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PROSPECTS OF AN ICE FACTORY IN THE GAMBIA BY USING FINNISH KNOW-HOW

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BACHELOR'S THESIS | ABSTRACT

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PROSPECTS OF AN ICE FACTORY BUSINESS IN THE GAMBIA BY USING FINNISH KNOW-HOW

The aim of the thesis was to find out the prospects of an ice business in The Gambia by using Finnish know-how and draft a business plan to back it.

The key elements of business plan are: testing the idea, turning a good idea into a viable business, determining start-up needs and their likely cost, getting funding and gauge progress. Business plan should not only be limited to the theory but put into practice by writing a targeted business plan. Establishing business in The Gambia has certain procedures and the writer must be familiar with all the bureaucracies involved.

The thesis can be useful to anyone thinking of setting up their own businesses. The theoretical framework discusses; how to establish a company, the business idea, establishing a market, financing the business, trade permits, taxes, social security and business planning in detail.

In the empirical part, a market research was done for finding potential customers within the HORECA (Hotels, Restaurants & Caterers) industries in The Gambia and a written business plan was included. An interview was done and people working within the tourism industry participated and results were calculated in terms of percentages.

According to the results, there is high hope for the success of this type of business especially during the peak period of the tourism season. It must be noted that the tourism industry of The Gambia reaches its peak during the dry season (harmattan) which is the coldest period in Europe and other parts of the world. A significant number of tourists visiting The Gambia during this period are Europeans.

KEYWORDS:

Gambia, Ice factory, business know-how, business plan, business establishment

Abdoulie Sarr

JÄÄTEHTAAN LIIKETOIMINNAN NÄKYMÄT GAMBIASSA KÄYTTÄEN SUOMALAISTA OSAAMISTA

Opinnäytetyön tavoitteena oli selvittää jääpalakaupan näkymät Gambiassa, Länsi-Afrikassa. Työssä kirjoitettiin liiketoimintasuunnitelma jääpalayrityksen perustamiseksi Gambiaan ja hyödynnettiin suomalaista osaamista ja suomalaisyrityksen teknistä tukea. Liiketoimintasuunnitelma on liiketoiminnassa avainasemassa, koska sen avulla testataan liikeidea, muokataan idea elinkelpoiseksi liiketoiminnaksi, määritetään aloitustarpeet ja todennäköiset kustannukset, etsitään rahoitusta ja arvioidaan edistystä.. Empiirisessä osassa tehtiin markkinatutkimus potentiaalisten asiakkaiden löytämiseksi hotelli- ja ravintola-alalla (HORECA, Hotels, Restaurants & Caterers) Gambiassa ja siihen sisältyi kirjallinen liiketoimintasuunnitelma. Työssä haastateltiin matkailualalla työskenteleviä henkilöitä. Teoreettisessa viitekehyksessä tarkasteltiin liikeideaa, liiketoiminnan suunnittelua, miten yritys perustetaan, markkinoiden perustamista, liiketoiminnan rahoittamista, maakohtaisia lupa-asioita, yritysverotusta ja työntekijöiden sosiaaliturvaa.

Tutkimuksen tulokset laskettiin prosenttiosuuksina ja esitettiin piirroksissa. Tulosten mukaan liiketoiminnan menestys on erittäin todennäköistä erityisesti matkailukauden aikana. On huomattava, että Gambian matkailuteollisuus saavuttaa huippunsa kuivan kauden, harmattanin, aikana, joka on kylmin aika Euroopassa.

Opinnäytetyö voi olla hyödyllinen kaikille henkilöille, jotka suunnittelevat oman yrityksen perustamista. Lisäksi työssä esitellään Gambian poliittisia oloja ja yritystoiminnan erityispiirteitä.

ASIASANAT:

Gambia, jäätehdas, yritys osaaminen, liiketoimintasuunnitelma, yrityksen perustaminen

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LIST OF ABBREVIATIONS (OR) SYMBOLS

Abbreviation	Explanation of abbreviation (Source)
EIA	Environmental Impact Assessment
FSQA	Food Safety & Quality Authority
GDP	Gross Domestic Product
HORECA	Hotels, Restaurants & Caterers
NEA	National Environmental Agency
SOE	State-Owned Enterprises
VAT	Value Added Tax

1 INTRODUCTION

The idea of this business emanated from a training session with our coach at the business academy in January 2018, as he was deliberating on how he started an ice business in Finland and the way people ridiculed the idea. Introducing an Ice business in one of the coldest countries in the world. I got inspired about the success story and had a side-talk with him after the training session. The coach proved to me the real meaning of the adage "whatever the mind can conceive and believe, the mind can achieve" Napoleon (1937). As an aspiring entrepreneur I got really interested and motivated by his words.

The Author's interest is to write a business plan that can attract investors to fund this vibrant business idea. Setting up an ice plant business will help to flourish Gambia's tourism industry and contribute to the socio-economic development of the country.

The thesis is about bloks ice plant to be established in the tourist attraction area of The Gambia. The ice plant shall produce ice cubes for the hotels, restaurants and catering services within the tourist industrial area and beyond. An ice business which shall have a web store to allow our customers to place their orders online and expect their ice to be delivered to them.

The Gambia lying on the earth's equator with an average temperature of about 32 degrees celsius is a perfect place to sell ice as a coolant for the beverages and to preserve food especially during the peak tourist season whereby the tourism industry attracts over 200,000 tourists per annum mainly from the UK, Netherlands, Germany and Scandinavia.

1.1 Aim of the thesis

The aim of the thesis is to make research about the prospects of establishing an ice factory in The Gambia using Finnish know-how. I shall also deliberate on the significance of a business plan to this establishment, and its importance to serving as a blue-print for the business. It could as well be used as a means of attracting investors to put in their money. The theoretical framework will enable the readers to have an insight of the necessary inputs in trying to establish such businesses. The empirical

part of the thesis consists of a thorough market research for the establishment of an ice plant within the coastal settlements (Tourism Development Area) of The Gambia. The aim of the business plan is to establish a blue-print for the bloks Gambia ice factory in The Gambia. The business plan should be able to give information about the market prospects of this project and critically analyze it.

1.2 Limitation of the thesis

The author's focus is on writing a business plan for the establishment of an ice factory in The Gambia. The business plan shall serve as a blue-print for the prospective business and could also be used to attract investors to finance the business.

The business plan shall be limited to the use of Finnish know-how in the establishment of an ice plant, because the country of focus is The Gambia where the company will be established. Our focus is the Gambian market and therefore face-to-face interviews were done with major actors in the HORECA industry along the coastal area of The Gambia.

1.3 Thesis outline

My point of focus in this thesis shall be the establishment of a company and development of an attractive business plan using creative ideas. Theoretical framework of this thesis will encompass what a business plan means, its significance to the business and contents. In the theory I shall dilate on the company establishment, its practical approach in The Gambia because the goal is to establish an ice plant in The Gambia.

The empirical part of the thesis will involve a market research about the company's potential customers and the business prospects in The Gambia.

1.4 The Gambia

The Gambia is a small fragile country in West Africa. It stretches 450 km along the Gambia River. Its 10, 689 sq. km area is surrounded by Senegal, except for a 60 km Atlantic Ocean front. The country has a population of 2.1 million. With 176 people per square kilometer, it is one of the most densely populated countries in Africa. Most of the population (57%) is concentrated around urban and peri-urban centers.

The Gambia is a small economy that relies primarily on tourism, rain-dependent agriculture, and remittances, and is vulnerable to external shocks. Real gross domestic product (GDP) growth was estimated at 6.6% in 2018 (from 4.6% in 2017), driven by strong recovery in tourism and trade, and construction, as well as improvements in electricity provision. The number of tourists touched a record high and increased by 26% in 2018 compared to 2017. In the same spell, credit to private sector rebounded strongly – a growth of 32% in 2018 (from 3% in 2017) – supported by tourism, trade and construction sectors.

However, the fiscal situation deteriorated as the fiscal deficit increased to 6.2 percent in 2018 (from 5.0% in 2017), mainly due to lower grant revenues (by 4.4% of GDP) and unbudgeted transfers to SOEs. This led to a sharp increase in net domestic borrowing from -0.7% of GDP in 2017 to 3.4% in 2018. Tax revenues remained relatively stable at 10.4% of GDP because of weaker tax administration and higher tax exemptions.

The macroeconomic framework continues to be characterized by high debt levels. Public debt is estimated to decline by one percentage point, down to 87% of GDP in 2018. Interest payments constituted lesser than last year but still 26% of domestic revenues in 2018, leaving limited fiscal space for public investment and improved service delivery. The key long-term development challenges facing The Gambia are related to its undiversified economy, small internal market, limited access to resources, lack of skills necessary to build effective institutions, high population growth, and lack of private sector job creation. (Worldbank 2019).

2 THEORETICAL FRAMEWORK

In this section the author shall discuss about the relevant issues to consider in establishing a company, how to develop the business idea and possibly find a market, how the business will be financed, business laws of The Gambia and required permits for such an establishment.

The author shall as well discuss about business planning and what needs to be included in a good business plan, the usefulness of a business plan to the company and what the investors are looking for in a business plan.

2.1 Company establishment

A company is a legal entity formed by a group of individuals to engage in and operate a business either commercial or industrial enterprise. A company may be organized in various ways for tax and financial liability purposes depending on the corporate law of its jurisdiction. The line of business the company is in will generally determine which business structure it chooses such as a partnership, proprietorship, or corporation. These structures also denote the ownership structure of the company. They can also be distinguished between private and public companies. Both have different ownership structures, regulations, and financial reporting requirements. (Kenton 2019).

2.1.1 Business idea

This is a preliminary section to provide the reader with some basic background information about the proposal, and to hopefully stimulate enough interest to persuade the reader to look further. It must be remembered that the business plan must act as a sales document to convince the lender of the viability of the proposal, so this section is key to that process and must therefore be concise, positive and upbeat! (Butler 2006, 28). The business idea should explain why the business exists in the market, in what need, to who and what. Business idea also answers the question “how”. Business idea must include market description, organizational structure, products and services. A working business idea should comprise of the following elements:

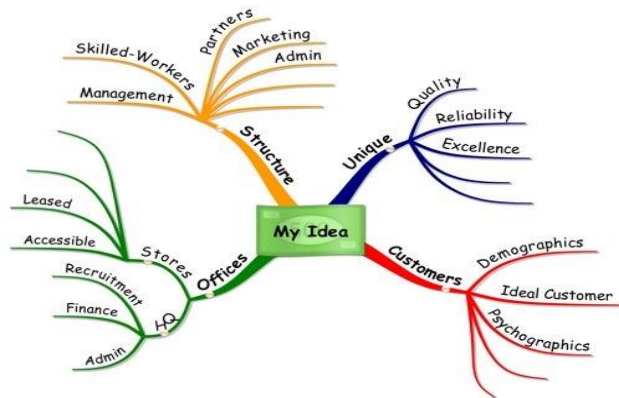


Fig. 1 The business idea and it's components

2.1.2 Establishing a market

Entrepreneurs must demonstrate that they have recognized the needs of potential customers, rather than simply being infatuated with an innovative idea. Business plans that occupy more space with product descriptions and technical explanations than with explaining how products will be sold and to whom usually get cold-shouldered by financiers. They rightly suspect that these companies are more of an ego trip than an enterprise. Sometimes existing suppliers just aren't meeting customer s' needs. Big firms very often don't have time to pay attention to all their customers properly because doing so just isn't economical. Recognizing that enough people exist with needs and expectations that aren't being met can constitute an opportunity for a new small firm to start up. (Barrow et al., 2015, 6.).

The general market conditions include information about the customers' needs and requirements, the size of potential markets, market growth rate and principal trends, structure of customer groups and segments, and buying behaviour. Potential competitive reactions are the nature, type, strengths and weaknesses of competition, strategies, tactics and positioning, and barriers to entry and exit. The attractiveness of the innovation/business concept depends on current satisfactions or dissatisfactions with current offerings, reactions to the new venture product and service mix, pricing expectations and competitive levels and responses. The creation and maintenance of competitive advantage is dependable on resource requirements for start-up and subsequent refinement, structure of the network in which the venture will be located,

sources of investment capital and attitudes to the venture and its operating context, and finally, power and influence of existing distribution channels. (Beaver 2002, 2123.).

2.1.3 Financing

In every business operation, there is always a need for finance to get started. One always must bear in mind that during the process of financing a business, investments and long-term working capital should be financed just for a short period but in a long-term. Financial institutions such as Banks, Investors and other financial agencies can be very good investment partners. The success of many businesses depends on the availability of fund to finance the company. Successful business planning depends on making sense of dollars and cents issues. What are the costs of doing business? What is the potential for a profit? (Peterson et al...,1997, 61.).

2.1.4 Trade permits and notifications

Given the impact of global warming amongst other environmental degradation factors, The Gambia has adopted several measures to reduce the decline and to improve the environment. For this reason, any project that may have potential impact on the environment would be subject to an Environmental Impact Assessment (EIA) conducted by the National Environment Agency (NEA) before any license or permit is granted. These projects include hotels, roads, bridges, mining, large-scale agricultural projects, processing and manufacturing industries, fish processing, waste disposal, installation of electrical lines, etc.

Environmental impact assessment (EIA) process includes the following steps;

- Identify a project site
- Submit a project or fill out a screen form (obtained from NEA)
- NEA screens the proposal for potential environmental impacts
- An Environmental Impact Assessment is carried out, a decision is made (Approved or Rejected)

Approval of Food Safety and Quality Authority of The Gambia

The FSQA is the sole National Competent Authority with powers of delegation mandated to officially control the safety and quality of food and animal feed whether locally produced, imported or destined for export. The work of the Authority is expected to contribute to consumer health and safety, the facilitation of trade and control of fraudulent and deceptive food marketing, labelling and advertising practices.

The Authority is be responsible for:

- The overall official control of food safety and quality
- Ensuring that food and feed comply with legal requirements, or where appropriate with approved codes of good practice
- Carrying out inspection, sampling and certification of food and feed for import and export when so required
- Inspecting establishments, processes and products throughout the production and distribution chain
- Assessing laboratory services in terms of technical capacity to carry out food and feed analysis for official control
- Participate in activities relating to standards and technical regulations for food and feed at the national and international levels

Ensuring the adopted inspection procedures are based on risk assessment. (Fsqa 2019).

2.1.5 Taxes

Even Albert Einstein stopped short by trying to figure his own taxes. But taxes are a fact of life and represent another cost of doing business. Taxes can be minimized by making sure that a proper track of all other expenses are considered. (Peterson et al..., 1997, 171.).

Direct Taxes

Personal Income Tax- ranges from 0% - 25% on a graduated basis

Corporation tax- 27% of computed/accepted net profit or 1% of turnover of audited accounts or 2% of turnover of unaudited accounts (whichever is higher)

Indirect Taxes

Capital gains tax - 15% of net gains or 5% of sales tax (in the case of personal tax)

Environmental tax – USD 0.03 per person per month

Value added tax (VAT) – 15%

National education levy – ranges from USD 600 TO USD 1,100 depending on turnover (Giepa 2019).

2.1.6 Social security

Social insurance coverage should be provided for employed persons in quasi-government institutions and participating private companies, casual workers and self-employed persons are exempted in this regard. Provident funds usually cover the private-sector employees and self-employed persons' coverage is voluntary. Casual workers are excluded in the provident funds and special system is used for certain civil servants and military personnel.

An employed person without social insurance is required to pay 5% of his/her salary to the provident fund. Employers are required to pay 15% of gross salary as social insurance and 10% of basic payroll as provident fund. Government employees are exempted of paying both social insurance and provident fund.

Old age pension is 60 years and the person must be contributing for at least 10 years to benefit from both social insurance and provident fund, but other exceptions apply in cases of early retired or disability. (Social security administration 2016)

2.2 Business planning

There are a whole host of reasons to justify the preparation of business plans, not just simply for business start-up enterprises, but as a model of good practice for established organizations; and any one of these reasons, should make the planning process a worthwhile exercise, if it is done properly. However, the important thing to remember is that just producing a good business plan alone will not result in a sound, profitable, or prosperous business. Let us look at some of the reasons why people take the trouble to produce business plans: -

- I. It serves as a tool that guides the potential entrepreneur to focus on business ideas, help to clearly define objectives, in the assessment of the entrepreneur's ability to organize and manage the business. It also serves as a tool for testing the viability of the business proposal before luring potential investors to fund the business.
- II. The planning process establishes the metrics against which the progress and profitability of the business can be measured, i.e. this is the process of converting the proposers' objectives into quantifiable financial forecasts and targets against which achievement can be gauged.
- III. As there are relatively few aspiring entrepreneurs who have the resources to be totally self-financing. Most are faced at some time with the need to raise external finance, if not at the start-up stage, then later when they wish to expand and grow the established business. (Butler 2006, 17-19.)

2.2.1 Purpose of a business plan

The production of a comprehensive business plan is really centered on a process of questions and answers; and the deeper you move into the plan, the more questions arise which must be answered. The business plan gives you the opportunity to emphasize your personal strengths in these areas, and to propose how you intend to improve on those skills which are not so strong. According to Butler (2006, 20), The clearing banks have recognized this in the past few years, and as a result, have started to incorporate questions into their standard business plan forms which relate to personal skills i.e. the management of yourself and your time. E.g. are you self-motivated? Are you persistent, or do you give up easily? Can you take responsibility? Do you find it easy to make decisions? Are you a good organiser? Can you lead and motivate others? Those who ignore these questions do so at their own peril; as lending banks are unlikely to have little sympathy with anyone who cannot answer these questions openly and honestly and admit to their own weaknesses. (Butler 2006, 20)

"I will leave you with 10 parting thoughts to reinforce your decision to write and use a business plan to bolster your success" (Peterson et al..., 2005, 311)

Put your business idea to the test

The business-planning process forces you to think about who's going to buy your product, who your competitors are likely to be, what it will take to get your company going, and how you'll achieve success.

Turn a good idea into a viable business

So where's the money? If you can't describe your business model, it's back to the drawing board rather than forward to a business mishap.

Determine your start-Up needs . . .

Your business plan helps you get realistic about what it will take to launch your business, along with an action plan that serves as your marching orders.

. . . and What they are likely to cost

A business plan provides an analysis of your financial situation and a funding forecast that allows you to have the cash available when you need it.

Uncover what you are up against

Writing a business plan forces you to scope out the competition and prepare upfront so you don't hit roadblocks later.

Find funding

Whether you're trying to convince a local banker or a big-name venture capitalist to put up cash, you need to convey that you have a great idea and a solid strategy. In other words, you need a business plan. Period.

Gauge progress

A business plan provides benchmarks to measure your progress. If you miss a milestone, use your business plan to determine where and why you fell short and how to get back on track.

Prepare for the unexpected

If you hit a pothole or you find yourself on a dead-end street in need of a U-turn, your business plan will help you chart a turnaround.

Tell the world who you are

By defining your vision, your company overview, and your strategic plans, your business plan helps you communicate your business identity with everyone from investors and shareholders to regulators and media.

Inspire your team

Your business plan tells your employees what your company is, what it stands for, and how it will accomplish its mission through its goals and objectives. By sharing your plan — and, better yet, by involving employees in the planning process — you create a strong team and esprit de corps (Peterson et al...2005,311-313).

2.2.2 What investors are looking for in a business plan

Anyone lending money to or investing in a venture will expect the entrepreneur to have given some thought to his or her needs, and to have explained how these can be accommodated in the business plan. Bankers, and indeed any other sources of debt capital, are looking for asset security to back their loan and the near certainty of getting their money back. Bankers hope the business will succeed so that they can lend more money in the future and provide more banking services such as insurance, tax advice, etc to a loyal customer. Venture capitalists are not only looking for winners but a substantial shareholding in your business. (Barrow et al. 2008, 14)

2.2.3 Contents of a business plan

A business plan should include information about the short-term and long-term goals of the enterprise, a description of the products or services and the market opportunities for them and plan of achieving the goals in face of competition. (Barrow 2001, 6.)

Executive summary

An executive summary touches on everything that's important in your business plan. It's more than just simple a simple introduction; it's the whole plan, only shorter. In many cases, the people who read your plan won't need to go any further than the executive summary; if they do, the summary points them to the right place (Tiffany & Peterson 1997, 14).

The executive summary is crucial for getting the attention of the one-minute investor. It must, therefore, convey a clear and concise picture of the proposed venture and, at the same time, create a sense of excitement regarding its prospects. Even though the executive summary comes at the beginning of the business plan, it provides an overview of the whole plan and should be written last. (Longenecker et al. 1997, 123.)

Description of the business

The main body of the business plan begins with a brief description of the company. This section informs the reader as to the type of business being proposed, the firm's objectives, where the firm is located, and whether it is serving a local or international market. In many cases, legal issues especially the form of organization are addressed in this section of the plan. (Longenecker et al 1997, 124.). Stevenson et al. (1999, 45) continue that this section should also describe how the company will be organized, who will fill these roles, and what their responsibilities will be. Some background on the founders should be given and their more extensive résumés referenced in an appendix. The story of how the company came into being should be briefly told so that potential investors get some sense of its history. The section should describe the status of the company: number of employees, sales and profits, products, facilities, and so forth. Finally, this section should paint a picture of where the company hopes to go and how it envisions getting there - its strategy. (Stevenson et al. 1999, 45.)

Products or services

In this section, the writer of the business plan should be able to describe what products or services he/she proposes to the market, at what stage of development they are and why they are competitive with existing sources of supply. It must be noted that part of the information in this section is for the benefit of the outside readers who may not be familiar with your business. It should be useful to the writer since the research and analysis required will encourage him/her to examine his/her offerings compared with competitors'.

The writer must be specific and always avoid the use of unnecessary jargons. The reader should be able to read and have a very clear idea of what the business is all about than be left with a vague idea about the products and/or services. It is obvious that some products are self-explanatory, and others require detail explanation. A danger of this section is in assuming that the reader can easily understand your products without you providing sufficient detail and description (Barrow et al.,2015, 97.).

Market

Traditionally, a 'market' was a physical place where buyers and sellers gathered to buy and sell products and trade services. Economists describe a market as a collection of buyers and sellers who transact a particular service or product, or product or service class (Kotler et al... 2012, 16). According to Barrow (2018, 47) "Without customers no business can get off the ground, let alone survive. Some people believe that customers arrive after the firm 'opens its doors'. This is nonsense. You need a clear idea in advance of who your customers will be, as they are a vital component of a successful business strategy, not simply the passive recipients of new products or services".

Competition

Competition includes all the actual and potential rival offerings and substitutes a buyer might consider. Many companies have a less than perfect understanding of their competitive environment. The number of businesses in any industry that have no competitors can be counted on the fingers of one hand. To understand competition, you need to perform a detailed competitor analysis (Kotler et al...2012, 16).

Management

The relevance of having a good management team is to be able to convince the investors that you have a proper backing of a formidable and dependable group of people who can steer the affairs of the company and help the management to achieve its aims and objectives. The background of the management team should be experienced and knowledgeable enough to run the company. It must be noted that to become an effective manager, one must possess the ability to regularly evaluate him/herself. "The self-assessment process is not a one-off activity that you go through when you set up a new business. It is a measure of an effective manager that personal skills and capabilities are reviewed on a regular basis". (Butler 2006, 73) Self-evaluation is not just a process of assessing skills' gaps and development needs, it is also about your overall performance as a business manager in the achievement of standards, in the efficient use of time, as part of self-development and in the style of management (Butler 2006, 73-74).

Operations

The operations plan offers information on how the product will be produced or the service provided. The importance of the operating plan varies from venture to venture. (Longenecker et al. 1997, 124.) This section of the business plan deals with the

production of goods (or means of providing services). Details of location, production facilities, techniques and capital equipment are given in this part of the business plan. (Jewell 2003, 31.)

In general, investors would prefer to see a firm purchase or subcontract much of its manufacturing needs at least initially. In addition, it is often desirable to lease facilities. The other aspects of operations, including distribution, should be touched on. (Stevenson et al.1999, 46.)

Financial data

The nature of the information included in the financial plan will depend on whether the firm is an existing business or a start-up business. The financial plan presents pro forma statements or projections of the company's financial statements over the next five years. These forecasts include balance sheets, income statements, and cash flow statements on an annual basis for the five year and cash budgets on monthly basis for the first year, a quarterly basis for the second and third years, and annually for the fourth and fifth years. It is vital that the financial projections be supported by well-sustained assumption and explanations of how the figures have been determined. (Longenecker et al. 1997, 126.)

Appendices

The business plan maybe supported by detailed evidences and can be added to the appendices. Writing should be done in such a way that the most important elements of the business plan are not left out and summarized to avoid making it is boring to the reader. We must bear in mind that there is some information that give business plans significant credibility, that information can be put in appendices and summarily written in the business plan. The referring should be clearly marked so that it can be easily found from the appendices. Appendices can be divided into two types of documents: 1) something that persuades the reader of your case, and 2) proof of what you are saying in the plan. These can be copies of patents, copyright evidence or trademark registrations, copies of leases, detailed accounts, market research reports, CVs of key personnel, and photographs that provide relevant support, for example of designs if the company is in design business. Technical descriptions and product brochures may also be of importance depending of course of the kind of business the company is working in. (Finch 2006, 18-19)

3 EMPIRICAL STUDY

In this section, the author shall discuss about the market research and talk about the potentials of establishing an ice factory and beverage wholesale company in The Gambia. The real business plan written for the establishment of the ice factory and beverage wholesale company shall also be included in this section. Recommendations for further research shall also be made.

3.1 Market research

We define marketing research as the systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation facing the company.

The purpose of market research is to ensure that you have sufficient information on consumers, competitors and markets so that your market entry or expansion strategy is at least on the target, if not the bullseye itself. In other words, enough people want to buy what you want to sell at a price that will give you a viable business. If you miss the target completely, you may not have the resources for a second shot. (Kotler et al... 2012, 210)

3.2 Market segmentation

The market consists of many types of customer, products and needs. The marketer must determine which segments offer the best opportunities. Consumers can be grouped and served in various ways based on geographic, demographic, psychographic and behavioural factors. The process of dividing a market into distinct groups of buyers who have different needs, characteristics or behaviours, and who might require separate products or marketing programmes, is called market segmentation. (Kotler et al. 2013, 51).

Types of market segmentation

Geographic segmentation divides people based on geography. Your potential customers will have different needs based on the geography they are located in. Thus, the need can vary based on geography. This type of segmentation is the easiest, but it was

actually used in the last decade when the industries were new, and the reach was less. Today, the reach is high but still geographic segmentation principles are used when you are expanding the business in more local areas as well as international territories. (Hitesh Bhasin, 2018)

Demographic segmentation is one of the simplest and widest type of market segmentation used. Most companies use it to get the right population in using their products. Segmentation generally divides a population based on variables. Thus, demographic segmentation too has its own variables such as Age, gender, family size, income, occupation, religion, race and nationality. (Hitesh Bhasin, 2018).

Psychographic segmentation is one which uses lifestyle of people, their activities, interests as well as opinions to define a market segment. Psychographic segmentation is quite similar to behavioral segmentation. But psychographic segmentation also takes the psychological aspects of consumer buying behavior into accounts. (Hitesh Bhasin, 2018).

Behavioral segmentation divides the population on the basis of their behavior, usage and decision-making pattern. E.g. young people will always prefer Dove as a soap, whereas sports enthusiast will use Lifebuoy. This is an example of behavior-based segmentation. Based on the behavior of an individual, the product is marketed. (Hitesh Bhasin, 2018)

3.3 Market targeting

Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can profitable generate the greatest customer value and sustain it over time. (Kotler et al. 2013, 51)

The market targeting process is divided into two simple steps;

Evaluating the market segments

Market targeting process starts with the assessment of the different segments in the market segmentation. In assessing market segments, a firm should consider 3 factors:

The segment size and growth, segment structural attractiveness and the company objectives and resources.

Selecting target market segments

Target market refers to one set of buyers who share common needs or characteristics the firm decides to serve. Marketing target can take different forms and they are referred to as levels of market targeting.

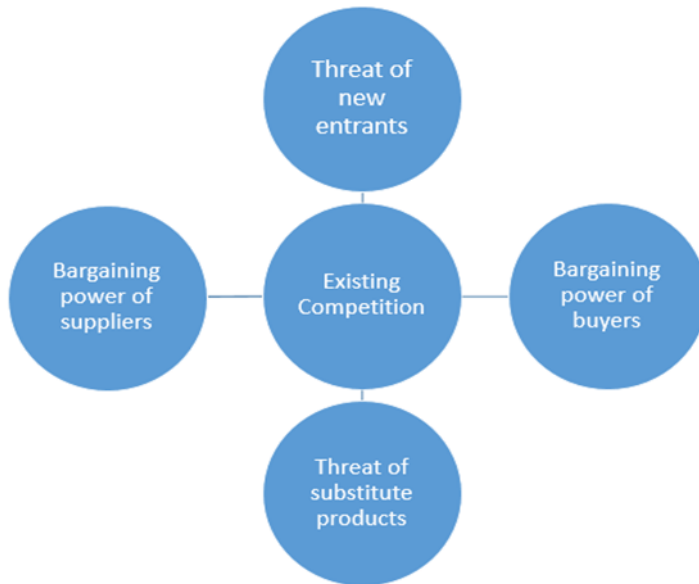


Fig.2 The 5 forces of porter (useful for market targeting)

Market target strategies

Undifferentiated (mass) marketing is a market-coverage strategy in which a firm decides to ignore market segment differences and go after the whole market with one offer.

Differentiated (segmented) marketing is a market-coverage strategy in which a firm decides to target several market segments and designs separate offers for each.

Concentrated (niche) marketing is a market-coverage strategy in which a firm goes after a large share of one or a few segments or niches.

Micromarketing (narrow) marketing helps in tailoring products and marketing programmes to the needs and wants of specific individuals and local customer segments; it includes local marketing and individual marketing. (Kotler et al. 2013, 215 – 216)

Market Targeting Strategies

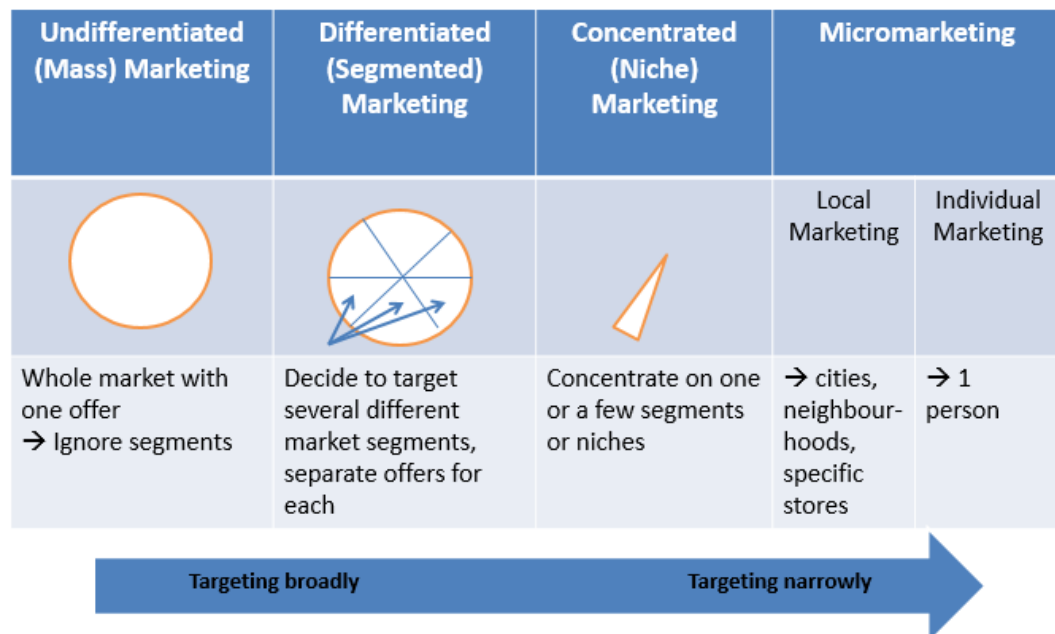


Fig. 3 Market target strategies

3.4 Market report

Market report produces information about the target market and the players in the value network. Market report is a practical tool for business development and financial negotiation. Well operated market report increases the understanding of the opportunities that new market areas has to offer and it's a good instrument to increase sales. Market report also decreases the risk of wrong choices. (Digital Media Finland 2013)

Market report starts with recognizing the target market and the conclusion of the report is a description of the markets' key customer needs and trends, competitor analysis and the assessment of market potential. The result can also be that the market potential proves to be weaker than expected. In this case it's important to have the courage to call off the planning of a new business area. (Digital Media Finland 2013)

Market report is crucial at the start-up phase, but it can also be used for expanding operations and estimating the potential of new market areas. The purpose of market

analysis is to offer accurate information about the target market, its size, construction and opportunities to the company itself and its investors. (Digital Media Finland 2013)

3.5 Competitor analysis

The process of identifying key competitors; assessing their objectives, strategies, strengths and weaknesses, and reaction patterns; and selecting which competitors to attack or avoid.

Company needs to find out all it can about its competitors in order to plan effective marketing strategies. It needs to constantly compare its marketing strategies, products, prices, channels and promotions to competitors. (Kotler et al. 2013,543)

To manage a company's marketing function emphasis must be first made on the company's current situation. A SWOT analysis should be conducted to evaluate the company's overall strengths(S), weaknesses(W), opportunities(O) and threats (T). Strengths refers to the company's capabilities, resources and all positive situational factors that may help the company to deliver quality customer service and helps it to achieve its objectives. Weaknesses include internal limitations and negative situational factors that may interfere with the company's overall performance. Opportunities are favourable factors or trends in the external environment that the company maybe able to exploit to its advantage. And threats are unfavourable external factors or trends that may present challenges to performance. To find attractive opportunities and identify environmental threats, companies should analyse their markets and marketing environments. Analysing company strengths and weaknesses as well as current and possible marketing actions helps it to determine which opportunity to chase. (Kotler et al. 2013, 54-55).

3.6 Distribution channels

Distribution channels are a set of interdependent organisations that contributes to the availability of a product or service for possibly consumption by a consumer or business user. (Kotler et al. 2013, 355).

Conventional distribution channel consists of one or more independent manufacturers, wholesalers and retailers that operate under independent ownership. Each member of

the channel seeks to maximize its own profit, possibly even at the expense of the whole system. The members of the channel do not have control over one another and there are no formal means for role assessment or conflict management. (Kotler et al. 2010, 368)

In order to the channel to function properly each channel member's role must be specified and channel conflict must be managed. Conventional channels have often lacked such leadership resulting in conflicts and poor performance. (Kotler et al. 2010, 367)

Vertical marketing system (VMS) is a distribution channel structure in which producers, wholesalers and retailers act as a unified system. One channel member owns the others, has contracts with them, or wields so much power that they all cooperate. (Kotler et al. 2013, 358-359).

Corporate VMS combines successive stages of production and distribution under single ownership. Channel leadership is established through common ownership. Contractual VMS comprises of independent firms at different levels of production and distribution join together through contracts. The most common forms of contractual VMS is a franchise organization.

Administered VMS coordinates successive stages of production and distribution, through the size and power of the parties. (Kotler et al. 2013, 360-361).

Horizontal marketing system consists of two or more companies at one level join together to pursue a new marketing opportunity. Through synergy, companies can combine their production, financial or marketing resources to accomplish more than the companies could accomplish alone. (Kotler et al. 2013, 361)

Multichannel distribution system is a distribution system in which a single firm sets up two or more marketing channels to reach one or more customer segments. It has been a tradition for companies to use a single channel to sell to a single market or market segment but today, with the emergence of many customer segments and channel possibilities, more and more companies adopted multi-channel systems. Such multi-channel marketing occurs when a single firm sets up two or more marketing system. (Kotler et al. 2013, 361).

3.7 Marketing mix

Marketing mix is the set of tactical marketing tools that the firm blends to produce the response it wants in the target market. The marketing mix consists of everything the firm can do to influence the demand for its product. The many possibilities can be collected into four groups of variables known as the four Ps. (Kotler et al. 2013, 53).

The figure below shows the marketing tools under each P.



Fig 4. 4Ps of the marketing mix (Relativemarketing 2016)

3.8 Business model canvas

Alexander Osterwalder and Yves Pigneur published a book *Business Model Generator* in 2010, which, gives a good guideline to start planning a business. The book *Business Model Generator* introduces nine building blocks for a business plan. Each building block focuses on one important area of business planning and by planning every step carefully the entrepreneur has a good base for the business. Key activities are the core things a company does for making its business model work. This includes problem solving and controlling the distribution channel. Value propositions is the promise made for customers. It illustrates how the company will create value for its customers. Customer relationships are the types of relationships that a company forms with its customers. Customer segments are the targeted groups of people a company aims to reach and serve. Key resources are the most important assets required to make the business successful. The key resources can be physical, intellectual, financial or human and they

can be owned or leased by the company or acquired from key partners. (Osterwalder & Pigneur 2010, 20-23).

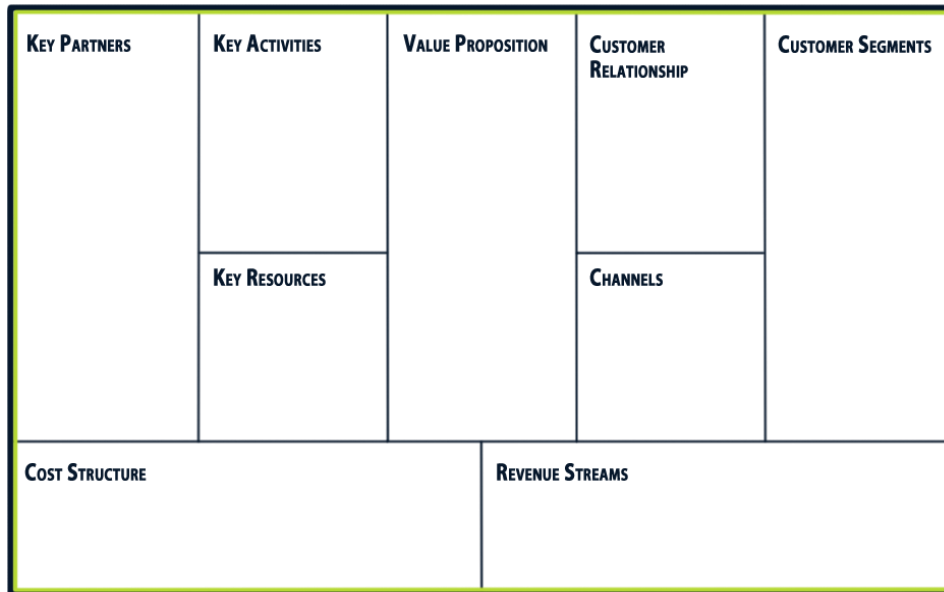


Fig 5. Business model canvas

4 RESEARCH METHODS FOR FINDING PROSPECTIVE CUSTOMERS

The interviews were face-to-face interviews with 18 employees of the HORECA industry in The Gambia. Amongst the key interviewees were purchasing directors of some hotels, night club owners, beach bar owners, restaurant employees, super market employee and event manager.

A qualitative research method was used during the market research. Qualitative research is all about observing the interviewees behaviors and listening to their thoughts. It allows the interviewee use open ended answers and express their thoughts and it is ideal for smaller group survey. Qualitative research is all about numbers. It is at the heart of most types of research because it allows the interviewer to draw statistical conclusions from the outcome, as well as run cross analyses to look for any interesting points of data. (Survey methods 2017)

Sex

The reason for finding out the gender of the respondents is to have a balance between the answers and understand it from both male and female perspective.

Age

6 respondents were between the age 21-30, 8 were between the age of 31-40, 3 were between 41- 50 and only 1 was above 51 years.

Employment status

During the interview, the employment status of the interviewees was asked, and we found out that 14 of them were employed and 4 employed themselves by running their own businesses around the tourism industrial area.

Do you buy ice cubes?

9 of the respondents claimed to buy ice cubes and this number constituted 50 percent of the total respondents and the other half work in hotels and these hotels produce their own ice in low volumes.

Purpose of buying ice cubes

Out of the 18 respondents, 11 of them buy ice cubes to cool their beverages and 7 of the 18 respondents use ice cubes to preserve food or fish. According to our findings, it's clear that most people need ice cubes for cooling of beverages, especially in hotels, bars and restaurants around the Senegambia area (Tourism industrial area), in The Gambia. Yet still a significant number of the respondents use ice to preserve food stuff and fish or sea food products.

Where do you usually buy ice cubes from?

50 percent of the respondents were hotel workers and their hotels produce ice but in low volumes and the other 50 percent buy ice from supermarkets who are usually supplied by factory owners to distribute their packaged ice. The reason we asked the questions was to find out the cost of producing ice, maintenance of the ice machines by the hotel owners and also the logistics of the ice producers, the mode of supply and reliability.

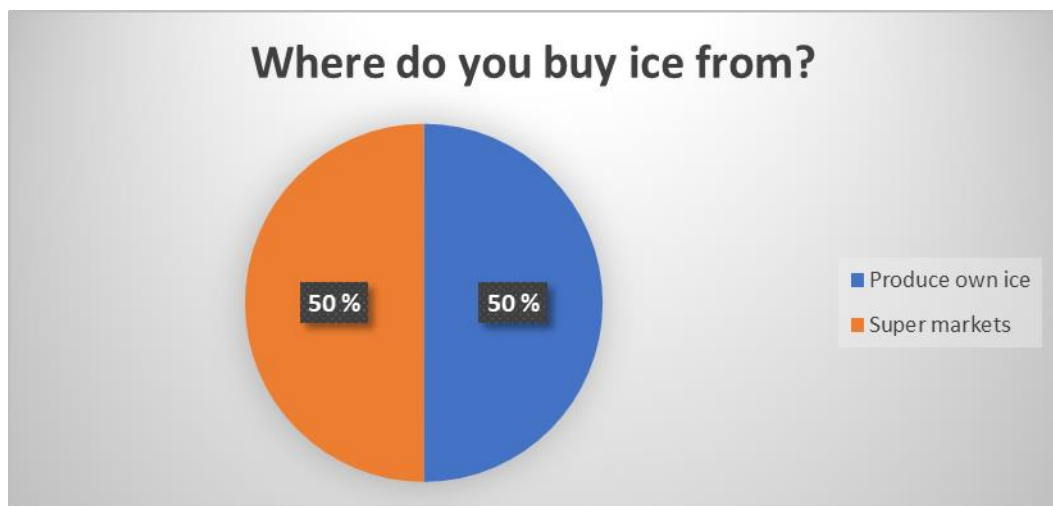


Fig. 6 Where do you buy ice from?

Do you work in a...?

Out of the total 18 respondents, 9 work with hotels. 5 of the respondents work in either restaurants or bars, 1 of them is running her own night club around the tourism industrial area, 1 of the respondents is an event manager and operates her own event management firm. Only 2 of the respondents neither work in hotels nor restaurants.

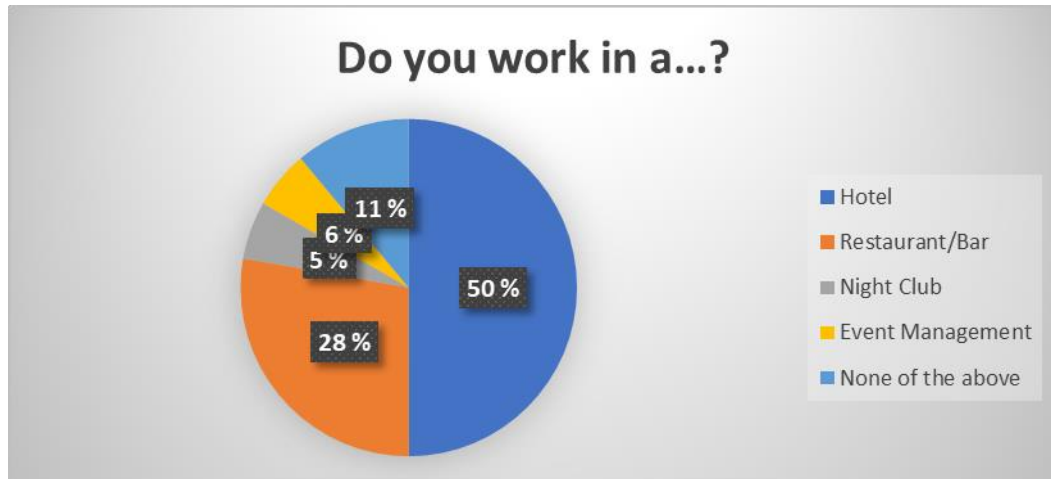


Fig. 7 Do you work in a...?

What package size do you prefer?

During the interview, the respondents' opinion was sought about the package size they prefer but responses vary according to the quantities they can order. 9 of the respondents who answered that they need 10kg bags were either hotel employees or restaurant owners. 5 of the respondents were mainly restaurant employees and night club owner. 2 respondents were supermarket employees and only 1 of them said he/she prefer a 1kg bag of ice cubes.

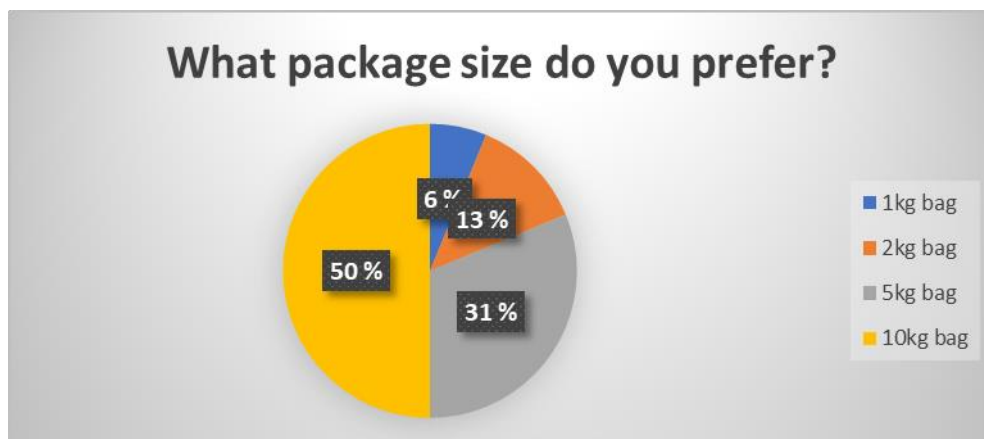


Fig. 8 What package size do you prefer?

What time of the year do you mostly buy ice cubes?

9 out of the 18 respondents mostly buy ice cubes during the high tourism season which is the dry season (Harmattan) in The Gambia and winter season in Europe and other parts of the world, 6 of the respondents buy ice all year round because their businesses are not seasonal and the rest usually need ice cubes during the rainy season which is the hottest season of the year in The Gambia.

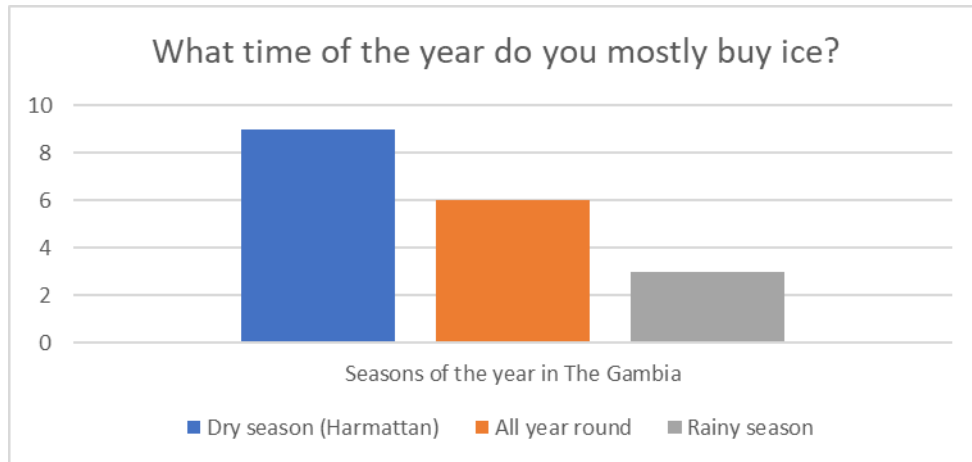


Fig. 9 What time of the year do you mostly buy ice cubes?

Discussion of the results

Out of the 18 interviewees, 11 of them were males and 7 females. Their age ranges between 20 to 60 years, 6 out of the interviewees were between 21-30 years of age, 8 were between 31-40, 3 were between 41-50 and only 1 was above 51 years old. 14 of the interviewees were employed by either hotels, restaurants or supermarkets and the other 4 were self-employed.

Half of the number of the interviewees responded that, they don't buy ice cubes at their work places unless their own ice machine cannot produce enough of ice and that depends on the kind of event they are hosting. It is very usual that some big hotels have small ice machines at their disposal but expensive to service and maintain. Some nearby supermarkets within the tourism industrial areas do sell ice cubes and as a matter of fact, most restaurants buy ice cubes from them at retail prices. In The Gambia most people working within the tourism industrial area use ice cubes for food preservation and as beverage coolant.

Most preferable packaging size is 10kg simply because, hotels usually make bulk orders and 10kg package is more convenient to transport when palatized.

It's indisputably true that the tourism industry in The Gambia reaches its peak period during the dry season (harmattan), which is the winter season in Europe and other parts of the world. Many holiday makers prefer destinations with white sandy beaches and sunny weather which means an increase in number of guests at hotels and an increase in demand for ice cubes.

5 CONCLUSION

The actual goal of the thesis was to conduct a market research for the prospect of an ice factory in The Gambia with the use of Finnish know-how. Face-to-face interview was conducted with some officials of the HORECA industry.

After the interview with purchasing directors of some selected hotels in The Gambia, the results were impressive. The emphasis was on quality of product and good quality service delivery.

The practical task of the thesis was to find prospective customers for Bloks Gambia Limited. The prospective customers of the company shall be the HORECA industry with a promise that the company shall supplying them with good quality (durable) ice cubes with delivery. The possibility to have access to a webstore to make orders online and 24/7 hotline to support our customer service impressed the interviewees.

The business plan might give the author the possibility of becoming a CEO of the business in his home country. The author's knowledge of the local market and understanding of The Gambia's business environment will help in the success of the business. The technical support to be rendered by bloks Oy Finland will be an added advantage and will help to mitigate any possible technical problems that the company might have.

The results of the thesis will be useful to anyone who wishes to start an ice factory in The Gambia.

Information about legal and custom regulations have been supplied and clearly explained in the thesis. The Gambia is a politically stable country with a free trade policy that creates an enabling environment for businesses and investors.

The market research was very interesting and practically applicable. The process of writing the business plan has helped to widen my horizon and there is hope that the business plan can be implemented with the availability of funds.

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