



Universidad Pontificia Comillas

ICADE Business School

Master in Finance

**FINANCIAL AND ECONOMIC FEASIBILITY STUDY OF OPENING A PASTRY SHOP
LOCATED IN MADRID, CHUECA NEIGHBORHOOD CALLED
“LA ALEJANDRINA PATISSERIE”**

Author

Castrege D'Gregorio, María Alejandra.

Tutor:

Arjona, Miguel

Madrid, May 24th, 2019.

**FINANCIAL AND ECONOMIC FEASIBILITY STUDY OF OPENING A PASTRY SHOP
LOCATED IN MADRID, CHUECA NEIGHBORHOOD CALLED
"LA ALEJANDRINA PATISSERIE"**

Author

Castrege D'Gregorio, María Alejandra.

Tutor:

Arjona, Miguel

Madrid, May 24th, 2019

Executive Resume

According the Asociación Nacional de Startups (Asociación Española Startups, 2018) in Spain the percentage of people initiating an entrepreneurship project increased around 20% in 2018 compared with the previous year. In addition to this, the likes of the new workers' generation and the lack of good job positions around the country, could forecast the growth of this numbers to be exponential. However, it is known that to begin a startup it's no easy at all, even according to Forbes numbers, 80% of the startups fail in their seed or initial phases.

The present project pretends to make different analysis of the environment, market, technical and legal factors to start a business, to then proceed with an evaluation through different financial and strategic methods and outputs, combined with financial and economic theory if the idea of opening a pastry shop called "La Alejandrina Patisserie" is economic viable. The first one is focused on a market and strategy analysis, included the elaboration of a Business Model and a Business Plan. In the second phase, it was made a technical analysis of the project, in other words it was developed the technical features about the products that are going to be sold, the equipment, space, supplies, employees and how the production line it's going to work. The third phase, consisted in a very specific marketing plan, where it was defined the channels in which the advertisement it's going to be made and how it's going to be done. As fourth point, it was developed a study of the legal conditions and requirements of opening a business related to food, permit and licenses.

Finally, as fifth and last point, and maybe one of the most important steps, it was made a financial and economic analysis with the purpose of verifying if this business project its viable for opening. Here it was found a positive NPV, an IRR of 14% and a Payback period or 2,5 years making possible to say that opening the store would be viable for the investors.

Key words: sales, Madrid, average buying ticket, balanced scorecard, potential market.

General Index

General Index.....	I
Tables Index.....	III
Figures Index.....	V
Introduction.....	1
Chapter I.....	2
1.1 Methodology Framework.....	2
1.1. Problem Statement.....	2
1.2. Objectives.....	3
1.2.1. General Objective.....	3
1.2.2. Specific Objectives.....	3
1.3. Scope.....	4
1.4. Methodology.....	5
Chapter II.....	6
2.1 Market and Strategy Analysis.....	6
2.1. Business Model: Canvas.....	6
2.2. Analysis of Supply and Demand.....	9
2.2.1. Mystery Shopping Analysis.....	9
2.2.2. Environmental Analysis.....	12
2.2.3. SWOT Matrix.....	15
2.2.4. Demand Analysis: Potential Market.....	17
2.3. Balanced Scorecard.....	20
2.4. Description of product and services.....	23
2.5. Product Logo.....	24
2.6. Corporate governance.....	24
Chapter III.....	26
3.1 Legal Requirements.....	26
3.1. Procedures for the constitution of the society.....	26
3.2. Other type of requirements.....	26
Chapter IV.....	28
4.1 Marketing Study.....	28
4.1. Competitors Analysis.....	28
4.2. Competitors social networks review.....	35

4.3. Marketing Plan.	35
4.4. Investment related to marketing.....	36
Chapter V.	38
5.1 Technical and Supply Chain Study.	38
5.1. Infrastructure and facilities.	38
5.1.1. Location.....	38
5.1.2. Physical distribution of the factory.....	39
5.2. Equipment.....	41
5.2.1. Computer equipment.....	41
5.2.2. Machinery and kitchen furniture.....	42
5.3. Human resources breakdown.....	45
Chapter VI.	47
6.1 Economic and financial viability study.....	47
6.1. Balance Sheet.....	48
6.2. Cost Structure.....	49
6.3. Sales.....	50
6.4. Debt.....	50
6.5. Profit and Loss account.....	51
6.6. Valuation.....	51
Table 41: Terminal Value Calculation.....	53
6.7. Financial sources selection.....	55
6.8. Scenario Analysis.....	55
Conclusions and Recommendations.....	56
References.....	58
Annexes.....	60
1. Mystery Shopping Templates.....	60
2. Maps of neighborhood in were the potential market is located Source (Ayuntamiento de Madrid, 2018).....	65

Tables Index

Table 1: Canvas Business Model "La Alejandrina Patisserie"	6
Table 2: Example of Mystery Shop Evaluation Criteria	10
Table 3: SWOT Matrix: La Alejandrina	16
Table 4: Population of Madrid by age	17
Table 5: Population of Centro Neighborhood (D1) of both sexes	18
Table 6: Population of Retiro Neighborhood (D3) of both sexes	18
Table 7: Population Salamanca Neighborhood (D4) of both sexes	19
Table 8: Population of Chamberí Neighborhood (D7) of both sexes	19
Table 9: Mission, Vision and Values of La Alejandrina Patisserie	20
Table 10: Strategy Map (Balanced Scorecard) La Alejandrina Patisserie	23
Table 11: La Alejandrina Patisserie Menu	24
Table 12: Competitors Analysis	28
Table 13: Social Networks	35
Table 14: Strategic marketing objectives	36
Table 15: Initial investment breakdown	36
Table 16: Other costs breakdown	36
Table 17: Investment According the Strategy breakdown	37
Table 18: Potential Buyers	37
Table 19: Cost breakdown of the store leasing	38
Table 20: Computer requirements breakdown	41
Table 21: Software requirements breakdown	41
Table 22: Connection requirements breakdown	42
Table 23: Heat Generators Breakdown	42
Table 24: Cold Generators Breakdown	42
Table 25: Auxiliary Machinery Breakdown	43
Table 26: Kitchen Furniture Breakdown	43
Table 27: Kitchen Tools Breakdown	43
Table 28: Furniture Breakdown	44
Table 29: Finance department salary breakdown	45
Table 30: Production department salary breakdown	45
Table 31: Financial execution scheme	47
Table 32: Assumptions as decision of owners and shareholders	48
Table 33: Balance prospectus	48
Table 34: Economic Premises	49
Table 35: Cost Structure breakdown	49
Table 36: Structure of Sales	50
Table 37: Debt Breakdown	51
Table 38: P&L Breakdown	51
Table 39: Working Capital Calculation	52
Table 40: WACC Calculation	52
Table 41: Terminal Value Calculation	53
Table 42: DCF and NVP	53
Table 43: IRR Result	53
Table 44: Payback Period Calculation	54

Table 45: ROE, ROCE and ROA Calculations.	54
Table 46: BE point Calculation.....	55

Figures Index

Figure 1: 5 Forces Model by Michael Porter	14
Figure 2: Logo La Alejandrina Patisserie	24
Figure 3: Organization chart of La Alejandrina Patisserie.	25
Figure 4: Map with physical location "La Alejandrina Patisserie"	39
Figure 5: Blueprints of the store's first floor.	40
Figure 6: Blueprints of the store's second floor.	40

Introduction

Nowadays the millennial generations are known for being the internet generation, they are considered as the brand-new human capital in charge of the evolution, not only global but social, technological and that it's going to create economic growth. This generation is also characterized for being born entrepreneurs and every-day the number of startups all around keeps its upward tendency.

According the Asociación Nacional de Startups (Asociación Española Startups, 2018) in Spain the percentage of people initiating an entrepreneurship project increased around 20% in 2018 compared with the previous year. In addition to this, the likes of the new worker generation and the lack of good job positions around the country, could forecast the growth of this numbers to be exponential.

For these and also personal goals it is why three Venezuelans master graduated decided to open a store dedicated to the gastronomy worlds inside the HORECA industry.

It is known that to begin a startup it's no easy at all, even according to Forbes numbers, 80% of the startups fail in their seed or initial phases. Here is why it appeared the need of the present project, which tries to organize all the requirements to start a business inside the Autonomous Community of Madrid, plus al the intrinsic process that come with it at the beginning, during and in the stabilization phases of the project.

Among all the requirements and processes, the most important factor to highlight it's the need of a deep analysis of economic and financial viability, which is not more than a q forecast of what can happen if the stores are operation, in other words the expectations of an investor regarding income, expenses, prices, etc. In other words, it might be considered as the ingredient that brings into live any business idea and that also combines and uses all the data researched in the studies made previously (market, technical, etc.)

As a conclusion, the present project pretends to make a different analysis of the environment, market, technical and legal factors to start a business, to then proceed with an evaluation through different financial and strategic methods and outputs, combined with financial and economic theory if the idea of opening a pastry shop called "La Alejandrina Patisserie" is economic viable, in other words if it would be profitable for the investors to go forward with it.

The investigation project will be formed by six chapters that are going to describe the most important things needed to start a business in different scopes. It would also include, at the end, a series of conclusions and recommendations, in where it would state if it would be a good decision to make the entrepreneurship.

It's very important to state that the present paperwork it is not a real project and it is elaborated for academic matters only.

Chapter I.

1.1 Methodology Framework.

1.1. Problem Statement.

In the Spanish culture the "snack time" or "tea/coffee time" is part of the day to day of most of the people, either in the morning or afternoon. This is why it is possible to find almost in every corner of Madrid, a pastry or bakery shop, being almost of them either Spanish traditional that are focus in very simple elaborations of deserts and their presentations or more industrial (like the ones that are inside the supermarkets).

Nowadays, it is very easy to see that the city of Madrid has been changing a lot, not only in its infrastructure, but also taking some new culture into their own. Thanks to the migration of people from many countries around the world, Madrid is every day changing and growing, some people may even say that it started being on part of list of other very important cities in Europe, such as Paris, London and Berlin, to now consider the capital of Spain a Cosmopolitan city. In addition to this, it is also very important to highlight that nowadays we are living with a new generation, the well-known millennials, which have as main characteristic, the action to value things by how classy, good and well-presented are, in other words they consider the situation of buying things or eating something, more than just an action but an experience.

Given this, and after doing a round over the pastry shops that are considered luxury, it was found that there are very few inside the city, finding the opportunity and following a dream of opening a French style pastry shop, that has as main characteristics the perfect and neat elaboration of desserts and pastries, in addition to the perfect presentation of them and with a perfect and well oriented customer service. So, here is the point where "La Alejandrina Patisserie" idea was born, not just to cover a market niche that is considered available but following a dream of three millennials that have passion and education in the pastry world.

Starting from this, it's important to mention that building up a business follow several steps, being the most important the one that embrace the financials, since the main goal for every entrepreneur project or startup is to have profitability of the business. That's why in the present project, it is going to be develop all the requirements, starting from market and strategy analysis, the technical requirements, legal framework and finally, a marketing plan and the financial characteristics and viability (including cost structures, ratio studies, free cash flows, etc.) of opening a new patisserie in Madrid, specifically located in the Chueca neighborhood, being this one of the most luxurious of the capital, and as a final statement, make a decision of if the entrepreneurs want it to open it or not.

1.2. Objectives.

1.2.1. General Objective.

Determine the technical, economic and financial feasibility of opening a pastry shop in Madrid Called "La Alejandrina Patisserie"

1.2.2. Specific Objectives.

- i. Develop a market and strategy analysis, for the project proposed.
 - Analyze the demand and supply of the market.
 - Analyze the actual situation of the market (potential market segment, distribution channels of the products and services that the company is willing to offer, and also understanding the potential competitors in the market.)
 - Analyze the economic factors of the country that could affect the business.
 - Develop a business model Canvas to create a value proposition.
 - Develop a business scorecard, defining strategies and KPIs to reach.
 - Creation of a corporate governance structure (mission, vision and values).
- ii. Elaborate a technical study for the project.
 - Understand the infrastructure, technology and inputs needed.
 - Understand production capacity and investment schedule for the project.
- iii. Elaborate a marketing plan.
 - Analyze and propose a marketing channel, in order to create publicity, communication and customer service channels.
- iv. Review the legal process needed to start a business in the community of Madrid.
- v. Analyze from the financial and economic point of view the possibility of making an investment of opening a pastry shop in Madrid.
 - Determination of a schedule for the different phases of the investment.
 - Determination of the required initial investment (CAPEX and Operating Working Capital).
 - Establish a cost structure of the project.
 - Elaborate and estimate a profit and loss account.
 - Elaborate and estimate a balance sheet account.
 - Valuation of the project through a discounted cash flows study and NPV.
 - Valuation through Payback period of the project.
 - Analysis and estimation of the estimated KPIs mentioned in first objective (Financial Ratios).
 - Determination of breakeven point.
 - Determination of the source of financing to put in practice the project.

1.3. Scope.

The geographic framework of this project is Comunidad Autónoma of Madrid, specifically the Salamanca, Centro, Retiro and Chamberí neighborhoods, which is expected the be physical store and the expected gross costumers are coming from.

The focus of the projects was divided in five phases. The first one focused on a market and strategy analysis, included the elaboration of a Business Model and a Business Plan, that developed the strengths and weaknesses of the startup and also, the structure of the market in where the business will be set, adding also the value proposition, the differentiating factors and positioning of it.

In the second phase, it was made a technical analysis of the project, in other words it was developed the technical features about the products that are going to be sold, the equipment, space, supplies, employees and how the production line it's going to work.

The third phase, consisted in a very specific marketing plan, where it was defined the channels in which the advertisement it's going to be made and how it's going to be done.

As fourth point, it was developed a study of the legal conditions and requirements of opening a business related to food, permit and licenses.

Finally, as fifth and last point, and maybe one of the most important steps, it was made a financial and economic analysis with the purpose of verifying if this business project its viable for opening. This phase it's going to be also subdivided in different points, starting with the analysis of the costs linked in the previous phases followed by the comparison with the estimations of income that are expected to obtain, breakeven point analysis, estimation and analysis of KPIs and ratios, trying to find the profitability of the business. As it was mentioned, the following sub-activities were developed during the project:

- Costs and expenses structure.
- Profit and loss account.
- Balance sheet.
- Future cash flows.
- Net present value of the investment.
- Payback period of the project.
- Breakeven point.
- Estimation of the KPIs mentioned in phase one.
- Determination of investment sources.

It is important to mention that this project it's not going to include a very deep analysis regarding the legal framework and marketing analysis, since it is going only to be mentioned

the requirements and possible advertisement channels, and excluding the design and programming of a web page. The implementation of real life it's also not going to be included.

1.4. Methodology.

The methodology of the project, will be a mix of a diverse bibliography which explain the steps to follow to make this kind of analysis. Among these are, Valuation Chain Study by Michael Porter, and some guides of entrepreneurs from IESA (Instituto de Estudios Superiores de Administración) that it's a worldwide known Venezuela Postgraduate Institution, which have special department to for development of entrepreneurship in the country and some guides given by the UN, ILO, etc.

As it was mentioned, the project is formed by five phases, but also it is important to highlight that among them also several steps to follow and how the five of them were developed. The first point and as one of the most important pillars, was a research, which embraced the compilation of analysis of the available data in internet and also the statistics provided by official entities. Following the scheme, the next step was to made and analysis known as "Mystery Shop" which consisted in visiting the shops considered as future competitors for the project, and then study many aspects, such as costumer profile, quality of the product, customer service features, prices and quality of the product (taste and appearance). In third place, was explained the whole project with its five phases and all the numerical calculations required.

Finally, to complete the project, it was made a strategic and financial analysis of the numbers to proceed to add conclusions and recommendations.

Chapter II.

2.1 Market and Strategy Analysis.

This chapter explains the internal and external analysis of the actual situation where the business is developed, and also is considered as the starting point of the project which drives all the following stages.

2.1. Business Model: Canvas.

The first and starting point of this entrepreneur project, was the elaboration of a "Business Model Canvas" provided by Professor Miguel Arjona, this step is considered one of the most important to begin with a business project, since gives the investors and entrepreneurs a value proposition and also, how it pretends to generate revenues principally.

The following chart is going to show the different bullets associated to the Canvas Model and explaining each of them.

Table 1: Canvas Business Model "La Alejandrina Patisserie"

<p>Value Proposition</p> 	<p>La Alejandrina Patisserie (pastry shop) is a luxury patisserie that combines experience, creativity, emotion and French, Spanish, British traditions with a Latin touch. Achieved through the sales of desserts, coffee, teas and drinks of high quality with focus in details (distinction and elegant presentation), trying to get the costumers to a travel in an afternoon snack in Paris or a tea party in London, either in our store or in your own house.</p>
<p>Key Partners</p> 	<ul style="list-style-type: none"> -Hostelry and hospitality goods suppliers. (coffee, tea, liqueurs, household, ingredients for desserts etc.) -Technical support and software suppliers (ERP, CRM, etc.) -Restaurant Advisor. -Packing suppliers. -Event agency. -Civil associations. -Community Managers/Advertisement Partners.

<p>Key Activities</p> 	<ul style="list-style-type: none"> -Elaboration of desserts, breads, pastries, coffee, tea and cocktails (either in the physical store or by special orders.) -Logistics (provisioning, storage, order management, customer service, preparation and elaboration of orders). -Online and offline marketing. -Financial and cost management. -Legal and tax management. -Systems maintenance. -Customer service trainings. -Cleaning.
<p>Key Resources</p> 	<ul style="list-style-type: none"> -Machinery and equipment for production. -Commercial and production location (physical store). -Software (ERP, CRM, etc.) -Web page, dominion, social media. -Employees. -Moto for delivery -Package design. -Uniforms, either for chefs' waiters and personal that works in the counter.
<p>Customer Relationship</p> 	<ul style="list-style-type: none"> -Luxury customer service. -Personal attention online. -Registration of profiles and preference of the customer's purchases (loyalty cards). -Reception and management of suggestions, questions and reclamations (post-sales attention). -Product returns management. -Community and social media interactions.
<p>Distribution Channels</p> 	<p>Direct:</p> <ul style="list-style-type: none"> -Physical store. -Online store. -Social media. <p>Indirect:</p> <ul style="list-style-type: none"> -Web apps. -Event agencies. <p>Most of them are partner channels, excluding the physical store.</p>
<p>Customer Segment</p>	<p>Wide segment, for all the sweet lovers, from kids to the oldest ones in the house. Maintaining focus on</p>

	<p>high purchase power (high and medium-high social classes) located in Madrid. It is important to have on the loop that kids doesn't buy, parents (adults do it for them).</p>
<p>Cost Structure</p> 	<ul style="list-style-type: none"> -Initial investment. -Operative Costs (Operating Working Capital). -Marketing and publicity costs. -Training costs of employees training. <p>Here it is important to highlight that this project has a very heavy structure first at the initial investment, since the requirements in the shop and equipment are very high (the project it's going to focus over self-production of desserts) and also in the fixed costs, taking into consideration that it located in one of the most expensive zones of Madrid.</p>
<p>Revenue Stream</p> 	<p>Is focused on Transition Revenues, which make reference to the ones earned from the costumers at one time payment transaction, in this specific case for the following activities:</p> <ul style="list-style-type: none"> -Product sales. -Sponsorships. <p>In other words, the revenues received will come from the client's purchases of goods in the pastry shop.</p>
<p>Pricing Mechanisms</p> 	<p>The price is going to be charged upfront, in other words you must pay at the time to consume the goods sold by the store. In addition, the pricing method will be fixed following two important streams:</p> <ul style="list-style-type: none"> - Customer dependent: as is mentioned the project is focused to the luxury segment and with it the clients that are going to consume it will be form the highest strata of the social classes. - Product Feature dependent: as it's also mentioned the product offered to the costumers will have an important value proposition to them (offering an experience) so the price will be fixed according to the features of it.

Source: own elaboration.

It is very important to take into consideration that the operating working capital is one of the most important factors (key resources) inside the structure of the project; among these are the equipment for the production of goods, the shop and the employees. This would be broken down in the third chapter "Technical Study".

2.2. Analysis of Supply and Demand.

2.2.1. Mystery Shopping Analysis.

To Start this analysis, it was done what is called "Mystery Shopping". According to the organization Market Research Society (MRS) (2014) this can be defined as "...use of individuals trained to experience and measure any customer service process, by acting as potential customers and in some way reporting back on their experiences in a detailed and objective way. It differs from other research techniques in that the evaluator does not declare his/he presence and the participant is unaware at the time of the interaction that it is in any way different from a normal customer..."

This strategy can either determine the demand, supply and possible competitors of the project. In this specific way it was executed by the entrepreneurs of "La Alejandrina Patisserie" bakery shop, and consisted on visiting the most similar stores in Salamanca and Malasaña, this is going to give us the main facts to build a SWOT analysis, the PEST study and the model of 5 forces of Michael Porter.

Before posting any result from this first study of the market, it is important to numerate the requirements or steps followed, which are necessary for this to be feasible. As it is already known, this basically consists in compile, post and analysis data. So, the first rule or step, consisted in having a homogeneous criterion, in other words, the parameters of evaluation for every store where the same, and also the time when the stores were visited (afternoon snack, around 16h and 17h). Second, the length of time spent in every store was the same also, trying to measure how fast the customer service was, in respect of preparing, deliver orders and the charging the expenses (around 30 minutes). Third, the purchases were related to the products considered that were going to be substitutive of the ones of this entrepreneur project (e.g. specific kind of desserts, pastry, coffee and tea). Fourth, everything was reported in a template made before starting the mystery shopping, trying to have an organized study and the analysis to be the most efficient possible.

In the following table is showed the basic information collected of every pastry shop visited.

Table 2: Example of Mystery Shop Evaluation Criteria.

Store's Name	Moulin Chocolat
Location	Calle de Alcalá 77 (Salamanca)
Menu	The items are divided in: - <u>Fresh</u> : desserts (three types of eclairs, lime pie, raspberry cheesecake, milhojas, chocolate cake, macaroons and roscon de reyes) and pastry (croissants, napolitanas, palmeras, brioche bread and panettone), - <u>Packaged</u> : desserts (cookies, madeleines, ice cream, mini croissants, gummies and meringues) a long offer of different type of chocolates and cocoa powder.
Items Purchase	2 different flavor eclairs, cheesecake and a lime pie.
Price	Eclairs, € 3,5 each one, cheese cake €4 and lime pie € 3,5.
Time (waiting to get the order ready)	15 minutes
Presentation of the product	Clean, elegant, very minimalistic. It has the identification of the logo and store's name.
Overall description of the whole experience	In general, the experience was very good, the place was clean, elegant, with a minimalistic decoration, but a little bit small. The staff is very kind and very quick regarding customer service (and taking into consideration that there was around 10 people in the line.) They just offer desserts and pastry, there are no possibilities to ask for coffee or any drink, and with the only option of take-away. The flavor of the desserts was good. This shop is one of the direct competitors of this project. The shop is only for takeout.

Source: Own Elaboration.

To obtain the results it was taken three maps from "Ayuntamiento de Madrid" of the two most important neighborhoods in Madrid, Salamanca and Centro (refer to appendix 2) and then proceeded to select the pastry shops that were considered as a possible competitor, specifically the ones that has the same characteristics of this value proposition (luxury, elegance, French essence, etc.)

From the whole population of stores around Madrid it was selected the following sample:

- Moulin Chocolat, Calle de Alcalá 77.
- Le Bec-Fin, Calle de Claudio Coello 58.
- La Duquesita, Calle de Fernando VI 2.
- Mama Framboise, Calle de Jorge Juan 21, Calle de Fernando VI 23, Calle de Narvaez 40, Calle de Augusto Figueroa 14 (Mercado de San Anton), Calle de Goya 5-7 (Platea) and Calle de Herosilla 4.
- Pomme Sucre, Calle de Barquillo 59 and Fuencarral 129.
- Cristina Oria, Calle del Conde De Aranda 6 y Calle de Ortega y Gasset 29.

Finally, and prior showing the results, it is important to highlight that the frameworks of the mystery shop are always legal, having respect with the rules of every store and the community.

The results of the analysis are going to be divided in two parts, first the comments of the overall experience and then the SWOT study (Strengths, Weaknesses, Opportunities and Threatens).

These 6 restaurants have many similar features and characteristics, among them are:

- Offer a short menu, having focus more in quality than quantity, the average number of them are 6.
- Presentation for take away boxes is very neat, with neutral colors and also minimalistic, making the fact of buying there not just an action, but an experience.
- The staff is very qualified, in terms of customer service and also in knowledge about the products, flavors and combinations regarding drinks and desserts.
- The quality of the desserts was very good, here it is important to say that all of them are directed by professional pastry chefs, most of them experienced in French cuisine.
- The service from the staff were really fast, it took not more than 5 minutes for the waiters to take our orders and around 20 to bring back the drinks and dessert.
- Regarding prices, these bakeries are above the average bakery that charges €1 per croissant, however comparing them they have almost the same rank of prices
- The problem among the stores were that they any one of them served a good quality coffee.

- Neither of the shops offered any special products, such as vegan nor any related to food intolerances.
- All of them have a star product that has more focus and is very well known by the consumers, being this a reason for costumers go buy them and also receive recommendations for other things.
- The characteristics of the buyers were almost the same for every store, making emphasis in women between 30 and 70 with high class appearance and also work men around the same age.

2.2.2. Environmental Analysis.

This phase consisted in observing different environmental factors of where the project is going to be develop. With this is pretended to understand the market as whole, trying to get a good positioning of the brand.

This bullet is going to be subdivided in 2:

- i. **General Environment:** this make reference to the external factors that are not in the control and management of a company, but can affect future development. This bullet will be analyzed using PEST methodology, with refers an analysis of the Political, Economic, Social and Technological factors.

The ILO (2012) this analysis is very important for entrepreneurs, in order for them identify the needs of the costumers and possible events that can affect the company.

Generally, this study is made before the Porter SWOT analysis.

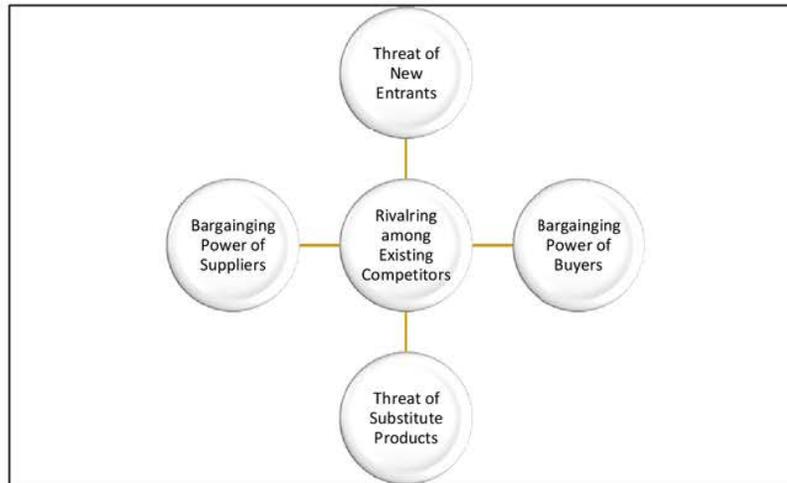
- Political Factors: even though the crisis passed more than 10 years ago, most European cities, are still living some of the consequences. Madrid is one of them, and at the time it is still inside a stabilization period where there are many changes in the legislations and way to do politics. For example, at the time we are in elections year where many of political parties are considering changes, the PP wants to bring back the Madrid Tax Free, which give entrepreneurs the benefit of the devolution of some taxes. Also, there are other options, like "ayuda a trabajadores que se constituyan por cuenta propia" which consists in subventions of part of the expenses needed to start an entrepreneurship.
All this can be considered as incentives for autonomous workers and to create more SMEs.

- **Economic Factors:** according to the INE (Instituto Nacional de Estadística 2019) the GDP growth for 2018 was of 2,3% which means that it had a slowdown compared with the previous year. The projections for 2019 are 2,2% which means also a slowdown. The CPI closed in December 2018 in 1,2% (INE) which means a decrease in the index, mainly due to drawbacks in the price of combustibles.
Regarding taxes, Madrid, is one of the autonomous communities that are privileged, the corporate income tax is generally of 25% but there is the variation of companies that are newly created, which pay 15%.
Given this, is possible to consider that at the time there is a favorable environment for doing business.
 - **Social Factors:** according to the European Statistics Office (EUROSTAT, 2019) the Spanish people spend around 14,8% of their income in restaurants, bars and/or pubs, and it is the second most relevant spend inside the budget. This makes the Spanish families the first in Europe that destined most part of their income in this type of activities.
Also, in this point it is important to describe how consumption patterns have been developing over the years. The globalization is more valid than ever, and have change how Spanish people consume, passing from a very rigid and traditional behavior to accepting new tendencies, focusing on the quality and benefits of the products. The education level also affects consumption patterns, and due to the high level of the Spanish population, which is directly associated with costumers that want to take lower levels of risk with reaching the maximum possible return, and also making them value the relationship quality vs price.
 - **Technology:** technology advances are growing faster than ever, for this particular context is only going to be mentioned that since few years ago there have been a lots of software developments that help improve not only the relationship with clients (CRM, Salesforce, etc.) but also increase level of production and efficiency at lower costs to finally reach higher levels of sales.
- ii. **Specific Environment:** to understand this is going to be used the 5 forces model of Michael Porter. According to the ILO (2012) it is important to understand besides the environment as something macro, also the specific industry facts that can affect directly to an entrepreneur project.

The 5 forces model consist in understand 5 different aspects in where a project is going to be developed (refer to figure 1 down below) and according to Porter (2008) "...Understanding the competitive forces and

their underlying causes, reveals the roots of an industry's current profitability while providing a framework for anticipating and influencing competition over time..."

Figure 1: 5 Forces Model by Michael Porter



Source: Own Elaboration Through Porter (2008)

- Threat of new entrants: most commonly known as entry barriers, describes according to Porter (2008) "...advantages that incumbents have relative to new entrants...". In this particular case the barriers are very high. In first place the costs to start production (machinery, raw material, kitchen tools, etc.) and to lease a store in the Salamanca neighborhood are rally high making the entrepreneurs have the need a huge amount of capital just for starting the business. Regarding economies of scale, is very difficult to take advantage on reducing costs by volume, since it is a luxury bakery store is more s on quality than quantity. Finally, regarding the channels of distribution probably for other shops that are more settled is easier to find them a better cost, however Spain is an economy where everyone participates in fair play so theoretically there are no inequalities regarding the access to distribution channels.
- Bargaining power of suppliers: also known as the power of suppliers over the company. For this project is possible to say that it is very low, the raw material needed is very simple and can be found easily in the market.
- Bargaining power of buyers: in this case the sector was the project is going to be develop is very sensitive, customers can change consumption patterns if there any changes in the quality of the product or any negative aspect that they may consider during the experience. For this, is really

important to always have under the loop the quality control over every procedure related to the economic activity of the project.

- Threats of substitute products: even though there are a few luxury pastry shops in the neighborhoods mentioned, there thousands of all other kind that besides the tastes and presentations are simpler, they satisfy the needs of the consumers. Regarding this the threat of the substitutes is very high, making also to have under the loop the value proposition, which reflects always offer the best products, experience and customer service. An example of stores that can work as substitutes are La Merendona, Batavia, Mallorca, Garnier, La Mejor Tarta de Chocolate del Mundo, La Mayorquina, Panod, Celicioso, Starbucks, Tim Hortons, Dunkin Coffee and El Horno.
- Rivaling among existing competitors: the direct rivals in this industry are really committed to their businesses which will make the competition among other stores very strong, however the exists barriers are not high, compensating this affection of this force inside the industry. I other words, the competitors are very strong and more even that since we have speaking of luxury products, they will almost always try to offer the best. Regarding prices, since it is a company that not competes against volume, as for example a Santa Gloria Bakery Store, prices will reflect the features of the product, so clients must perceive that what they are buying truly cost what it cost without comparing it with other similar store in the same district and neighborhood.

2.2.3. SWOT Matrix.

The following table is the SWOT analysis in order to determine the supply and competitors for the project. It is important to remind that, "...The SWOT analysis is the conventional approach of searching insights into ways of realizing alignment..." (Valentin, 2001) in other words is way for decision makers to understand the environment, in order to organize a certain entrepreneurship and make it successful. This study is divided in four:

- i. **Strengths**: internal measurement that specifies the key successful factors of the product or the most relevant characteristics that give the product competitive advantage.
- ii. **Weaknesses**: also, an internal measurement that highlights the limitations of the product, which can make it vulnerable inside a specific market. Decision makers in this point must have them under control trying to overcome future challenges.
- iii. **Opportunities**: external measurement that takes into consideration the positive factors of the environment that can help the project grow.

- iv. **Threats:** also, an external measurement that refers to the opposite from opportunities, as the negative environmental factors that are implied for the project.

Table 3: SWOT Matrix: La Alejandrina.

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Good quality of desserts specialized with mix of cultures (French, Brittan, Spanish and Latin.) • Good Quality of coffee, not just only in the raw material but a perfect preparation done by a professional barista, really rare to find in Madrid. • Experience of having a snack. Eating in La Alejandrina is more than just buying desserts but an experience that enhance to transport the commensal to Paris or London. • Well trained staff to give the best customer service. 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Low experience in the sector. • Even when one of the staff members is a pastry chef, is not just mainly in French cuisine. • Lack of a star product, all the bakeries studied in the mystery shopping phase study have a main product among all in their menus, which is recognized immediately by the buyers. • The products are considered of luxury, so even that the rank of age of buyers is high is just directed to a specific social class (high purchase power). • Really high costs in machinery and location for production.
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Every day Madrid is turning to a more cosmopolitan city, and with this the people are looking for place with class and good quality products. • Combined with the previous bullet, the Millennial generation is also requiring more classy places of good quality that, as is mentioned before, those places offer them experiences rather than just buy/sell something. 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • A several amount of bakery shops around Madrid in general. • Changes in trends of buyers, probably next generation will not behave as millennials liking luxury products. • Healthy eating trend that have been increasing during time, not embracing processed and not natural food (here are included desserts with high content of sugar).

Source: Own Elaboration.

Finally, to close the supply bullet point is important to highlight that the competitors are very strong not only for the few luxury bakeries located in the city but also the indirect competitors of the average ones. Given this is very important to settle a good

competitive advantage and develop properly the value proposition, in order to keep and retain customers.

2.2.4. Demand Analysis: Potential Market.

As a starting point for this analysis, the project defined the main characteristics that the potential market may have and from which it was created a framework of demographic, socio-economic and psychographic factors from which the research started.

- i. **Demographic characteristics:** men and women from different generations inside the 25-74 age rank.
- ii. **Socioeconomic characteristics:** given the luxury factor of the product offered, the focus is set on medium-high and high buying power, that would find the price suitable.
- iii. **Physiographic characteristics:** the project is centered on people that are social, sybarites, familiar, with a high-class way of living and that also like to try new things.

Given this, it was made a very exhaustive research about the data of the population of the Salamanca, Centro, Retiro and Chamberí neighborhoods in Madrid, which are considered the wealthiest of the capital and that are also close to the location of the pastry shop.

In the following tables it is shown the amount of total population inside this age rank, which is the principal target of clients for the project, all of them were obtained from the Instituto Nacional de Estadística (INE) from Spain and also is divided by the target neighborhoods defined previously. It is very important to highlight that the products that this entrepreneur project offers, are suitable for all ages; however it is considered that for the youngest and oldest (ages not included), the shopping it's (Instituto Nacional de Estadística, 2019) going to be made by a third party that is inside the age rank mentioned previously (more active population that earn money to buy and participate inside the market).

Table 4: Population of Madrid by age.

Population by sex, district and age (quinquennial groups).											
	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	Total
Both Sexes.											
Madrid	236.798	292.712	295.233	269.951	250.644	216.534	175.075	165.330	151.035	136.155	2.189.467

Source: own elaboration from Instituto Nacional de Estadística data (January, 2019).

Table 5: Population of Centro Neighborhood (D1) of both sexes.

D1. Centro	
Age	2019
Total	102.369
From 25 to 29 years	11.508
From 30 to 34 years	13.710
From 35 to 39 years	14.547
From 40 to 44 years	13.758
From 45 to 49 years	11.542
From 50 to 54 years	10.370
From 55 to 59 years	8.878
From 60 to 64 years	7.396
From 65 to 69 years	5.713
From 70 to 74 years	4.948

Source: own elaboration from data of (Ayuntamiento de Madrid, 2019).

Table 6: Population of Retiro Neighborhood (D3) of both sexes.

D3. Retiro	
Age	2019
Total	79.216
From 25 to 29 years	6.273
From 30 to 34 years	7.448
From 35 to 39 years	8.483
From 40 to 44 years	8.953
From 45 to 49 years	8.447
From 50 to 54 years	8.537
From 55 to 59 years	8.221
From 60 to 64 years	8.154
From 65 to 69 years	7.576
From 70 to 74 years	7.124

Source: own elaboration from data of (Ayuntamiento de Madrid, 2019)

Table 7: Population Salamanca Neighborhood (D4) of both sexes.

D4. Salamanca	
Age	2019
Total	98.441
From 25 to 29 years	9.820
From 30 to 34 years	11.290
From 35 to 39 years	10.955
From 40 to 44 years	10.930
From 45 to 49 years	9.976
From 50 to 54 years	10.343
From 55 to 59 years	9.880
From 60 to 64 years	9.219
From 65 to 69 years	8.317
From 70 to 74 years	7.711

Source: own elaboration from data of (Ayuntamiento de Madrid, 2019),

Table 8: Population of Chamberí Neighborhood (D7) of both sexes.

D7. Chamberí	
Age	2019
Total	94.796
From 25 to 29 years	9.558
From 30 to 34 years	11.022
From 35 to 39 years	10.961
From 40 to 44 years	10.621
From 45 to 49 years	9.451
From 50 to 54 years	9.425
From 55 to 59 years	9.254
From 60 to 64 years	8.783
From 65 to 69 years	8.184
From 70 to 74 years	7.538

Source: own elaboration from data of (Ayuntamiento de Madrid, 2019).

Taking into consideration all these data the population that is going to be considered as the potential consumers is 374, 823 people, around 17% of all Madrid.

2.3. Balanced Scorecard.

The Balance Scorecard was introduced by Robert Kaplan and David Norton in 1991 through an article of a Harvard Business Review and in a simple way is a measurement of the strategy of a specific business. According to Kaplan and Norton (1991) "The Balance Scorecard allows managers to look at their business from four important perspectives and it provides answer of four basic questions: how customer see us? (customer perspective), what must we excel at? (internal perspective), can we continue to improve and create value? (innovation and learning perspective) and how do we look to shareholders? (financial perspective)". In other words, the balanced scorecard function is a tool that can be also known as strategy map that communicates not only the strategy of a business but the process to follow in order to accomplish it.

This important tool help not just entrepreneurs but managers to understand the way of companies create value and the way to increase it for shareholders, basically by making a resume of the knowledge, skills, systems and improvements the employments have and/or need to acquire.

As Kaplan and Norton (2001) explain "the best way to build a strategy map is from the top down, starting with the destination and then charting the routes that will lead there. Corporate executives should first review their mission statement and core values - why their company exists and what it believes in. With that information, managers can develop a strategic vision, or what the company wants to become. This vision should create a clear picture of the company's overall goal-."

Given this, the following figure presents the mission, vision and values of the present entrepreneurship project.

Table 9: Mission, Vision and Values of La Alejandrina Patisserie.

Mission
La Alejandrina patisserie has as mission the elaboration of elegant, tasteful and high-quality desserts, pastries, coffee and other kind of drinks, trying to turn the city of Madrid become into a sweeter place and bringing to our clients an exquisite experience every time they come to our store.
Vision
Be the best patisserie in Madrid and a leader in the market, not only by offering good quality products and services, but encompassed with sustainable processes and with social responsibility consciousness, trying to growth financially and also making improvements in the community among us.

Values					
<u>Honesty</u>	<u>Commitment</u>	<u>Team Work</u>	<u>Excellence</u>	<u>Kindness</u>	<u>Passion</u>
From ingredients to eco-friendly packages from all operations all must be base in honesty.	Our staff is compromised with the business and to be apart from the experience that implies eating in La Alejandrina.	We are a geared team that is looking for always give support to their partners in offer to maintain the processes working properly.	we use the best quality inputs to bring you the best products inside the market.	Every staff must practice kindness and listening to clients' requirements to provide the best customer service possible.	we count with a team that is really passionate in what they do, making possible to us provide the best attention possible.

Source: own elaboration.

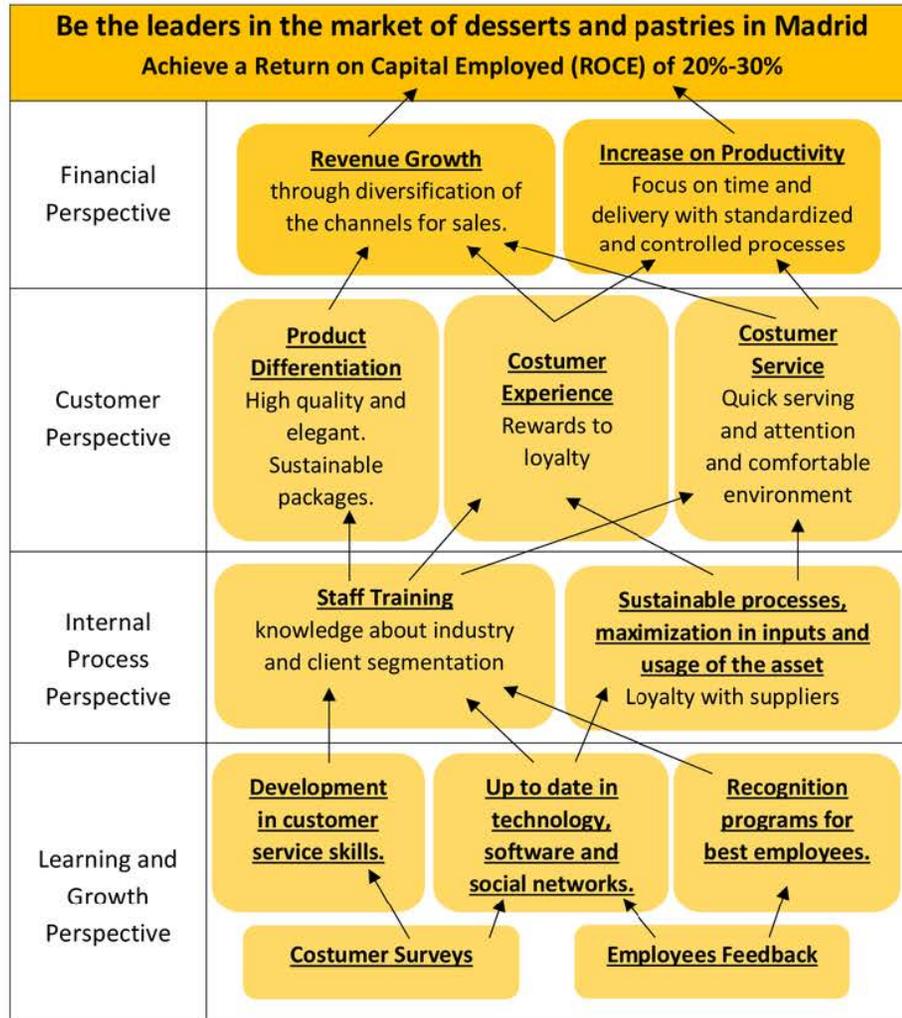
Derived from this it is developed the strategy of the company that for a simpler understanding is divided in four stages:

- i. **Financial perspective:** the main goal here is to achieve a good percentage (between 20%-30%) in Return on Capital Employed (ROCE) and have an increase tendency during the years through a combination of revenue growth and productivity strategy. The first making it possible through making a diversification of the way of selling, not just only in the store but also online with delivery and catering services. Regarding productivity, this is going to be reached through a very controlled and standardized production process, focusing on time and delivery, the adequate use of resources and always maintaining a sustainable perspective.
 All of this with the purpose of achieve the leadership in the market.
- ii. **Customer perspective:** create a value proposition for the clients of a business is a core strategy of any company, since without clients there would not be revenues, it's very important to settle it correctly. In this case, La Alejandrina offers a differentiation on products, being of high-quality and with elegant presentations (typical of French pastries) and in addition to this the fact of eating a dessert and/or having a coffee, tea or any other kind of drink would be more than just an action but an experience, adding a comfortable environment inside the store in which everyone can transport themselves as they were having and enjoying a snack in Paris or to a tea time in London and finally the usage if environmental friendly packages. This perspective also involves quick attention and service to the tables improving the timing of competitors.

- iii. **Internal processes perspective:** according to Kaplan and Norton (2001) "the internal processes perspective captures critical organizational activities which fall into high-level processes: build the franchise; increase customer value; achieve operational excellence and become a good corporate citizen". For this particular case, La Alejandrina embraces the whole four factors focusing its internal processes in training the staff to provide the best service for customers and enhancing the best quality ingredients and recipes to get as an outcome the best products of the market, every member must understand every segment of the client population to make differentiations in services, in order to reach excellence.
- In addition, all of this would be made with environment friendly processes combined with the proper usage of the fixed assets and their maintenance and managing also a loyalty strategy with suppliers (get the best inputs in the market), that the end will be translated into reduction of costs for improvements on profit.
- iv. **Learning and growth perspective:** according to Kaplan and Norton (2001) this "defines the core competences and skill, the technologies and corporate culture needed to support an organization's strategy". In the specific case of La Alejandrina Patisserie, the focus is centered in the development of the customer service skill of all the members of the staff, along with this is the motivation of embracing knowledge about the patisserie world, such as, cooking techniques and types of deserts; all of this in order to give customer the best experience. It is also very important to add, the need to be updated regarding technology, software and social networks to be the most efficient regarding processes.
- To get this finally perspective done, it will be available employees' feedback to improve processes combined with recognition programs for the ones that develop best and trainings and customers surveys to identify the areas that need improvements.

In the following table it is possible to observe a scheme of how the strategy map of La Alejandrina is formed, as it is shown all the perspective are linked among them because reflect a roadmap to follow.

Table 10: Strategy Map (Balanced Scorecard) La Alejandrina Patisserie.



Source: own elaboration.

2.4. Description of product and services.

As is mentioned previously the project of La Alejandrina Patisserie's main business is the elaboration of desserts, coffee, tea and other drinks, either in the store, through delivery or catering services. The service that is going to be offered is an experience that transport the diners to Paris or London with exquisite desserts with roots mixed regions (France, London, Spain and Latin America), with the best in quality coffee, tea and different drinks (cocktails, cava, etc.)

The menu is reduced but diversified, with the purpose of always keep the excellence in each product that are shown in the following table.

Table 11: La Alejandrina Patisserie Menu.

Tea	Coffee	Drinks
<ul style="list-style-type: none"> - Green tea. - English breakfast. - Chamomile. - Rooibos. - Infusions (fruits). - Black tea. - White tea. 	<ul style="list-style-type: none"> - Espresso. - Cortado. - Con Leche. - Americano. 	<ul style="list-style-type: none"> - Cava. - Mimosa. - Daiquiri (season fruit). - Gin tonic.
Desserts.		Pastries.
<ul style="list-style-type: none"> - Cheesecake. - Lime pie. - Fruit pies. 	<ul style="list-style-type: none"> - Petit fours. - Pavlova. - Sacher. 	<ul style="list-style-type: none"> - Croissants. - Pain au chocolat. - Cinnamon rolls.

Source: Own elaboration.

2.5. Product Logo.

The following figure presents the draft of the entrepreneurship logo for the pastry shop.

Figure 2: Logo La Alejandrina Patisserie



Source: own elaboration

2.6. Corporate governance.

According to the OECD (2015) "the purpose of corporate governance is to help build an environment of trust, transparency and accountability necessary for fostering long term investment, financial stability and business integrity, thereby supporting stronger growth..."

That is why no matter the since of the company it vital to understand what it is and how to embrace it, in order to implement it properly.

Corporate Governance can be defined as a structure of rules, practices and processes for the direction and control of an organization, however, is also englobes in how is relationship between many roles inside a company, such as, Shareholders, Board of Directors (BOD), Stakeholders, Senior Management, Stakeholders and even Employees.

As the mission, vision and values of La Alejandrina Patisserie were mentioned previously already, this section is going to deploy the structure of the staff, that would be very simple due to the small size of the society.

The following figure shows how is going to be organized La Alejandrina Patisserie as business.

Figure 3: Organization chart of La Alejandrina Patisserie.



Source: own elaboration.

To close the section, it is important to mention that the rules that are going to rule the day to day activity, are going to be defined after the staff is selected and the Dynamic is set inside the shop. Finally, it's imperative to say that La Alejandrina Patisserie is going to have always as principle the ethic inside the workplace.

Chapter III.

3.1 Legal Requirements.

The first step was to defined how the company is going to be constituted, after an exhaustive research it was defined that La Alejandrina Patisserie Will be formed as a "Sociedad de Responsabilidad Limitada", which makes reference in that would be a mercantile society in which the initial capital is divided between the partners and it must be equal or greater than €3000, in this particular case the project is formed by three investors.

3.1. Procedures for the constitution of the society.

As a second step after defining in which kind of society this project is going to work it's important to define the steps to follow in order to proceed with its creation.

- i. Get the name designation certificate through a mercantile registry.
- ii. With the previous certificate open a business account and make the deposit of the total amount of the capital required, the bank should deliver a certificate.
- iii. With the help of an attorney prepare a corporate statute.
- iv. This step consists in signing the statues in a notary by all the partners, here it is needed the bank certificate and the name designation certificate.
- v. Make the requirement of the provisional NIF through a specific form called 036, this must be asked in a designated Tax Agency. It is very important to settle that each one of the partners or investors of the company must have either DNI or NIE
- vi. Make the payments of the fees related to the ITP "Impuesto a Transmisiones Patrimoniales".
- vii. Make the inscription of the statues in the Mercantile Registry designated by the neighborhood.
- viii. Require the definitive NIF.
- ix. Make que requirement of the registration and activation of the business, this also through the form 036 in the tax authority.
- x. Legalize the books related to the company that is constituted in the Mercantile Registry, in this must me included the minutes' book and the society's book.

3.2. Other type of requirements.

Apart from the process that is embrace the constitution of a company, there are other premises and licenses required to put in business a company that is already constituted. It is important to mention that depending on the activity these may vary.

In this particular case, the focus is in the HORECA (hotels, restaurants and casinos) sector which manage the same requirements, which are numerated as follows:

- i. Registration in the Social Security of the autonomous community in which the company is developing its activities, in this case Madrid. It is important to mention that in this phase all the employees need also to be registered.
- ii. Embrace a fire contingency program, in other words, embrace all the firefighting policies, such as, having extinguisher's, fire lighting, evacuation exits properly marked and plans of evacuations in case of emergencies.
- iii. Construction licenses in case any reform of the store is going to be made.
- iv. Reclamation forms. Every store of every sector that embrace customer service must count with this, since its main objective it is to ensure the client's rights and anytime one don't agree with the service, they can leave a written complain.
- v. Fulfil with the sanitation requirements, cold chains for products, air conditioned, correct ventilation, etc. Also, it's very important that every employee count with the correspondent food handling certificate.
- vi. Finally, but not least important, it is important to a have an activity certification. This license makes reference to a premise that allows the company to develop an HORECA activity, this is obtained after the proper inspection
- vii. Alcoholic drinks premises.
- viii. Auto control Plan, danger analysis and critic points control (APPCC). This makes reference to a prevention report in which is analyzed all the control systems, danger situations, surveillance actions and corrective actions for the food supply chain.

To conclude this chapter, it is important to highlight that since the project is mostly focused the financial and economic studies the legal requirements are just mentioned, trying to embrace an idea of what is needed to do business in Madrid, in case that someday the investors want to turn into reality the entrepreneurship, the legal study must be done with a deeper perspective.

Chapter IV.

4.1 Marketing Study.

4.1. Competitors Analysis.

Even though the competitors' analysis was already done in the first chapter, it was very superficial since it was made from another perspective evaluating factors as barriers of entry, suppliers, etc., with the use of models introduced by academics. This phase is going to show a deep inquiry of the most relevant and direct competitors of La Alejandrina Patisserie, focusing in different factors in which it can make improvements in order to capture market share.

The next table it is going to be explained the 5 most important competitors in the market, each one analyzed regarding the same factors.

Table 12: Competitors Analysis.

Moulin Chocolat	
Logo	
Description	Specialized pastry shop in gourmet products where the French influence is present and que exquisite selection of chocolates.
Slogan	<i>"Especialistas en regalar recuerdos inolvidables; experimentando con tus sentidos"</i>
Goal	Selected variety of fresh desserts, directly from its ovens in order to make your stomach and heart fall in love.
Products	Truffles, macarons, pastries (croissants, kouign-aman and chocolate palmera), desserts and cakes (cakes and pies), special elaborations (panettone, tronco helado, roscon de reyes, turrone, abetos, etc.) and gourmet selection (cookies, mini delicatessen, sauces, marmalade and fruits with chocolate).
Packaging	

Distribution Channels	Physical store (2) and online store (in construction process).
Location	Calle de Alcalá 77. Calle Juan Martin el Empecinado (workshop).
Target	Men and women with refined taste, who appreciate exquisite products.
Target-price	Medium-high.
Social networks	Facebook, Instagram and Twitter.
Web page	Yes
Blog	Yes (without updates)
Web design	Basic with few information
Responsive	Yes
User registration	No
Delivery service	No
Pick up orders in store.	Yes
Payment methods	n/a
Delivery expenses	n/a
Time delivery	n/a
Delivery company	n/a
Customer service	Contact form in web page and telephonic attention.
Newsletter	Yes, with subscription with name, surname and email.
Schedule	Monday: closed. Tuesday to Saturday: 10:00 h to 21:00 h Sunday and Holidays: 11:00 h to 18:00 h Special in Christmas.
Le Bec-Fin	
Logo	
Description	Gourmet pastry and coffee shop with artisan elaborations, embracing traditional techniques that brings up memories of the childhood.
Slogan	"Alta joyería comestible"
Goal	Transmit the experience of the principal capitals of the world in place to make a degustation of good desserts with an excellent coffee.
Products	Cakes and pies, croissants (salty selection) and coffees.

Packaging	
Distribution Channels	Physical store (1).
Location	Calle de Claudio Coello 58.
Target	Men and women with refined taste, that appreciate exquisite products.
Target-price	Medium-high.
Social networks	Facebook and Instagram.
Web page	Yes.
Blog	No.
Web design	Basic, with few information.
Responsive	Yes.
User registration	No.
Delivery service	No.
Pick up orders in store.	Yes.
Payment methods	n/a
Delivery expenses	n/a
Time delivery	n/a
Delivery company	n/a
Customer service	Contact form in web page and telephonic attention.
Newsletter	No.
Schedule	Monday to Friday: 9:00 h to 21:00 h Saturdays: 10:30 h to 21:00 h Sundays: 11:00 h to 14:30 h
La Duquesita	
Logo	
Description	Distinguish bakery store by its desserts and artisan sweet treats.
Slogan	"Calidad y tradición"
Goal	Thrill people with their sweet gastronomy.

Products	Specialties (breads, panettones, cookies, macaroon, eclairs and merengues), cakes and desserts, pastries and puff pastries, chocolates and bonbons, different kind of drinks.
Packaging	
Distribution Channels	Physical store (1) and online store (in construction).
Location	Calle de Fernando VI 2.
Target	Men and women with refined taste, that appreciate exquisite products.
Target-price	Medium-high.
Social networks	Instagram.
Web page	Yes.
Blog	No but it has a press room.
Web design	Complete, with full information, organized, clean design, simple and refined.
Responsive	Yes.
User registration	No.
Delivery service	No.
Pick up orders in store.	Yes.
Payment methods	n/a.
Delivery expenses	n/a.
Time delivery	n/a.
Delivery company	n/a.
Customer service	Contact form in web page and telephonic attention.
Newsletter	No.
Schedule	Monday to Friday: 8:30 h to 20:30 h Saturday: 9:30 h to 20:30 h Sunday and Holidays: 10:00 h to 20:30 h Special January 6 th
Mama Framboise	
Logo	

Description	Pastry shop and tea room that combines tradition and modernity.
Slogan	"Una experiencia sensitiva apta para todos los paladares"
Goal	Recover the romanticism for gastronomy and bet for the quality of bakeries in Spain.
Products	Pastries (croissant, palmeras, bretzels, etc.), cakes and pies, macarons, pound cakes and cookies, chocolates, salty (quiche toasts and tequeños), drinks and catering services.
Packaging	
Distribution Channels	Physical stores (10)
Location	Calle de Jorge Juan 21.
Target	Men and women.
Target-price	Medium-high.
Social networks	Facebook, Instagram, twitter, youtube.
Web page	Yes.
Blog	No.
Web design	Complete, with full information, organized, clean design, simple and refined.
Responsive	Yes.
User registration	No, the form is located in external platforms.
Delivery service	Yes, through Deliveroo, prime now, uber eats and glovo.
Pick up orders in store.	Yes.
Payment methods	Visa, Amex and Master Card.
Delivery expenses	Between 1,90 and 2,90 Euros.
Time delivery	1 hour maximum.
Delivery company	External suppliers.
Customer service	Contact form in web page and telephonic attention.
Newsletter	No.
Schedule	Monday and Friday: 9:00 h to 21:00 h. Saturdays and Sundays: 10:00 h and 21:00 h.
Pomme Sucre	
Logo	

Description	High pastry shop that combines tradition and forefront with European influence.
Slogan	"Últimas tendencias de la pastelería con los sabores de siempre"
Goal	All the cakes, pastries, bonbons and any other kind of sweets that come out form our workshop get stuck on the sensorial memory of whoever is trying and enjoying it.
Products	Croissants, milhojas, panettone, macaroons, chocolates, bonbons, semifrios, mignardises and cakes.
Packaging	
Distribution Channels	Physical stores (3) and online store.
Location	Calle de Barquillo 52.
Target	Men and women with refined taste, that appreciate exquisite products.
Target-price	Medium-high.
Social networks	Facebook and Instagram.
Web page	Yes.
Blog	Yes.
Web design	Basic, with few information.
Responsive	Yes.
User registration	Yes (email and address).
Delivery service	Yes.
Pick up orders in store.	Yes.
Payment methods	Visa, Amex and Master Card.
Delivery expenses	4,95 Euros.
Time delivery	24 – 48 hours.
Delivery company	Own transport.
Customer service	Contact form in web page and telephonic attention.
Newsletter	Yes, subscription only through email address.
Schedule	Monday to Friday: from 8:00 h to 21:00 h. Saturday and Sunday: from 9:30 h to 21:00 h.
Cristina Oria	
Logo	

Description	High cuisine with delivery at home. Dedicated to the elaboration and sale of gourmet products of high quality and at a really good price.
Slogan	"Alta Cocina a Domicilio"
Goal	Offer the best quality at the best price; here in this company is all about affordable luxury.
Products	Gourmet gifts, cocktails, elaborated dishes menu and catering.
Packaging	
Distribution Channels	Physical stores (2) and online store.
Location	Calle del Conde de Aranda 6 and Calle de Ortega y Gasset 29.
Target	Men and women with refined taste, that appreciate exquisite products.
Target-price	High.
Social networks	Facebook, Instagram, twitter and pinterest.
Web page	Yes.
Blog	Yes.
Web design	Complete, with full information, organized, clean design, simple and refined.
Responsive	Yes.
User registration	Yes, through email.
Delivery service	Yes.
Pick up orders in store.	Yes.
Payment methods	Visa, Maestro and Master Card.
Delivery expenses	Madrid Centro and pick-ups for free. For deliveries in less than one hour 6,90 Euros.
Time delivery	24 – 48 hours form Monday to Friday.
Delivery company	Own transportation.
Customer service	Contact form in web page and telephonic attention.
Newsletter	No.
Schedule	Monday to Saturday: from 10:00 h to 21:30 h Sundays: closed

Source: own elaboration from the data of each store webpage.

4.2. Competitors social networks review.

As a second phase and previously to defined how much is the marketing plan is going to cost, is very important to settle that nowadays the channels to make publicity have been concentrated around social networks rather than common commercial through radio, television or newspaper/magazines. For these reasons it was considered proper to make a deep analysis in how are settled the competitor's profiles of the most known social networks to finally arrange a plan for La Alejandrina Patisserie.

In the following table is shown the previous mentioned analysis.

Table 13: Social Networks.

	Facebook		Instagram	Twitter		Youtube
	Followers	Likes	Followers	Followers	Likes	Follower
Moulin Chocolat	6,773	6,569	9,931	2,281	4,431	n/a
Le Bec-Fin	521	501	1,332	n/a	n/a	n/a
La Duquesita	n/a	n/a	12,500	n/a	n/a	n/a
Mama Framboise	25,550	25,092	43,200	8,178	3,402	217
Pomme Sucre	3,162	3,054	9,392	n/a	n/a	n/a
Cristina Oria	11,055	10,663	97,700	2,147	120	n/a

Source: Own elaboration.

4.3. Marketing Plan.

This phase intends to explain in how the advertising and marketing channels are going to be managed. Since the present project has focused on a market objective (wide rank age population) that embrace all the generations, starting form "millennials" (includes ages between 25 and 34 years), passing through "generation x" (includes ages between 35 and 49) and finally, reaching to the "baby boomers" (formed by people over than 50).

Given, this is important to settle some marketing objections to after proceed with the final marketing strategy with its respective expenses.

The following table shows the objectives related to the strategy that is going to be followed.

Table 14: Strategic marketing objectives.

1	Create knowledge and brand positioning: La Alejandrina Patisserie is inside a very competitive market, were the other shops are in a mature process, that is why there is a need of get the product and the shop to be known by the customers as an elegant place that offers a high quality spectrum of products with a very good service.
2	Creation and develop of an online commerce channel: the main strategy is to reach excellence in time delivery and simplicity in the experience of buying online, that costumers find truly easy buy and get their products with the advantage of been sit in the comfort of their own houses.

Source: own elaboration.

4.4. Investment related to marketing.

Table 15: Initial investment breakdown.

Concept	Price per month
Web (WordPress)	€ 540,00
Dominion	€ 9,99
Hosting	€ 10,00
Theme / template	€ 84,00
SSL Certificate	€ 55,99
WP-ERP	-
WP-CRM	-
WP-E-commerce	-
RedSys Gateway (payment trough)	€ 79,00
Other plugins premium	€ 300,00
Total	€ 1.079,00

Source: own elaboration from IT supplier web page. (Wordpress, 2019) (Web Page Domain, 2019)

This section will not be considered as the initial investment since besides are not related to advertisement per se, but most referred to the online commerce and its tools that the project is going to use for the online shopping, will be categorized as costs since its characteristics are payments per year for its uses.

Table 16: Other costs breakdown.

Otros costes (€)	
Community Manager (Freelancer - Part time - 12 euros/hora)	€ 3.500,00

Source: own elaboration marketing supplier web page.

Table 17: Investment According the Strategy breakdown.

Strategy	Budget	Percentage	Budget/Month
Social Networks	€ 9.000,00	60%	€ 750,00
Prescription (Influencers)	€ 1.500,00	10%	€ 125,00
Affiliation (Web Page)	€ 1.500,00	10%	€ 125,00
SEO	€ 700,00	5%	€ 58,00
SEM	€ 1.000,00	7%	€ 83,00
Off line	€ 1.000,00	7%	€ 83,00
Email Marketing (MailChimp - Free plan)	€ 300,00	2%	€ 25,00
Total	€ 15.000,00	100%	€ 1.250,00

Source: own elaboration marketing supplier web page. (Marzo marketing afiliación, 2019)

Finally, as part of the marketing plan with the combination of the market and sector/industry analysis a conclusion of potential market that is going to buy the products of the pastry shop.

Table 18: Potential Buyers.

Potential market (Off line)	374.823
% compra delivery food	36%
Potential market (On line)	134.936
Market focus (10%)	37.482

Source: own elaboration.

Chapter V.

5.1 Technical and Supply Chain Study.

As is specified in the description of the business idea, "La Alejandrina Patisserie" is a luxury pastry and coffee shop which main objective is get its costumer to travel in an afternoon in Paris or a tea party in London every time they try one of their products, either in the store or in their own houses.

In this sense, the following chapter presents the description of the facilities, the equipment, the productive processes and the human resources that constitute the operational base of "La Alejandrina Patisserie". All of them are oriented to provide high quality products and the best service to the final customer, according to the philosophy of the project.

5.1. Infrastructure and facilities.

5.1.1. Location

One of the most important elements of every hostelry business is the location of the commercial establishment. For this reason, five main factors were taken into consideration in order to maximize the probability of success of the idea:

- Closeness to the target market
- Cosmopolitan profile of the zone and high-class philosophy.
- Technical requirements and possible adequacy expenses.
- Rental cost.
- Competitors closeness and supplier's accessibility.

In this sense, La Alejandrina will have a commercial establishment under a rental regime, that will be used for the production, sale and distribution of the different sweets and desserts.

Table 19: Cost breakdown of the store leasing.

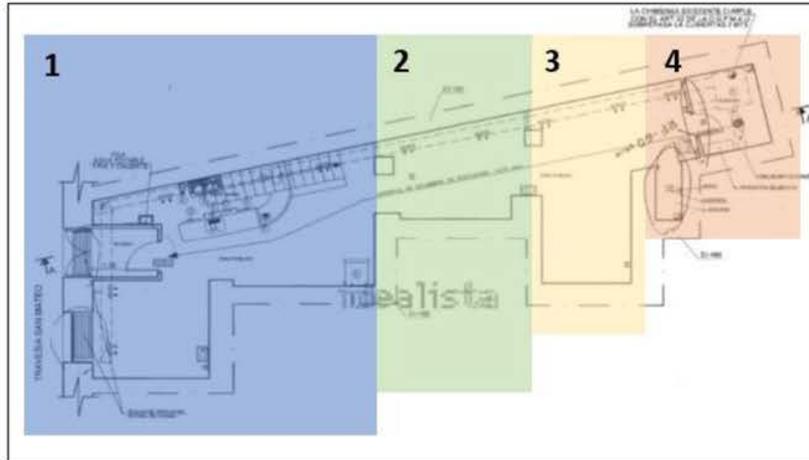
Cost per month	Deposit
1.500€	3 months in advanced

Source: own elaboration with data of Real Estate Company (Idealista, 2019).

The selected store was occupied by a food catering which ensure the compliance of the technical requirements and reduces the adequacy expenses to image changing and smoke output habilitation.

The store is located Chueca neighborhood in the Center District of Madrid, more specific in San Mateo street 7th.

Figure 5: Blueprints of the store's first floor.

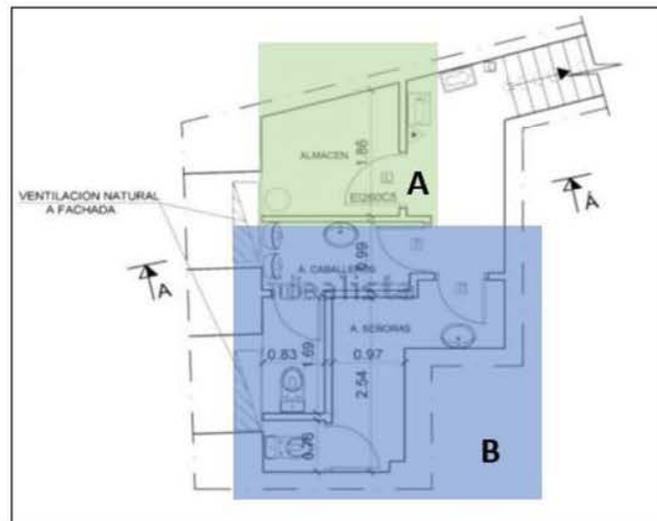


Source: (Idealista, 2019)

ii. Second floor – Basement (18 sqm):

- Warehouse (3,35 sqm), reflected in zone A of figure X.
- Bathrooms, both for women and men, reflected in zone B of figure X.

Figure 6: Blueprints of the store's second floor.



Source: (Idealista, 2019)

5.2. Equipment.

5.2.1. Computer equipment.

It will be necessary to have a complete computer equipment for the invoicing of the customers, taking of orders and the rest of administrative processes.

Table 20: Computer requirements breakdown.

Equipment	Number	Price
Computers	3	€ 808,33
Tablets	2	€ 299,00
Mobile phones	3	€ 699,00
Standard Printer	1	€ 82,99
Invoices printers	1	€ 35,99
Cash registers	1	€ 453,80
Scanner	1	€ 82,80
Screens	2	€189,00

Source: Own elaboration.

In addition to the equipment, it is necessary to count with the different software licenses such as office applications as well as one specific ERP software that will integrate the sales and invoicing process, the command management, the reservations, the inventory consumption and also CRM functionalities.

Table 21: Software requirements breakdown.

Software	Company	Description	Price	Annual Cost
Gastrofix ERP	TIM	<ul style="list-style-type: none"> Sales Terminal Management (Orders Taking). Cash and Sales Books Management tools (CRM, Reservations, Employees Shifts, Inventory). 	€ 1.000,00 per month	€ 12.000,00
Windows 10 package	Microsoft	Operative system specialized for enterprises. Allows to embrace applications that can develop the growth pf a company.	€ 299,99	€ 3.599,88
Office 365 Premium Package	Microsoft	Basic applications for the day to day work including office, power point, excel, outlook, one drive cloud, etc.	10,50 € per user per month	€ 378,00

Source: own elaboration with data Suppliers' Company Data (Microsoft, 2019) (TIM, 2019).

Finally, a complete package of communication will be needed, to ensure both internet connection for the operations and free-WIFI offered to the customer.

Table 22: Connection requirements breakdown.

Company	Selected Package	Description	Tariff	Annual Cost
Movistar	Fusion Negocios 2	<p>Internet:</p> <ul style="list-style-type: none"> • Symmetric Optic Fiber of 600Mb • Wi-Fi Router <p>2 Mobile Lines:</p> <ul style="list-style-type: none"> • Unlimited Calls to national landlines and mobiles EU roaming • 15 GB and 500 SMS per line • Multi SIM card <p>Fixed Line:</p> <ul style="list-style-type: none"> • Unlimited Calls to national landlines • 1000 minutes to international calls 	€ 67,00 per month.	€804,00

Source: own elaboration with data of Supplier Company (Movistar, 2019).

5.2.2. Machinery and kitchen furniture.

The equipment required to put into work the production process will be all industrializes.

Heat Generators: Corresponds to the equipment dedicated to cook the different preparations.

Table 23: Heat Generators Breakdown.

Equipment	Number	Price (per unit)
Racks Oven	2	€ 1.569.000,00
Revolving Trays Oven	1	€ 3.649.000,00
Microwave	1	€ 165,95
Stove with 6 cookers	1	€ 1.332,00

Source: own elaboration from Amazon data.

Cold Generators: Machines dedicated to the conservation and refrigeration of products, both ingredients and finished products.

Table 24: Cold Generators Breakdown.

Equipment	Number	Price (per unit)
Refrigerator	1	€ 982,99
Freezer	1	€ 353,50
Blast Chiller	1	€ 2.321,62

Source: own elaboration from (Amazon, 2019)

Auxiliary Machinery: Equipment that changes the form of the products without using heat or cold.

Table 25: Auxiliary Machinery Breakdown.

Equipment	Number	Price (per unit)
Professional Mixer	2	€ 1.099,00
Kneading Machine (Spiral)	1	€1.106,25
Laminator Machine	1	€ 1.100, 49
Fermentation Cabinet	1	€ 1.063,95
Crusher Machine	2	€ 109, 00
Cream Dispenser	2	€ 18,99

Source: own elaboration from (Amazon, 2019)

Kitchen Furniture:

Table 26: Kitchen Furniture Breakdown

Equipment	Number	Price (per unit)
Sinks	1	€ 909,00
Work Table	1	€ 141, 75
Tray Carriage	2	€ 219, 45
Shelving	6	€ 55,99

Source: own elaboration from (Amazon, 2019).

Kitchen tools:

Table 27: Kitchen Tools Breakdown.

Equipment	Number	Price (per unit)
Manual Mixer	3	€ 7,99
Bowls and Buckets	10	€19,99
Pastry Bags	4	€ 9,99
Pastry Bag Nozzles	2 (sets)	€ 21,99
Wooden pallets	2 (sets)	€ 29,99
Knives	2 (sets)	€ 143,81
Cutter kit	2	€11,49
Strainer	2 (sets)	€ 11,99
Palette Knife	1 (set)	€ 13,97
Powder Box	2	€ 6,35
Measure Cups	2 (sets)	€ 9,99
Molds (dif. Sizes)	15	€ 106,99
Scale	2	€ 41, 01
Cakes Bases	4	€ 15,99
Cakes Exhibitors	10	€ 16,02
Trays	4 (sets)	€ 15, 99
Grater	1	€ 8,99
Rolling Pin	3	€ 15,99

Sieve	1	€ 28,19
Cake Rings	2 (sets)	€ 19,99
Thermometers	2	€ 12,74
Grids	3 (sets)	€12, 79
Flaming tool	2	€ 16,99

Source: own elaboration with (Amazon, 2019)

Furniture and kitchenware:

The area intended for the service will be equipped and decorated using the business solution provided by IKEA Business.

In addition, this are will also contain X refrigerated display cabinets, X standard cabinets and X table-top displays. All this auxiliary furniture will allow exposing the products to the public.

Regarding kitchenware it very important to highlight that all must me industrial, and if its applicable the bets material would be non-rust steel. This subsection embraces molds and pans for the desserts, rollers, different size knives, pastry bags and it respective nuzzle, blades, pallets, cookie cutters, flambé guns, measurement cups and spoons, thermometers, spatulas, cake cutters, etc.

The following table it is going to make a breakdown of all the instruments needed with their respective quantity and acquisition price.

Table 28: Furniture Breakdown.

Equipment	Number	Price (per unit)
Tables	4	€ 435
Chairs	16	€ 29,99
Dessert spoons	8 (sets)	€ 6
Tea/coffee spoons	8 (sets)	€ 4,95
Dessert forks	8 (sets)	€ 6
Serving cake pallet	8	€ 5
Dessert plates (19 cm)	40	€ 2
Glasses (20 cl)	40	€ 3
Champagne glasses	40	€ 3
Balloon cups	40	€ 5
Wine cups	40	€ 5
Napkin holders	4	€ 8
Coffee/tea cups (24cl)	40	€ 3,50
Coffee/tea cups (20 cl)	40	€ 1,50
Coffee/tea cups (6cl)	40	€ 2
Flower bowls	2	€ 6
Mirrors	2	€ 18
Wall watch	1	€ 20
Paintings/posters	2	€50

lamps	3	€ 22.50
Board	2	€ 12,50
Canister sets (storage)	15 (sets)	€ 6,50
Cookie storage	2	€ 6
Glass canister	8	€ 6,99

Source: own elaboration with (IKEA, 2019)

5.3. Human resources breakdown.

The organizational structure of the company will be divided into three fundamental areas:

Finance and Administration: Area in which the administrative tasks of purchases and payments to suppliers, cash collection, archiving of legal documents, among others, will take place.

Table 29: Finance department salary breakdown.

Staff	Number	Annual Salary
Financial Manager	1	€ 30.000,00

Source: own elaboration from Human Resources web page data. (Glassdoor salary calculator, 2019)

Logistics and Production: Area in which the production processes of each of the desserts and the execution of inventory management and home delivery, will be done.

Table 30: Production department salary breakdown.

Equipment	Number	Monthly Salary
Pastry Chef	1	€ 30.000,00
Kitchen Assistant	1	€ 25.000,00
Room manager	1	€ 23.000,00
Waiter	1	€20.000,00
Pastry Advisor	1	€ 10.000

Source: own elaboration from Human Resources web page data. (Glassdoor salary calculator, 2019)

Marketing: Are in which the Marketing tasks will be developed (both off-line and on-line), also integrating the sales process of the company (Both on-site and through other channels), made by a freelance community manager specified in the previous chapter analysis.

Legal advices and the creation of the website will be outsourced, but also is considered an expense that is going to be shown on the financial and economic analysis chapter.

It's important to add that at the time of the first production it would be needed to make the first grocery shopping, that in this case would be calculated as an estimation and that includes all the raw material to elaborate the desserts, disposable packages for takeout, napkins and paper bags also for takeout. This taking into consideration the prices of a supermarket web page will be around € 2.000,00.

Another point important to highlight is that the pastry shop will be managing deliveries so a motorcycle will be needed, this must be also according with the restaurant very elegant and with good image, that's why the choice was getting a Vespa Primavera 50/125 plus the box for delivery that goes in the back. The prices obtained in a Vespa Store were in total € 3.699,00 plus €165,95.

Finally, there are other investments required to put in practice the project that are mix between Human Resources requirements and legal matters, that in this case would be taken as alternative investment, this will be also calculated as estimations with knowledge from different barista and waiters' academies and also after a meeting with a lawyer that gave for the project an approximation cost for its support. This cost will be Staff Training € 3.000,00 and Legal Services (permits and licenses) € 2.500,00.

It's important to add the due to the executive pastry chef the recipes for the desserts would not be shared in the written project since are a secret for the success of the entrepreneurship.

Chapter VI.

6.1 Economic and financial viability study.

This chapter is the most important of the whole project, since it would give the most approximated to reality facts to make statement to put in practice or not the business mentioned during the whole paper. This section it's going to use all the inputs described in previous chapter, plus some forecast and assumptions; in order to create different financial scenarios to finally make the use of valuation methods to do a posterior analysis and make a decision. As first point to start this last analysis it was considered important to settle a financial calendar that is going to englobe all the activities to be done before opening the pastry shop.

Table 31: Financial execution scheme.

Activities	MONTHS																								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
Market study.	■	■																							
Registration of the company.			■	■																					
Credit requirement for machinery.					■	■	■																		
Credit requirements for first months of rent.					■	■	■																		
Conditioning of the place.								■	■																
Concentration of suppliers and inputs.								■	■																
Planification of marketing and advertisement plan.								■	■																
Permits and licenses.										■															
Hiring process for the staff.										■	■														
Staff Training.												■													
Production prototypes.													■												
Sanitary permits.														■											
Beginning of production.															■										

Source: own elaboration.

6.1. Balance Sheet.

Since this project it's going to be new the balance sheet it's going to be built under assumptions that are the result of discussions between all the shareholders.

The time horizon that have been taken is five years in order to make realistic forecast.

Table 32: Assumptions as decision of owners and shareholders.

Fixed Assets Growth	During the five years study they will remain the same
Other assets	During the five years study they will remain the same
Suppliers	55% of variable costs as decision of the company
Cash proportion	15% of Net Income
Consumption	90% of Net Income
Legal Reserves	20% of shareholders' funds
Remaining Assets covered with business angel's investment	

Source: own elaboration.

It is important to mention that the angel investor is going to cover the needs in equity to complete, since it's a very interested investor for this project.

Table 33: Balance prospectus.

La Alejandrina Patisserie					
Nominal Euros					
Assests	1	2	3	4	5
Net Fixed Assets	36.312,17 €	36.312,17 €	36.312,17 €	36.312,17 €	36.312,17 €
Other Assets	5.500,00 €	5.500,00 €	5.500,00 €	5.500,00 €	5.500,00 €
Current Assets					
Cash and Equivalents	10.011,32 €	11.358,07 €	12.591,29 €	13.784,89 €	17.275,74 €
Inventory	60.067,93 €	68.148,45 €	75.547,72 €	82.709,37 €	103.654,43 €
Suppliers	19.173,48 €	19.555,85 €	19.944,73 €	20.341,34 €	20.745,84 €
Total	131.064,90 €	140.874,55 €	149.895,91 €	158.647,77 €	183.488,19 €
Liabilities + Equity	1	2	3	4	5
Net Financial Debt	102.300,00 €	81.840,00 €	61.380,00 €	40.920,00 €	20.460,00 €
Shareholders Fund	3.000,00 €	3.000,00 €	3.000,00 €	3.000,00 €	3.000,00 €
Legal Reserves	600,00 €	600,00 €	600,00 €	600,00 €	600,00 €
Angel Investors Equity	323.791,00 €	366.651,26 €	408.007,00 €	448.905,23 €	490.574,00 €
Total	429.691,00 €	452.091,26 €	472.987,00 €	493.425,23 €	514.634,00 €

Source: own elaboration.

It is very important to state that the net financial debt is related to a loan that is going to be required in the BBVA bank under special and specific conditions for the present project counting with a fixed interest rate, a determined percentage of additional cost equal quotas paid as capital contributions and a tenor of five years.

The shareholders' fund corresponds to the minimum capital to open a society as is mentioned in the legal requirements phase, and the legal reserve represents the 20% of the shareholders' fund. The net fixed assets make reference to all the machinery and equipment requirement to put operative the company and other assets include the trainings and tools for the staff be more prepared and give the best service possible to the costumers.

6.2. Cost Structure.

The cost Structure was created with the prices referred in the technical and marketing studies, and the forecast were calculated with economic assumptions discussed and agreed by the shareholders taking into consideration data provide by the IMF.

Table 34: Economic Premises.

Time Horizon	1	2	3	4	5
Inflation	0,0200	0,0200	0,0200	0,0200	0,0200
Economic Growth	0,0210	0,0190	0,0180	0,0180	0,0180
Active Interest Rate	0,0100	0,0100	0,0100	0,0100	0,0100
TIN	0,0250	0,0250	0,0250	0,0250	0,0250

Source: own elaboration.

Table 35: Cost Structure breakdown.

	0	1	2	3	4	5
Costs						
Variable						
Raw Material	2.000,00 €	2.042,00 €	2.080,80 €	2.118,25 €	2.156,38 €	2.195,20 €
Software	15.977,88 €	16.297,44 €	16.623,39 €	16.955,85 €	17.294,97 €	17.640,87 €
Connection and Telecommunications	804,00 €	820,08 €	836,48 €	853,21 €	870,28 €	887,68 €
Advertisement Strategies	15.000,00 €	15.300,00 €	15.606,00 €	15.918,12 €	16.236,48 €	16.561,21 €
E-commerce	1.079,00 €	1.100,58 €	1.122,59 €	1.145,04 €	1.167,94 €	1.191,30 €
Total Variable Costs	34.860,88 €	35.560,10 €	36.269,26 €	36.990,48 €	37.726,05 €	38.476,26 €
Fixed						
Salaries	138.000,00 €	140.760,00 €	143.575,20 €	146.446,70 €	149.375,64 €	152.363,15 €
Community Manager	3.500,00 €	3.570,00 €	3.641,40 €	3.714,23 €	3.788,51 €	3.864,28 €
Legal counselor	5.000,00 €	5.100,00 €	5.202,00 €	5.306,04 €	5.412,16 €	5.520,40 €
Water services	200,00 €	204,20 €	208,08 €	211,83 €	215,64 €	219,52 €
Electricity and Gas services	8.125,00 €	8.295,63 €	8.453,24 €	8.605,40 €	8.760,30 €	8.917,98 €
Amount of debt	20.460,00 €	20.460,00 €	20.460,00 €	20.460,00 €	20.460,00 €	0,00 €
Rent	54.000,00 €	55.080,00 €	56.181,60 €	57.305,23 €	58.451,34 €	59.620,36 €
Debt interests	-	2.046,00 €	1.534,50 €	1.023,00 €	511,50 €	0,00 €
Total Fixed Costs	229.285,00 €	235.515,83 €	239.256,02 €	243.072,43 €	246.975,08 €	230.505,70 €
Total Costs	264.145,88 €	271.075,92 €	275.525,28 €	280.062,91 €	284.701,14 €	268.981,97 €

Source: own elaboration.

In this case the decision was to take all the cost for the first year of the pastry shop starting from the first day its open, as initial investments, since there are many licenses and rents that require certain advanced payments to start using them. In addition to this, the following years were forecasted, as it's mentioned before, taking into consideration the economic premises that can explain more accurate its growth.

Most of the costs are assumed to go with the pace of the inflation with the exception of the raw material costs and services, such as energies (electricity and gas) and water, that grow at the pace of economic growth, assuming as the economic grows people consume more so the store will be more active and as result with more energy expenses. It's also very important to state that these type of costs were obtained as an average of the usage services provided by a guide of Cámara de Comercio Madrid and also the Consejería de Economía y Hacienda of Madrid Community (Madrid, 2009).

6.3. Sales.

The most important fact about the estimations of the sales is the quantity, in this specific case is calculated as the 5% of the potential market previously defined in the marketing phase. Also as is mentioned in the CANVAS, the pricing method is fixed using the highest possible, given the luxury background that La Alejandrina Patisserie has.

Another fact to highlight is that due to the different kind of products that the project offers, it's not possible to calculate sales as price multiplied by quantity; instead it was defined a thing known as average ticket of buying as an assumption after the agreement of stakeholders, locating it in € 20,00.

Table 36: Structure of Sales.

Year	1	2	3	4	5
Quantity (people online + offline)	18.740	19.134	19.497	19.848	20.205
Price Desserts	6,00 €	6,12 €	6,24 €	6,37 €	6,49 €
Price Coffees/Teas	3,00 €	3,06 €	3,12 €	3,18 €	3,25 €
Price Drinks	15,00 €	15,30 €	15,61 €	15,92 €	16,24 €
Prices Pastries	5,00 €	5,10 €	5,20 €	5,31 €	5,41 €
Average Buying Ticket	20,00 €	20,42 €	20,81 €	21,18 €	21,56 €
Total Sales	374.800,00 €	390.706,89 €	405.694,79 €	420.431,25 €	435.703,00 €

Source: own elaboration.

6.4. Debt.

The debt is related to a tailormade loan that is going to be taken in the BBVA financial entity, especially for small entrepreneurship. The rates and the quotas were defined by the entity depending on the credit record of the investors of the project and the estimations of future cash flows that the shop will bring. The tenor that was chosen were 5 years, the time

horizon in where all this financial study has been made. Finally, apart from the amount of the loan the bank considers additional costs related to the operative process, this amount is the 2,3% of the capital requested and is included in the calculations.

The amount requested is € 100,000 plus additional costs already mentioned.

Table 37: Debt Breakdown.

Net Financial Debt						
	0	1	2	3	4	5
Amount Requested	102.300,00 €					
Amortization		20.460,00 €	20.460,00 €	20.460,00 €	20.460,00 €	20.460,00 €
Pending debt		81.840,00 €	61.380,00 €	40.920,00 €	20.460,00 €	- €
Interest rate (fixed)		2.046,00 €	1.534,50 €	1.023,00 €	511,50 €	- €

Source: own elaboration.

6.5. Profit and Loss account.

Table 38: P&L Breakdown.

Year	1	2	3	4	5
Sales	374.800,00 €	390.706,89 €	405.694,79 €	420.431,25 €	435.703,00 €
Cost of Goods Sold	- 35.560,10 €	- 36.269,26 €	- 36.990,48 €	- 37.726,05 €	- 38.476,26 €
Fixed Costs	- 235.515,83 €	- 239.256,02 €	-243.072,43 €	-246.975,08 €	-230.505,70 €
EBITDA	103.724,08 €	115.181,61 €	125.631,88 €	135.730,11 €	166.721,03 €
Margin	27%	29%	30%	32%	38%
Amortization Other Assets	- 1.100,00 €	- 1.100,00 €	- 1.100,00 €	- 1.100,00 €	- 1.100,00 €
Depreciation	- 12.104,06 €	-12.104,06	-12.104,06	-12.104,06	-12.104,06
EBIT	90.520,02 €	101.977,55 €	112.427,83 €	122.526,06 €	153.516,97 €
Financial Costs	- 2.046,00 €	- 1.534,50 €	- 1.023,00 €	- 511,50 €	- €
Profit Before Taxes	88.474,02 €	100.443,05 €	111.404,83 €	122.014,56 €	153.516,97 €
Taxes (25%)	- 22.118,51 €	- 25.110,76 €	- 27.851,21 €	- 30.503,64 €	- 38.379,24 €
Net Profit	66.355,52 €	75.332,29 €	83.553,62 €	91.510,92 €	115.137,73 €
Margin	17%	19%	20%	21%	26%

Source: own elaboration.

Regarding the P&L the highlights to be mentioned are the amortization of assets that will be in similar quotas during the whole-time horizon of the investment. The same will apply for depreciation.

In matters of taxes it will be charged the correspondent corporate income tax, 25%.

6.6. Valuation.

This phase is formed by the analysis to observe if it's feasible to start the project and have also many subdivisions since there are different methods and ratios to do so.

- **Discounted Cash Flows (DCF):** this method is formed by many inputs, here is going to be explained the reasons of taking the assumptions that reached the final numbers.

First, the working capital was calculated doing the sum of current assets (cash and equivalents, suppliers and inventory) and in this particular case the current liabilities are absent (the payments are right away when costumes buy the product, no credit).

Table 39: Working Capital Calculation.

	1	2	3	4	5
Working Capital	88.846,78 €	98.656,96 €	107.679,39 €	116.431,23 €	141.643,95 €
Inc. OWC		- 9.810,18 €	- 9.022,44 €	- 8.751,84 €	- 25.212,72 €

Source: own elaboration.

As second assumption is the WAAC, which is also formed by many variables. The cost of debt, and as simple as it sounds it was taken the interest rate got for the loan.

The cost of equity, was calculated using the CAPM method, which implies another assumption inside it. The Beta was calculated from a comparable company, such as Starbucks, for the risk free was took the 10y Spanish bond return at May 31st, 2019 (Datos Macro, 2019) and the risk premium was fixed as 5% as an assumption. Finally, as is also mentioned before, the tax rate is 25%.

Table 40: WACC Calculation.

Ke	4,48%
Rf	0,72%
Risk Premium	5%
Beta Starbucks	0,44
Unleveraged Beta Starbucks	0,61
Beta la Alejandrina	0,75
Debt	102.300,00 €
Equity	327.391,00 €
D/E	31%
Kd	2,50%
WACC	3,86%
D	102.300,00 €
E	327.391,00 €
D+E	429.691,00 €
tax	25%
D/D+E	0,238078061
E/D+E	0,761921939

Source: own elaboration.

As is possible to see in the table the calculations fulfill de rule of:

Risk-Free Rate < Cost of Debt < WACC < Cost of Equity.

The WACC will be used as discount rate for the cash flows.

As the third assumption is the Terminal Value, made until perpetuity and taking into consideration a growth rate g of 3% and a k equal to the value of the previous calculated WACC.

Table 41: Terminal Value Calculation.

Terminal Value	2.749.435,33 €
Cfn	103.129,07 €
k	3,86%
g	3%

Source: own elaboration.

With this is already possible to calculate the discounted cash flows and the Net Present Value of them, as is showed in the following table.

Table 42: DCF and NVP.

Periods	0	1	2	3	4	5
EBIT		90.520,02 €	101.977,55 €	112.427,83 €	122.526,06 €	153.516,97 €
Adjusted Taxes (25% * EBIT)		- 22.630,01 €	- 25.494,39 €	- 28.106,96 €	- 30.631,51 €	- 38.379,24 €
NOPAT		67.890,02 €	76.483,16 €	84.320,87 €	91.894,54 €	115.137,73 €
(+) Depreciation		12.104,06 €	12.104,06 €	12.104,06 €	12.104,06 €	12.104,06 €
(+) Amortization Other assets		1.100,00 €	1.100,00 €	1.100,00 €	1.100,00 €	1.100,00 €
CAPEX	- 301.768,54 €					
Inc. OWC			- 9.810,18 €	- 9.022,44 €	- 8.751,84 €	- 25.212,72 €
Operative Free Cash Flow	- 301.768,54 €	81.094,07 €	79.877,04 €	88.502,49 €	96.346,76 €	103.129,07 €
Terminal Value						2.749.435,33 €
Total Cash Flows	- 301.768,54 €	81.094,07 €	79.877,04 €	88.502,49 €	96.346,76 €	2.852.564,40 €
Discounted Cash Flow	- 301.768,54 €	78.077,59 €	74.045,13 €	78.989,13 €	82.791,59 €	2.360.053,39 €
NPV		2.372.188,28 €				

Source: own elaboration.

- **Internal Rate of Return (IRR):** the internal rate of return was calculated form the operative free cash flows and taking into consideration and just by using excel formulas.

Table 43: IRR Result.

TIR	14%
------------	------------

Source: own elaboration.

- **Payback period:** this ratio gives the knowledge to the analysts the time frame in which the initial investment will be recovered.

Table 44: Payback Period Calculation.

Period	0	1	2	3	4	5
Cash Flows	-301.768,54 €	81.094,07 €	79.877,04 €	88.502,49 €	96.346,76 €	103.129,07 €
Cumulative	-301.768,54 €	-220.674,47 €	-140.797,43 €	- 52.294,94 €	44.051,83 €	147.180,89 €
PV Future CF	-301.768,54 €	78.077,59 €	74.045,13 €	78.989,13 €	82.791,59 €	2.360.053,39 €
Cumulative discounted	-301.768,54 €	-379.846,13 €	-453.891,26 €	- 532.880,38 €	- 615.671,98 €	-2.975.725,36 €
Payback period		2,5				
Discounted Payback period		-				

Source: own elaboration.

- **Financial KPIs:** this section looks for calculate the financial KPIs that the project is going to have given all the assumptions mentioned before and also it will provide a knowledge for the shareholders if the project will do well during the time horizon. In this particular case it was only took into consideration the Return on Capital Employed (ROE), the return on equity (ROE) and the return on assets (ROA).

Table 45: ROE, ROCE and ROA Calculations.

	1	2	3	4	5
ROCE	21%	23%	24%	25%	30%
Capital Employed	429.691,00 €	452.091,26 €	472.987,00 €	493.425,23 €	514.634,00 €
EBIT	90.520,02 €	101.977,55 €	112.427,83 €	122.526,06 €	153.516,97 €

	1	2	3	4	5
ROE	20%	20%	20%	20%	23%
Net Income	66.355,52 €	75.332,29 €	83.553,62 €	91.510,92 €	115.137,73 €
Equity	327.391,00 €	370.251,26 €	411.607,00 €	452.505,23 €	494.174,00 €

	1	2	3	4	5
ROA	51%	54%	56%	58%	63%
Net Income	66.355,52 €	75.332,29 €	83.553,62 €	91.510,92 €	115.137,73 €
Total Assets	130.658,95 €	140.469,13 €	149.491,56 €	158.243,40 €	183.456,12 €

Source: own elaboration.

- **Breakeven point:** this measurement makes reference to the quantity that is needed to be produced in order for the costs equal the income. For its calculation

it's needed the factor called variable costs per unit which refers to the total of variable costs divided by the quantity sold, that in this particular case it was the target shop estimated in the sales estimations.

Table 46: BE point Calculation.

Variable Cost per Unit	1,90 €				
Breakeven Point	13.010,16	12.915,71	12.853,67	12.808,73	11.724,88

Source: own elaboration.

6.7. Financial sources selection.

This last point is very simple, since the project refugees under two kind of sources the first one is loans given by banks and the second ones, since the first is very limited is through an angel investor who has particular interest over the project. Also considering another kind of financing such as investments funds, seed funds, etc., were not an option since the upfront commission or entry investment are truly elevated.

6.8. Scenario Analysis.

This part consisted in make changes in the premises making different assumptions, one assuming a best case than the originally settled, called optimistic and another one the worst as possible stated, called pessimistic. In this case the variables that changed were the economic growth rate and inflation which affect directly the costs and sales.

For the optimistic scenario we assume that the inflation remains the same as is one of the most important variables controlled by the European Central bank, but the economic growth slow down in a lower pace than what is expected. From this we obtain the result ok a higher **NPV of € 2.471.711,38** (around 100k more than the base a scenario), an **IRR of 15%**, Payback period reminds the same and **Financial KPIs increased around 1%**.

In the other hand, taking into consideration a pessimistic scenario assuming that the economy slows down in a faster pace than the expected the results obtained were and also the interest rates grow, making debt increase in a faster way. The **NPV** for this case will still be positive but decreasing about the half, reaching the **€ 400. 951, 02** and The **IRR** decreased reaching **just 1%**.

Conclusions and Recommendations.

Thanks to the development of all the phases of the project divided by chapters in this entrepreneurship project it is possible to say that the business idea can be put in practice.

Through the elaboration of the market, strategic and industry analysis, it was determined the principal element of the environment and the actual situation in where "La Alejandrina Patisserie" will be developing. Here specifically it was understood that is a tough market with a lot of direct competitors and many substitutes, plus the first ideas of the strong fixed assets structures that the project must have. In addition to this, the most important input obtained here was the differentiation factors that can bring the business with success and the potential market niche in where this value proposition will be directed, being this specifically the offer of an elegant, luxury experience, more than just a place to eat cakes and pastries.

The mystery shopping activity developed in the first phase was a key success action to have a more realistic vision of what is needed to do to bring success beside the competence. Also, here the development of a strategic map, a balance scorecard, mission, vision, values and corporate governance, also defined the alignments in order to create after all the structure in which the shop need to start its activity having as goal, bringing excellence in quality and costumer attention.

In matters of the marketing analysis it was made a deeper analysis of the main direct competitors, in order to define next, the two mail objectives the project has and form this create a plan including its costs to fulfil it. The population who "La Alejandrina Patisserie" will be directing its products and services was defined with a rank of age between 25 and 79 years old of the most important and with the highest levels of income neighborhoods in Madrid, trying to focus the attention in the consumers that will be willing to pay for a luxury and different experiences besides just volume and fast attention.

The technical study created the background for the financial viability phase, here it was developed all the needs, starting from software, passing form fixed assets for production and reaching to human resources requirements, to put in practice the business, all of these doing a deep research of the costs involved within it. In this phase it was realized that the wright of fixed assets is big, however with the fact of not having the need to but the physical store but instead rent it, made the structure less heavy. Also, in this phase, it was created the breakdown in how the staff will be conformed and how the salary structure will work.

As last, but not least the financial analysis was developed. As this company will be created from scratch, many of the statements were created under assumptions that are not randomly picked but agreed after many meetings with the creators and capital investors of the present project. La Alejandrina, after watching the statements and technical needs it can be said that is a small business, making its accounts to be very small and simple. The forecasts either for

the cost structure, the sales, profit and loss account and future cash flows were also made taking into consideration economic premises well known inside the market.

Also, in here it was defined that as being a luxury service provider the strategy of setting prices was to make them fixed trying to reach the highest possible (known thank the Mystery Shopping activity) and instead of calculating sales with the formula of the multiplication $Q \times P$, it was made an assumption of the average buying ticket, as an agreement of the investors of the project. With this it was found that in the P&L with the structure set the shop will earn profits during the time horizon, realizing that the EBITDA represents around 30% of the sales and the net profit the 20%.

The discounted cash flow gave to the project a positive Net Present Value, making understand that through this method it can be viable to open the pastry shop, adding an IRR of 14% that also can be considered a good reason for investors to accept starting the project. The payback period it throws that the investment will be paid at more or less 2,5 years, however trying to with the discounted payback period it was found that inside this time horizon it was found that the investment can't be payback.

Regarding the financial KPIs the returns are the ones required by the investors as it was mentioned in the Balanced Scorecard, the explanation of having values around 20% can be that since the pricing strategy is to fix the highest possible the amount of net income compensate the high weight of fixed costs that the project has.

So, to close the project it is possible to say that is viable to open the pastry shop. How ever as recommendation it would be positive to increase the time horizon trying to have a wider view of the ratios and a more realistic outcome.

References

- Amazon*. (10 de June de 2019). Obtenido de <https://www.amazon.es/>
- Asociación Española Startups*. (15 de Abril de 2018). Obtenido de <https://asociacionstartups.es/noticias/>
- Ayuntamiento de Madrid*. (18 de May de 2018). Obtenido de <https://www.madrid.es/portales/munimadrid/es/Inicio/El-Ayuntamiento/Estadistica/Areas-de-informacion-estadistica/Territorio-climatologia-y-medio-ambiente/Territorio/Mapas-de-Distritos-y-Barrios/?vgnnextfmt=default&vgnextoid=240d64c49579f410VgnVCM1000000b20>
- Ayuntamiento de Madrid*. (January de 2019). Obtenido de <https://www.madrid.es/portales/munimadrid/es/Inicio/El-Ayuntamiento/Estadistica/Distritos-en-cifras/Distritos-en-cifras-Informacion-de-Barrios-/?vgnnextfmt=default&vgnextoid=0e9bcc2419cdd410VgnVCM2000000c205a0aRCRD&vgnnextchannel=27002d05cb71b310VgnVCM10000>
- Datos Macro*. (31 de May de 2019). Obtenido de <https://datosmacro.expansion.com/bono/espana>
- EUROSTAT*. (April de 2019). Obtenido de <https://ec.europa.eu/eurostat/data/statistics-a-z/abc>
- Glassdoor salary calculator*. (june de 2019). Obtenido de https://www.glassdoor.com/Salaries/madrid-financial-manager-salary-SRCH_IL.0,6_IM1030_KO7,24.htm
- Idealista*. (20 de May de 2019). Obtenido de https://www.google.com/search?source=hp&ei=TnfgXJC7D86KlwTVg4zAAw&q=traductor&q=traductor&gs_l=psy-ab.12..35i39l2j0i131j0l7.186403.187863..188028...1.0..0.202.1120.6j3j1.....0....1..gws-wiz.....6.WSjy6w3Jh7M
- IKEA*. (10 de June de 2019). Obtenido de <https://www.ikea.com/es>
- Instituto Nacional de Estadística*. (2019). Obtenido de https://www.ine.es/prensa/pib_tabla_cntr.htm
- Instituto Nacional de Estadística*. (Enero de 2019). Obtenido de <http://www.ine.es/jaxi/Datos.htm?path=/t20/e245/p05/a2011/l0/&file=00028001.px>
- Kaplan, R. (2010). Conceptual Foundations of the Balanced Scorecard. *Harvard Business Review*, 1-36.
- Kaplan, R. a. (2001). Transforming the Balanced Scorecard from Performance Measurement to Strategic Management: Part II. *American Accounting Association*, 147-160.
- Kaplan, R., & Norton, D. (1991). The Balanced Scorecard Measures that Drive Performance. *Harvard Business Review*, 1-11.
- Madrid, C. d. (2009). *Guía de ahorro y eficiencia energética en pastelerías y panaderías*. Madrid.
- Marzo marketing affiliation*. (June de 2019). Obtenido de <https://marzo.com.es/marketing-afiliacion/>

- Microsoft. (May de 2019). Obtenido de https://www.microsoft.com/es-es/p/windows-10-pro/df77x4d43rkt/48DN?icid=Cat_Windows_mosaic_linknav_Pro_090117-en_US
- Movistar. (May de 2019). Obtenido de <http://www.movistar.es/empresas/portada/fusion?pid=PY-home-productos2>
- (2014). *MRS Guidelines for Mystery Shopping Research*. London.
- OECD. (2015). *G20/OECD Principles of Corporate Governance*. Paris: OECD Publishings.
- Organization, I. L. (2012). *Serie de guías prácticas para la creación y gestión de organizaciones de empleadores eficaces*. Geneva: International Labour Organization.
- Porter, M. (2008). The Five Competitive Forces That Shape Strategy. *Harvard Business Review*, 1-36.
- TIM. (May de 2019). Obtenido de https://www.tim.es/informacion-de-gastrofix?gclid=CjwKCAjw5pPnBRBJEiwAULZKvg0QyVEPAYXJApwfdQcC3AzP1Ysm5IkARRSIBYJlfc_4SxN4A3s66RoC0SwQAvD_BwE
- Valentin, E. (2001). SWOT Analysis from resource based view. *Journal of Marketing Theory and Practice.*, 54-68.
- Web Page Domain. (June de 2019). Obtenido de <https://es.godaddy.com/domainsearch/find?isc=cardigan&checkAvail=1&tmskey=&domainToCheck=www.alejandrinapatisserie.com>
- Wordpress. (June de 2019). Obtenido de <https://es.wordpress.com/pricing/>

Annexes

1. Mystery Shopping Templates.

Store's Name	Le Bec-Finn
Location	Calle de Claudio Coello 58. (Salamanca)
Menu	The items are divided in: - <u>Fresh</u> : desserts (lime pie, profiteroles, macaroons, chocolate turtles, and different gourmet products depending on the day) and croissants. - <u>Packaged</u> : desserts (cookies, madeleines and meringues). - <u>Drinks</u> : different types of coffees.
Items Purchase	Chocolate turtle, one cake of the day, coffee and macaroons.
Price	Chocolate Turtle (very small dessert), € 4, lime pie €6, macaroons € 2 each one and coffee € 3.
Time (waiting to get the order ready)	25 minutes
Presentation of the product	Clean, elegant, very minimalistic. It has the identification of the logo and store's name.
Overall description of the whole experience	In general, the experience was average, the place was clean, elegant, with a minimalistic decoration. The staff is very kind but very slow in matters customer service (and taking into consideration that there were a few people in the store) The flavor of the typical desserts was good, however the gourmet was quite difficult to understand what it was at the time to order it and not liked by every person that was doing the mystery shopping. This shop is one of the direct competitors of this project.

Store's Name	La Duquesita
Location	Calle de Fernando VI 2. (Justicia)
Menu	The items are divided in: - <u>Fresh</u> : desserts (chocolate cake and strawberry pie) and pastry (croissants and palmeras) - <u>Packaged</u> : different types of chocolates. - <u>Drinks</u> : coffee and tea.
Items Purchase	Pie chocolate cake, coffee and croissant.
Price	Cakes € 6, croissant €4 and coffee €3.
Time (waiting to get the order ready)	25 minutes
Presentation of the product	Clean, elegant, very traditional it reflects as its mentioned in its name that is a generational pastry shop.
Overall description of the whole experience	In general, the experience average, the place was clean, elegant, but a little bit small. The staff is very kind and very quick however was very difficult to enter because of the quantity of people, the chairs are not very comfortable for eating. Regarding the products, the offer of desserts was very small for sweet lover. The quality of the coffee was poor, burnt milk and coffee.

Store's Name	Mama Framboise
Location	Calle de Jorge Juan 21 (Salamanca)
Menu	<p>The items are divided in:</p> <ul style="list-style-type: none"> - <u>Fresh</u>: desserts (blueberry cheesecake, lime pie, carrot cake, galleta Maria cake, mango budding, chocolate cake with raspberries, apple cake/crumble, coconut cake, macaroons and chocolate), pastries (palmera, palmera de chocolate, chocolate croissant, raspberry croissant, croissant, almond croissant and chocolate napolitana), different flavor of crepes, salty (Iberic bocata, avocado toast, tequeños and york ham bocata). - <u>Drinks</u>: coffee, teas, cocktails, smoothies, lemonade and different time of frozen juices.
Items Purchase	Carrot cake, cheesecake, chocolate cake, raspberry and chocolate croissant and toe macaroons-
Price	Cakes € 5,5 each one, pastries € 6, coffee € 4 and €2 per macaroon.
Time (waiting to get the order ready)	1 hour
Presentation of the product	Clean, elegant, with French touches, makes you feel like you are in a café in France.
Overall description of the whole experience	In general, the experience was very good, the place was clean, the desserts were delicious and the pastries very big. The coffee was well prepared, at right temperature and flavor. Regarding customer service, the waiter took a long time to take the order and also to bring it to the table, counting that it was forgotten one of the products that was brought to the table almost when we were paying the bill, maybe it's a consequence of the place being very crowded. However, staff was very kind and well training and knowledge about the business and its products.

Store's Name	Pomme Sucre
Location	Calle de Barquillo 59 (Justicia)
Menu	The items are divided in: - <u>Fresh</u> : desserts (tarta san marcos, cheesecake, mil hojas, sacher, pavlovas, lime pie, chocolate mousse and different very gourmet cakes) and pastries (palmera, palmera de chocolate, chocolate croissant and plain croissant). - <u>Drinks</u> : coffee and teas.
Items Purchase	Cheese cake, tarta san marcos, sacher, pavlova and tea.
Price	Cakes € 6, pastries € 5, tea € 3.
Time (waiting to get the order ready)	1 hour
Presentation of the product	Clean, elegant, simple with a vintage touch.
Overall description of the whole experience	In general, the experience was very good, the place was clean, the desserts were delicious and the pastries very fresh. This store offers the service of tea time as your order your food they bring to you all the experience as you were in London. The staff was very kind and fast at the time to take and serve the order, also have wide knowledge about what they sell, making easier to make a choice in what to order.

Store's Name	Cristina Oria
Location	Calle de Ortega y Gasset 29 (Salamanca)
Menu	Very large menu since this store is a mix of restaurant with pastry shop. Its perfect for drinking tea with different type of food salty and sweet.
Items Purchase	Croissants, sobaos and a lime pie, coffee and a cava glass.
Price	Croissant € 8, sobaos € 7, lime pie € 6, coffee € 4 and cava glass € 7.
Time (waiting to get the order ready)	1 hour and a half.
Presentation of the product	Clean, elegant, with French touches, crowded of stuff sine in the entrance they have like a shop for prepared meals takeaway food and also kitchenware.
Overall description of the whole experience	In general, the experience was very good, the place was clean, the desserts were delicious but very small. The coffee was not good. Regarding customer service, the waiter took a long time to take the order and also to bring it to the table, maybe because the place was very crowded. However, staff was very kind and well training and knowledge about the business and its products.

2. Maps of neighborhood in were the potential market is located Source (Ayuntamiento de Madrid, 2018)

