krát za rok
-

Jaký dopravní prostředek nejčastěji volíte?

Zvolte prosím jen jednu odpověď.

- Auto
- Autobus
- Vlak
- Jiné:

Co nejvíce ovlivňuje Vaši volbu dopravy?

Vyberte prosím pouze jednu odpověď, která má na Vaši volbu největší vliv.

- Cena
- Komfort
- Čas odjezdu/příjezdu
- Doba trvání cesty

Kolik v průměru zaplatíte za 1 cestu mezi Ostravou a Brnem?

- 50 - 100 Kč
- 101 - 150 Kč
- 151 - 200 Kč
- 201 - 250 Kč
- 251 - 300 Kč
- 300 Kč +

Jste ochotni provést takovouto platbu přes internet s tím, že by Vám místo jízdenky byl přidělen kód, který byste předložili u nástupu do dopravního prostředku?

- Jednoznačně ne.
- Spíše ne.
- Možná.
- Spíše ano.
- Jednoznačně ano.

Co je hlavním důvodem Vašeho zájmu/nezájmu?

Jakýkoliv názor či poznatek bude uvítán.

Jakou roli pro Vás hraje cena dopravy?

0 znamená žádnou roli, 5 znamená nejvyšší důležitost

0 1 2 3 4 5

Jste ochotni si připlatit za komfort dopravy (např. připlatit si za první třídu ve vlaku nebo raději zvolit cestu automobilem)?

- Jednoznačně ne.
- Spíše ne.
- Možná, v ojedinělých případech.
- Spíše ano.
- Jednoznačně ano.

Jakou roli pro Vás hraje komfort dopravy (např. pohodlné sedačky, nové moderní dopravní prostředky)?

0 znamená žádnou roli, 5 znamená nejvyšší důležitost

0 1 2 3 4 5



Jakou roli pro Vás hraje zdvořilý přístup zaměstnanců dopravních společností (řidičů, strojvůdci apod.)?

0 znamená žádnou roli, 5 znamená nejvyšší důležitost

0 1 2 3 4 5



Stává se Vám, že musíte zvolit jiný druh dopravy nebo např. jet již o den dříve kvůli nevyhovujícímu času odjezdu/příjezdu?

- Jednoznačně ne.
- Spíše ne.
- Ano, zřídka.
- Spíše ano.
- Ano, velmi často.

Pokud ano, v jakou denní dobu se s výše uvedenou problematikou nejvíce setkáváte? (týká se času dojezdu do Brna)

- Ranní hodiny mezi 7 - 9 hod
- 10 - 12 hod
- Odpolední hodiny mezi 12 - 17 hod
- Večerní hodiny mezi 17 - 20 hod
- Noční hodiny mezi 20 - 23 hod

Jakou roli pro Vás hraje čas odjezdu/příjezdu dopravy?

0 znamená žádnou roli, 5 znamená nejvyšší důležitost

0 1 2 3 4 5



Jakou dobu trvá v průměru Vaše cesta mezi Ostravou a Brnem?

- 1 - 1,5 hod 2,5 - 3 hod
 1,5 - 2 hod 3 hod +
 2 - 2,5 hod

Jakou roli pro Vás hraje doba trvání cesty?

0 znamená žádnou roli, 5 znamená nejvyšší důležitost

0 1 2 3 4 5



Pokud by zde byla možnost využití levné autobusové dopravy (cena za 1 cestu přibližně 100 Kč), jejíž trasa by vedla přímo mezi Ostravou a Brnem (bez zastávek), trvala by cca 1,5 hod, a časy spojů by vyhovovaly Vaším potřebám (především dřívější ranní doba a později večer), využili byste této možnosti?

- Jednoznačně ne.
 Spíše ne, jsem spokojen s dosavadním spojením.
 Možná, zvážil/a bych tuto možnost.
 Spíše ano.
 Jednoznačně ano.

Co je hlavním důvodem Vašeho zájmu/nezájmu?

Jakýkoliv názor či poznatek bude uvítán.

Reference:

IDOS. 2013. Integrovaný Dopravní Informační Systém. IDOS [Online] Available at: <http://jizdnirady.idnes.cz/vlakyautobusymhd/spojeni/>. Last accessed 9th September 2013.
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Ředitelství silnic a dálnic ČR. 2010. Dálnice D1. Ředitelství silnic a dálnic ČR [Online] Available at: [http://www.rsd.cz/rsd/rsd.nsf/o/4585BAC9D47Bo43AC12577ED003D9780/\\$file/RSD_D1_11_10.pdf](http://www.rsd.cz/rsd/rsd.nsf/o/4585BAC9D47Bo43AC12577ED003D9780/$file/RSD_D1_11_10.pdf). Last accessed 9th September 2013.
Student Agency. 2013. Rezervace Jízdenek. Student Agency [Online] Available at: <http://jizdenky.studentagency.cz/>. Last accessed 9th September 2013.

Source: On Author's Own.

Research on the Inhabitants of the Moravian-Silesian Region: Low-Cost Bus Transport Services on the Route Brno-Ostrava

Good morning,

This questionnaire has been designed for investigating and obtaining primary data for MSc. Dissertation at the University of Huddersfield in the United Kingdom. As a topic has been selected - An Evaluation of Applicability of the UK Business Model to the Conditions of the Czech Market. However, research is mainly focused on students and workers (and potential workers) who frequently travel between Ostrava and Brno (or would consider their commuting to work, if there were adequate conditions available), therefore, this research will mainly focus on the residents of the Moravian-Silesian Region in the eastern part of the Czech Republic.

Background to the Research:

In the United Kingdom, Megabus sells bus tickets from Huddersfield to London for £1 (plus £0,5 booking fee), if it has been booked in some advance (Megabus, 2013). In the Czech Republic, approximately half of the above mentioned journey (100 miles), between Ostrava and Brno, which are third and second biggest cities in the country; costs 6 times more (Student Agency, 2013). Moreover, there does not exist any direct bus line, even though there has been established brand new motorway between cities in 2008; and therefore the travel time could be halved (from approximately 3 hours to 1,5 hour), which would facilitate getting to school and work a lot of people (IDOS, 2013), (Road and Motorway Directorate of the Czech Republic, 2010).

Thus, because of the fact that author saw a great business opportunity, as well as a „market gap“ in her own country, this dissertation focuses on evaluation of the applicability of the UK business model to the conditions of the Czech market.

Sincere Thanks

for completing this questionnaire, it will be tremendous support for further analysis of primary data in my Dissertation!

Martina Hlavatá (Author)

Note: This questionnaire is used for academic purposes only and is completely anonymous.

*Povinné pole

*What is Your gender? **

- Male
- Female

*What is Your Age? **

- 18-21
- 21-25
- 26-30
- 31-40
- 40+

*What is Your highest level of education? **

- Basic
- Secondary Education without Maturita ("A-levels")
- Secondary Education with Maturita ("A-levels")
- Higher Professional Education
- University Education - Bachelor
- University Education - Master's
- University Education - Ph.D.

*What is Your average (net) monthly income? **

Approximate amounts are also included in UK Pounds (GBP) and the applied exchange rate from 21 August 2013 amounted to GBP / CZK = 30.2.

- 0 - 2000 CZK (0 - 66 GBP)
- 2001 - 4000 Kč (66 - 132 GBP)
- 4001 - 8000 Kč (132 - 265 GBP)
- 8001 - 10 000 Kč (265 - 331 GBP)
- 10 001 - 15 000 Kč (331 - 497 GBP)
- 15 001 - 20 000 Kč (487 - 662 GBP)
- 20 001 - 25 000 Kč (662 - 828 GBP)
- 25 000 Kč + (828 GBP +)

*Are You a student or employed (on maternity leave, unemployed)? **

- Student
 - Employed
 - Unemployed
 - On maternity leave
-

QUESTION FOR UNEMPLOYED PEOPLE and those who would be POTENTIALLY INTERESTED IN WORKING IN BRNO: *If there has been created the possibility of cheap and fast bus transport service (price for one-way ticket approximately 100 CZK = 3.3 GBP, the route between Ostrava and Brno would be direct, without stops, and it would take about 1.5 hours), while there were plenty of bus lines all day (so you can comfortably get to work e.g. 7:00, 8:00, etc.), would You consider commuting from Ostrava to Brno?*

Approximate amounts are also included in UK Pounds (GBP) and the exchange rate from 21 August 2013 amounted to GBP / CZK = 30.2

- Definitely not.
- Rather not.
- Maybe. I would consider this option.
- Probably yes.
- Definitely yes.

What is the main reason for Your interest / disinterest?

Any opinion or observation will be welcomed.

Further questions are intended ONLY for residents of the Moravian-Silesian Region, traveling between Ostrava and Brno.

What is the reason for Your travels between Ostrava and Brno?

- Studies
- Work
- Friends
- Family
- Jiné:

How frequently do You travel between Ostrava and Brno?

- Daily
- 5-3 times a week
- 1-2 times a week
- 1-3 times a month
- 1-2 times a year

What means of transport You choose most often?

Please choose only one answer.

- Car
- Bus
- Train
- Jiné:

What most influences Your selection of transport?

Please select only one answer that has the greatest influence to your selection.

- Price
- Comfort
- Time of departure / arrival
- Duration of journey
- Jiné:

How much on average do You pay for one-way ticket between Ostrava and Brno?

Approximate amounts are also included in UK Pounds (GBP) and the exchange rate from 21 August 2013 amounted to GBP / CZK = 30.2

- 50 - 100 Kč (1.7 - 3.3 GBP)
- 101 - 150 Kč (3.3 - 5 GBP)
- 151 - 200 Kč (5 - 6.6 GBP)
- 201 - 250 Kč (6.6 - 8.3 GBP)
- 251 - 300 Kč (8.3 - 10 GBP)
- 300 Kč + (10 GBP +)

Are you willing to make such payment via internet with the fact that You instead of a ticket was assigned a code, which you would submitted when boarding the means of transport?

- Definitely not.
- Rather not.
- Maybe.
- Probably yes.
- Definitely yes.

What is the main reason for Your interest / disinterest?

Any opinion or observation will be welcomed.

How important is comfort transport (e.g., comfortable seats, new modern transport means) for You?

0 means no significance 5 means the highest importance

0 1 2 3 4 5



How important is courteous attitude of employees of transport companies (drivers, train drivers, etc.) for You?

0 means no significance 5 means the highest importance

0 1 2 3 4 5



Have You ever happened that You had to choose another mode of transport or for example travel the day before, due to unsuitable times of departure / arrival?

- Definitely not.
- Rather not.
- Yes, sometimes.
- Probably yes.
- Yes, very often.

If yes, what time of day with the above issues most encounter? (refers to the time of arrival to Brno)

- Morning hours between 7-9 hours
- 10 - 12 hours
- Afternoon hours between 12 to 17 hours
- Evening hours between 17 to 20 hours
- Night hours between 20 to 23 hours

How important is time of departure / arrival of transport for You?

0 means no significance 5 means the highest importance

0 1 2 3 4 5



How long does Your journey take on average between Ostrava and Brno?

- 1 - 1,5 hours
- 1,5 - 2 hours
- 2 - 2,5 hours
- 2,5 - 3 hours
- 3 hours +

How important to You is time of the journey?

0 means no significance 5 means the highest importance

0 1 2 3 4 5

If there has been created the possibility of cheap and fast bus transport service (price for one-way ticket approximately 100 CZK = 3.3 GBP, the route between Ostrava and Brno would be direct, without stops, and it would take only about 1.5 hours), while the bus times would suit Your needs (especially early morning and late evening hours), would You use this option?

Please select just one answer.

- Definitely not.
- Probably not, I am satisfied with the present mode of transport.
- Maybe, I would consider this option.
- Probably yes.
- Definitely yes.
- Jiné:

What is the main reason for Your interest / disinterest?

Any opinion or observation will be welcomed.

References:

- IDOS. 2013. "Integrovaný Dopravní Informační Systém" [Integrated Transport informational System]. IDOS [Online] Available at: <http://jizdnirady.idnes.cz/vlakyautobusymhd/spojeni/>. Last accessed 9th September 2013, (in Czech).
- Megabus. 2013. Ticket Booking. Megabus [Online] Available at: <http://uk.megabus.com/>. Last accessed 9th September 2013.
- "Ředitelství silnic a dálnic ČR" [Road and Motorway Directorate of the Czech Republic]. 2010. Dálnice D1. Ředitelství silnic a dálnic ČR [Online] Available at: [http://www.rsd.cz/rsd/rsd.nsf/o/4585BAC9D47B043AC12577ED003D9780/\\$file/RSD_D1_11_10.pdf](http://www.rsd.cz/rsd/rsd.nsf/o/4585BAC9D47B043AC12577ED003D9780/$file/RSD_D1_11_10.pdf). Last accessed 9th September 2013, (in Czech).
- Student Agency. 2013. "Rezervace Jízdenek" [Ticket Booking]. Student Agency [Online] Available at: <http://jizdenky.studentagency.cz/>. Last accessed 9th September 2013, (in Czech).

Source: On Author's Own.

Osnova Rozhovoru

Přečtěte před spuštěním nahrávacího zařízení:

Úvod:

Dobrý den, níže uvedené otázky představují prozatímní rámec pro rozhovor, jehož struktura se bude vyvíjet jeho samotném průběhu. Tudíž, jak sama očekávám, v případě, že se objeví jakákoliv jiná problematika během rozhovoru, bude jí věnována dostatečná pozornost v rámci celkového vyhodnocení pro diplomovou práci. Tento hloubkový rozhovor byl navržen pro šetření a získávání primárních dat pro MSc. diplomovou práci na University of Huddersfield ve Velké Británii. Jako téma pro diplomovou práci bylo vybráno - Vyhodnocení aplikovatelnosti anglického obchodního modelu pro podmínky českého trhu. Nicméně, výzkum je především zaměřen na studenty a pracující (spolu s potencionálními pracujícími), kteří frekventovaně cestují mezi Ostravou a Brnem (nebo zváží jejich dojíždění do práce v případě, že by zde byly k dispozici adekvátní podmínky). Proto, tento výzkum a celková diplomová práce se zaměří zejména na obyvatele Moravskoslezského kraje ve východní části České republiky.

Souvislosti výzkumu:

Ve Velké Británii, Megabus prodává lístky na autobus z Huddersfieldu do Londýna £ 1 (plus 0,5 £ rezervace za poplatek, tj. cca 45 Kč), za předpokladu "zabookování" lístku v předstihu (Megabus, 2013). V České republice, přibližně polovina z výše zmíněné cesty (100 mil, tj. 170 km), mezi Ostravou a Brnem, vyjde cestujícího na minimálně 6-krát více (Student Agency, 2013). Navíc, neexistuje žádný přímý spoj autobusové linky, i když zde byla zřízena nová dálnice mezi městy v roce 2008, jejíž využití by zkrátilo dobu cesty mezi Ostravou a Brnem až na polovinu (z původních 3 hodin na 1,5 hodiny), a usnadnilo tak spoustě lidem jejich cestu do školy a za prací (IDOS, 2013), (ředitelství silnic a dálnic ČR, 2010). A proto, vzhledem k tomu, že autorka viděla velkou obchodní příležitost, "mezeru na trhu", ve své vlastní zemi, tato práce se zaměřuje na vyhodnocení aplikovatelnosti obchodního modelu fungujícího ve Velké Británii na podmínky českého trhu.

Avšak musím zdůraznit, že jak Vy, tak Vaši kolegové zůstanou zcela anonymní v jakýchkoliv písemných zprávách vzniklých z této studie a Vaše odpovědi budou považovány za přísně důvěrné. V souvislosti se vším, co jsem dříve uvedla, mohu si tedy vyhradit oprávnění k záznamu rozhovoru, který bude následně přepsán a využit pro čistě akademické

účely? Nyní na Vás nasměruji nahrávací zařízení, ovšem kdykoliv Vám tento rozhovor bude nepříjemný nebo nebudete chtít hovořit na záznam, prosím neváhejte a vypněte toto zařízení. Jste dostatečně srozuměn s etickou stránkou tohoto výzkumu?

Děkuji za Váš souhlas se setkáním a celkovým rozhovorem. Pro začátek rozhovoru se Vás zeptám, kolik let pracujete na Úřadu Práce?

Jestliže kratší dobu než jeden rok, už jste někdy pracovali v oblasti lidských zdrojů, nebo v jakémkoli jiném odvětví v souvislosti se zaměstnáváním, popř. personalistikou?

Máte nějakou manažerskou odpovědnost?

Pokud ano/ne, zeptejte se na detaily. Co přesně obnáší Vaše pozice na Úřadu Práce?

Přicházíte při své práci přímo do kontaktu s nezaměstnanými nebo uchazeči o zaměstnání? Jaký je jejich nejčastější společný problém?

Rozvíjejte rozhovor, požádejte o podrobné zdůvodnění.

Jaké jsou současné trendy na trhu práce? Zaznamenali jste v poslední době určité zvláštnosti nebo zajímavosti v Moravskoslezském kraji?

Rozvíjejte rozhovor, požádejte o podrobnosti.

Doporučujete svým klientům možnost dojíždění za prací do větších měst? Jaká je míra úspěšnosti/selhání? A co uvádějí klienti jako největší problém?

Rozvíjejte rozhovor, požádejte o podrobné zdůvodnění.

Potencionální nízkonákladová autobusová doprava na trase Ostrava-Brno

- cena jednosměrné jízdenky přibližně 100 Kč,
- trasa mezi Ostravou a Brnem by vedla přímo, bez zastávek,
- doba trvání jedné cesty přibližně 1,5 hod
- přičemž by zde byl dostatek spojů celodenně (tak, aby se cestující pohodlně dostali do práce např. na 7:00, 8:00 apod.)

Myslíte si, že pokud by byla výše popsána možnost levného autobusovou dopravu z Ostravy do Brna realizována, tak by tato skutečnost mohla změnit postoj Vašich klientů? Myslíte si, že nezaměstnaní lidé (nebo potenciální zájemci o práci) by mohli za těchto podmínek souhlasit s dojížděním za prací do Brna?

Požádejte o příklady a zkušenosti z reálného prostředí.

O kom si myslíte (vzorek populace), že by neváhaj dojíždět do práce do Brna, a kdo by byl zcela proti? Jaké jsou podle Vás hlavní důvody jejich souhlasu/nesouhlasu s dojížděním? Domníváte se, že tyto postoje mohou být nějakým způsobem spjatý s českým kulturním prostředím, popř. předsudky?

Rozvíjejte rozhovor, požádejte o podrobné zdůvodnění.

Myslíte si, že takováto možnost levného autobusové dopravy mezi Ostravou a Brnem se může podepsat na snížení nezaměstnanosti v Moravskoslezském kraji, v případě zvýšení osob dojíždějících za prací do Brna? Jaká je vaše prognóza? A proč se takto domníváte?

Rozvíjejte rozhovor, požádejte o podrobné zdůvodnění.

Reference:

IDOS. 2013. Integrovaný Dopravní Informační Systém. IDOS [Online] Available at:

<http://jizdnirady.idnes.cz/vlakyautobusymhd/spojeni/>. Last accessed 9th September 2013.

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Source: On Author's Own.

Outline Interview Schedule

Read before tape-recording:

Introduction:

Good morning, the questions below constitute a provisional framework, and the interview will be semi-structured in nature.

As such I expect to pursue any unanticipated issues that arise during process.

This in-depth interview has been designed for investigating and obtaining primary data for MSc. Dissertation at the University of Huddersfield in the United Kingdom. As a topic has been selected - An Evaluation of Applicability of the UK Business Model to the Conditions of the Czech Market. However, research is mainly focused on students and workers (and potential workers) who frequently travel between Ostrava and Brno (or would consider their commuting to work, if there were adequate conditions available), therefore, this research will mainly focus on the residents of the Moravian-Silesian Region in the eastern part of the Czech Republic.

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Nevertheless, I must stress that both You and Your colleagues will remain totally anonymous in any written reports growing out of the study, and Your responses will be treated in the strictest confidence. Having said all this, may I have Your permission to tape-record the interview, as it will aid in terms of speed efficiency, and ensuring Your responses are accurately recorded and transcribed? I will hand the tape-recorder to You, and if any time You feel uncomfortable with the interview, please feel free to switch the recorder off. Do You understand the ethics of this research?

Thank You for agreeing to meet me and to be interviewed. To get the interview started, can You tell me how many years of working in Employment Office do You have?

If less than one year, have You ever worked in HR, or in any other sector related to employment?

Do You have any management responsibility?

If yes/no, ask for details. What exactly constitutes your position on the Employment Office?

Do You work directly with the unemployed and job applicants? What is their most common problem?

Develop conversation, ask for detailed reasoning.

What are the trends in the labor market? Have You experienced in recent times with some peculiarities in the Moravian-Silesian Region?

Develop conversation, ask for details.

Do you recommend to Your clients the ability to of commuting to work to larger cities? What is the level of success / failure? What is the greatest challenge?

Develop conversation, ask for detailed reasoning.

Possible Low-Cost Bus Service between Ostrava-Brno

- price for one-way ticket approximately 100 CZK = 3.3 GBP
- the route between Ostrava and Brno would be direct, without stops,
- duration of one-way about 1.5 hours,
- while there were plenty of bus lines all day (so people can comfortably get to work e.g. 7:00, 8:00, etc.)

Do You think that if there was above described possibility of low-cost bus service from Ostrava to Brno, that anything could change? Do You think that unemployed people could under these conditions agree with commuting to Brno?

Ask for examples, experiences from real situations.

Who do you think would not hesitate to commute to work and who would be totally against it? Why? What are the main reasons for saying YES / NO? Do You think that these attitudes are somehow connected with Czech culture?

Develop Conversation, ask for detailed reasoning.

Do You think that such a possibility of low-cost bus service between Ostrava and Brno may wide to reduce unemployment in the Moravian-Silesian region due to an increase of commuting to work to Brno? What is Your prediction? Why?

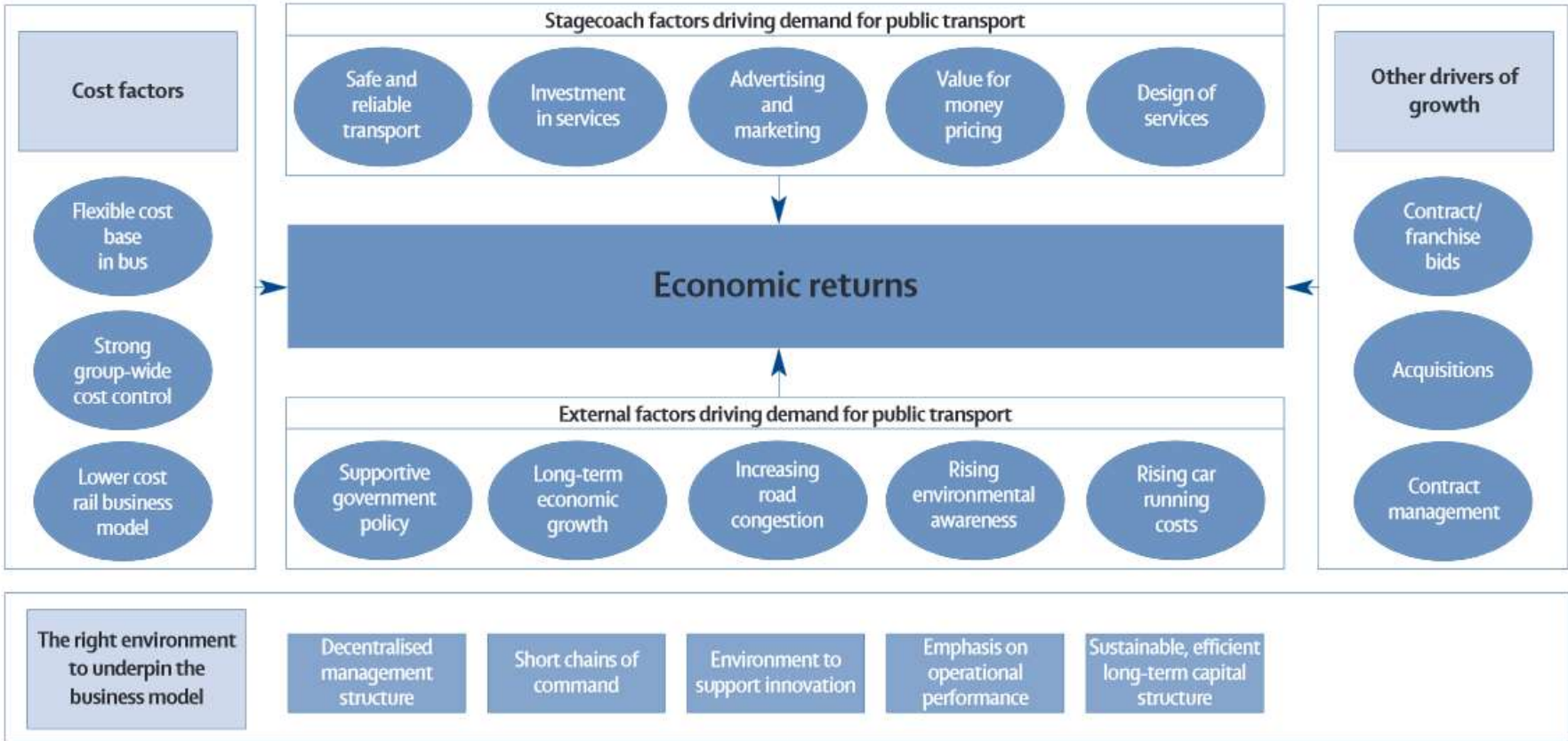
Develop Conversation, ask for opinion.

References:

- IDOS. 2013. "Integrovaný Dopravní Informační Systém" [Integrated Transport informational System]. IDOS [Online] Available at: <http://jizdnirady.idnes.cz/vlakyautobusymhd/spojeni/>. Last accessed 9th September 2013, (in Czech).
- Megabus. 2013. Ticket Booking. Megabus [Online] Available at: <http://uk.megabus.com/>. Last accessed 9th September 2013.
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- Student Agency. 2013. "Rezervace Jízdenek" [Ticket Booking] . Student Agency [Online] Available at: <http://jizdenky.studentagency.cz/>. Last accessed 9th September 2013, (in Czech).

Source: On Author's Own.

Appendix N – The Stagecoach’s Group Overall Business Model



Source: (Stagecoach Group, 2012, p11).

