FEASIBILITY ANALYSIS OF LAUNDRY LOUNGE IN VIETNAM, TARGETING STUDENTS

Case: Start-up X, Ho Chi Minh, Vietnam

Lahti University of Applied Sciences
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NGUYEN, THI CAM TU &   Feasibility analysis of laundry lounge in
                              Vietnam, targeting students
NGUYEN, TRUONG MINH DANG   Case: Start-up X, Ho Chi Minh, Vietnam

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ABSTRACT

This study aims to propose a business idea – a laundry lounge for students in Ho Chi Minh City, Vietnam. In order to achieve this aim, a feasibility analysis is applied to determine whether the laundry lounge, a combination of laundry and extra services such as cafeteria, reading room and free Wi-Fi, is promising for the target group. As a result, the objective of the thesis is to measure the feasibility of the laundry lounge model in the target market.

The thesis is structured with four main parts. To begin with, the main theories in business idea evaluation are thoroughly mentioned. With its components, the feasibility analysis is employed throughout this study as the main metrics for the proposed business in order to measure its potentiality. Then, a description of laundry lounge concept and its basic form, self-service laundry, are clearly presented. After that, an empirical research to collect primary data regarding the laundry lounge concept is logically reported. Finally, the feasibility analysis is implemented in detail to find out the answers for the research questions and hence successfully serve the objective of this thesis. It is worth noticing that the thesis acts as a market research to explore the potential of the laundry lounge in the target market. This study does not concentrate on building a business plan for the case company to raise finance or make profits.

For the purpose of this research, deductive approach was applied along with the employment of quantitative and qualitative research methods. Besides, both primary and secondary data were collected to serve the ultimate goal of the thesis. Primary data was obtained by conducting a survey among the target customers and structured interviews with prospective customers and business people in the service sector. Secondary data was acquired from publications such as books, laws, reports, articles and electronic sources.

The main findings indicate that the proposed business is feasible and promising. In other words, the laundry lounge has a huge potential to be further developed in Ho Chi Minh City. The capital required is affordable for the start-up and more importantly, the return on investment rate is significantly high for the business.

Key words: laundry lounge, self-service laundry, feasibility, Vietnamese students, Ho Chi Minh City

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GLOSSARY

CIT: Corporate Income Tax

EUR: Euro

GDP: Gross Domestic Products

HR: Human Resources

ICT: Information and Communications Technology

ROI: Return on Investment

SLS: Smart Laundry Systems

UK: United Kingdom

US & USA: United State

VAT: Value Added Tax

VND: Vietnamese Dong

1 INTRODUCTION

This chapter is first to introduce the thesis background including thesis topic and authors' initial motivation to conduct this thesis. Then, the main objective of the thesis is described and logically followed by research questions and sub-questions. After that, based on research topic and objectives, scopes and limitations of the thesis are briefly shown. Next, theoretical framework is clearly presented so as to point out the relationship between applied theories. Then, research methodology and data collection are explained and finally, thesis structure is drawn by a detailed diagram.

1.1 Thesis Background

In 2014, the authors joined in the exchange program in Belgium. There, they and most students did not have a washing machine at their rent apartments so they had to go to the self-service laundry store which is equipped with coin/cash operated washing and drying machines. It is simple, convenient and charges at a reasonable price. That makes it so attractive for students especially who have a tight budget to fulfil the basic needs. Spontaneously, the authors thought about Vietnam, particularly Ho Chi Minh City, where a huge market composed of students is continuously growing every year along with the fast-developing service sector.

Service sector is seen to be the fastest growth sector in Vietnam recently despite the decrease in nationwide economic (Viet Nam News 2014). Since last year, this sector made a significant change to GDP contribution which is demonstrated by two following pie charts illustrating the proportion of three important sectors including service, industry and agriculture in Vietnam in 2012 and 2013.

2012   **2013**
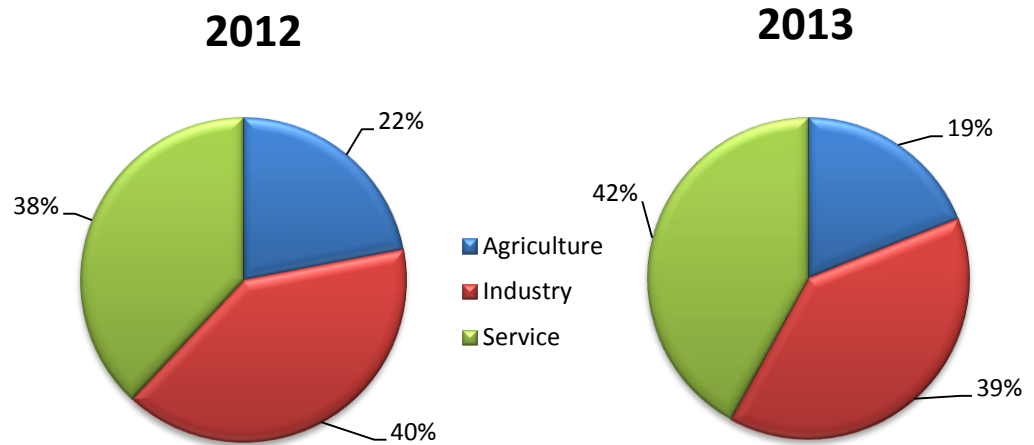
FIGURE 1. Vietnam's GDP contribution by sectors in 2012 and 2013 (modified from CITYLAND 2012 and EU- Vietnam Business Network 2015)

As can be seen clearly from figure 1, the service sector contributed 38% in GDP of Vietnam in 2012 where it represents that the proportion of industry was a bit higher with 40% making it to be the major contribution of GDP amount. However, the trend went in the opposite way in 2013 when 42% of GDP was coming from the services sector and the amount of GDP obtained from industry declined to 39%. Thus, it is obvious that service sector is developed effectively and from year to year confirms its critical role in Vietnam's GDP.

Among many big cities in Vietnam, Ho Chi Minh City is evaluated as the place which has the most potential for the service sector to develop more in the near future. According to Viet Nam News (2014), Ho Chi Minh City will strongly focus on this sector in 2015 where it is predicted that 57% of GDP source will come from service activities while the rate is only 42% for industry and 1% left is for agriculture.

Ho Chi Minh City, which is witnessing the drastic climb in the number of college and university students every year, is also the most important educational city in Vietnam. In 2011, over 500,000 Vietnamese students were pursuing their degrees in Ho Chi Minh City. (Bao Moi 2011.) As mentioned before, the services in Ho Chi Minh City are developing to serve the high demand of the consumers. However, the ones for students are still limited making it difficult to create the most advantageous environment for them to live and study (Hoa 2013). Thus, if the business can provide a better service for students, the authors strongly believe

that the new business concept, laundry lounge where washing, drying, eating, studying can be done at the same time, might have a great opportunity for success in Vietnamese market.

During the time studying in Vietnam, the authors saw the fact that Vietnamese students have to deal with noticeably heavy studying programs at school. In addition, the majority of them go to a language centre after school to improve their language skills. Moreover, a large number of Vietnamese students have part time jobs during week days to support their living costs (Tuoi Tre Viet Nam 2013). Despite the strict time schedule of studying and working, most students still have to wash clothes by hand themselves, which really takes time, energy and affects negatively to students' life. Consequently, the authors see an opportunity for a service that can help them save both time and energy.

Self-service laundry was introduced in 2011 in Vietnam to meet this demand but it seems to be failed as it is not popular among students due to the bad quality. More and more students shun the service. (Tran 2015a.) Besides, the self-service laundry might help save energy but students still have to spend time uselessly waiting for their clothes to be washed.

Instead of wasting time, a laundry lounge helps to save both time and energy as students can have breakfast, lunch or dinner, read some books or use free Wi-Fi to do their homework during the waiting time. Hence, this is an obvious opportunity for the authors to start their own business with a laundry lounge as a pioneer in Vietnamese market targeting Vietnamese students. And the foremost thing needed to do is using feasibility analysis to determine if this prospective business is viable or not, and thereby, this thesis is born to explore the answer.

1.2   Research Objective, Research Questions

Research Objective

The authors acquired a great interest in starting up own business when coming back to Vietnam with the new generation of self-service laundry – laundry lounge. In order to successfully launch the business, a market research needs to be done properly to see if this new service will be accepted widely in Ho Chi Minh City, the target location in Vietnam, by Vietnamese students, who are chosen to be the foremost target group, and how profitable it will be. As a result, the main objective of this thesis is to measure the feasibility of the new business model, laundry lounge, targeting Vietnamese students in Ho Chi Minh City.

Research Questions

Research question: How feasible is a laundry lounge in Ho Chi Minh City with the target group of Vietnamese students?

Sub-questions:

- What is a laundry lounge?
- What levels of desirability and demand are there for the service in Ho Chi Minh City?
- How attractive are the industry and the market in Vietnam?
- What are organizational requirements to run the business like?
- How much capital is needed and how profitable will the business be?

Finding out the answers successfully for these questions provides more evidences regarding customers' perception towards the new concept, the benefits and drawbacks of Vietnamese market as well as the estimated financial base to run the business and the profit the case company can get back. Thanks to that, it is possible to confirm again if the laundry lounge is an ideal business model in Vietnam, particularly in Ho Chi Minh City, accepting by the majority of the target group and bringing profits to the company.

1.3   Scopes and Limitations

Choosing Vietnamese students living in Ho Chi Minh City as the target group for the web survey, the authors believe that the demand for self-service laundry and more importantly laundry lounge among this target group is rather higher than others, which will be explained later in chapter 5. As a consequence, there is an age restriction between 18 and 24 years old meaning that this thesis only focuses on studying the behaviour and perception of Vietnamese students from 18 to 24 years old towards the new service.

As mentioned earlier, the main objective of this thesis is to measure the feasibility of the new business model – laundry lounge - in Ho Chi Minh City market. Therefore, this thesis works as a market research leading to the fact that there will be no practical business plan at the end as a final outcome. In other words, the authors concentrate on finding out if Vietnamese students are promising group for the laundry lounge to survive and develop not constructing a business plan to help business acquire profits.

There is a limitation in estimated earnings calculation as the monthly amount of customers is not based on precise report or research, but is only the authors' logical reasoning. If the real amount of customers differs from the expected one, the business' financial feasibility might be higher or lower.

1.4   Theoretical Framework

Theoretical framework illustrates the relationship between different theories guiding a research project (Business Dictionary 2015). Figure 2 below is drawn to describe the theoretical framework of this thesis.

The objective of this thesis is to determine the feasibility of new business idea-laundry lounge – in Ho Chi Minh City market targeting Vietnamese students. Therefore, the theory of business idea is mentioned in chapter 2 for the reader to understand what it is, where it comes from and how it is important to the business especially a start-up.

However, business idea itself is not enough for an entrepreneur to launch his business. Kubr (1998, 25) says that the idea itself does not obtain any economic value until it is transformed to a concept with clear and accurate description of significant points. This is why in chapter 2, business concept is explained briefly about its characteristics and benefits to entrepreneur. Then, in chapter 5, the business concept is practically described through a concept statement of laundry lounge.

Katz and Green (2014, 94) state that to avoid preparing failing business plan or launching non-profitable business, it is essential to test if the business idea and the concept are viable and realistic in the market that the company wants to enter.
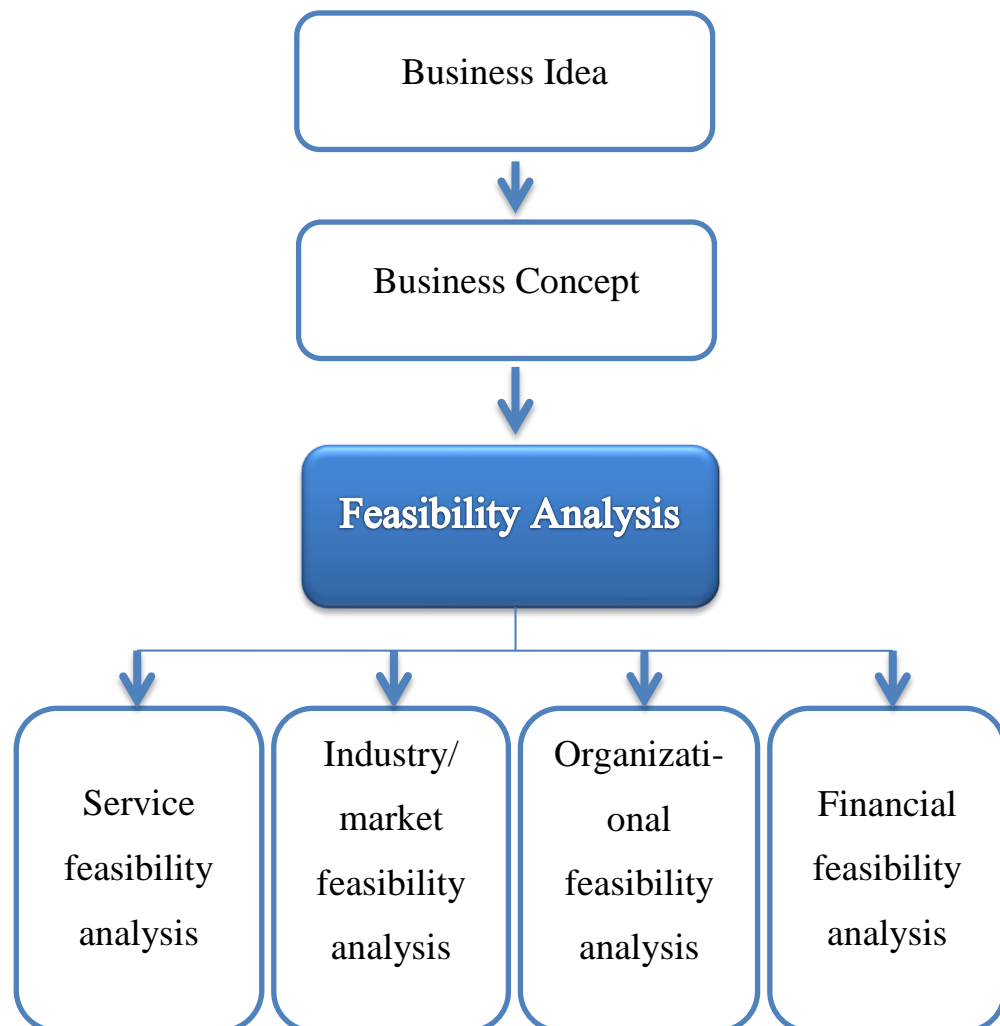
FIGURE 2. Theoretical framework

Feasibility analysis is seen to be an effective method to complete this task successfully. (Katz and Green 2014, 94.) Therefore, in the thesis, feasibility analysis is applied as the main tool to determine the viability of the laundry lounge for Vietnamese students in Ho Chi Minh City. Consequently , a clear and detail explanation of the feasibility analysis including four main elements, which are product/service feasibility, industry and market feasibility, organizational feasibility and financial feasibility, is offered in chapter 2 as a guidance for the implementation part in chapter 5.

1.5   Research Methodology and Data Collection

The research methodology is described briefly in the figure below:

Research Approach	
Deductive	

Research Method	
Quantitative	Qualitative

Data collection	
Primary (questionnaire, interviews)	Secondary (books, articles, journals, etc.)
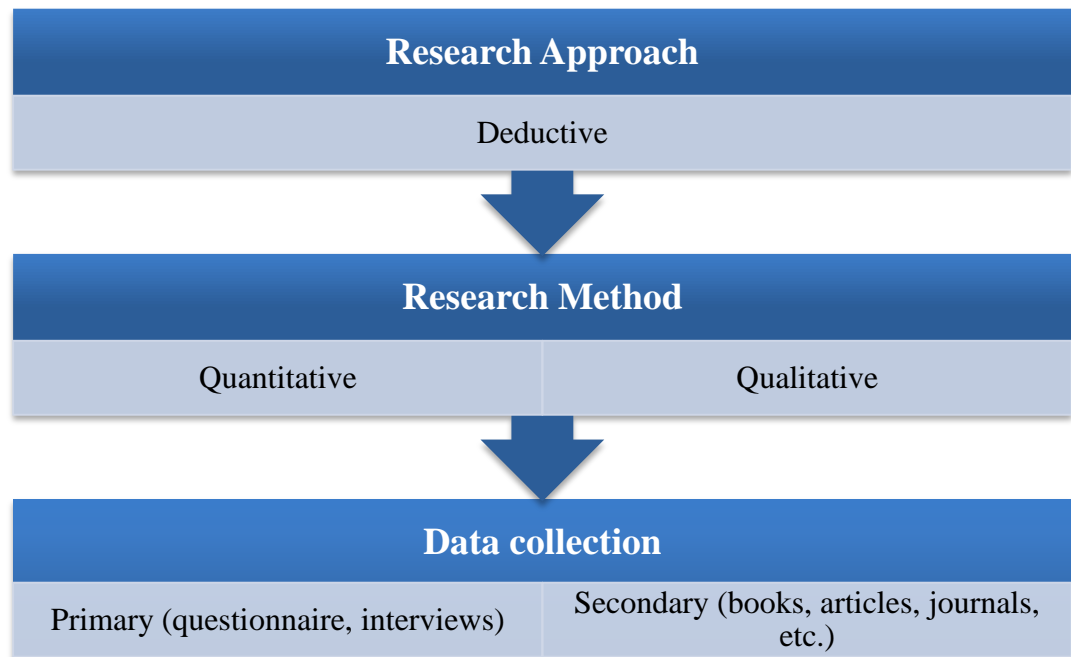
FIGURE 3. Research methodology

Research

Research is a process in which data regarding a certain topic is compiled, analysed and interpreted systematically with a clear objective to explore new things (Ghauri & Grønhaug 2010).

Research Approach

Burney (2008) states that there are two main research approaches which are deduction and induction. Deductive approach moves from theory to data meaning that necessary data is collected to evaluate proposed hypotheses related to existing theories. Inductive approach, on the other hand, goes from data to theory which means the gathered data is analysed properly to create a new conceptual framework. (Burney 2008). According to Suddaby (2006), the combination of deduction and induction presenting the back and forth moves of the approach can be called abduction with which the collected data is used to generate new theory or modify an existing one that is subsequently tested again thanks to additional data collection.

There are two main criteria that should be taken into account when deciding which approach is appropriate for the research: the research topic's nature and available research time (Saunders et al. 2012, 148). Exploratory and applied business research is seen to be the nature of this thesis. Moreover, the time allowing the authors to conduct the research is limited in two months and a half. Hence, deductive approach illustrated below is applied as the most suitable research approach for this thesis.

Theory
• Laundry lounge concept

Hypothesis
• The laundry lounge is a promising and profitable business model in Vietnamese market targeting Vietnamese students

Observation
• Feasibility analysis

Confirmation
• Confirm the exact of the hypothesis
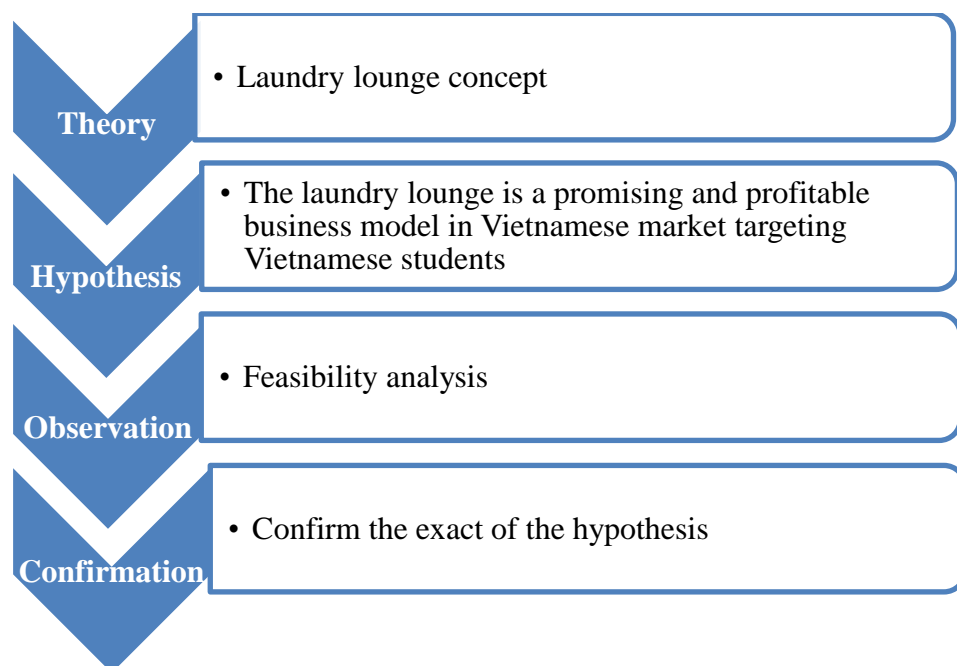
FIGURE 4. Deductive research approach (modified from Burney 2008)

Research Method

Saunders (2012, 162-164) mentions that the two most prevalent methods in business scientific research are quantitative and qualitative methods. Quantitative method is associated with numeric data while qualitative method relies on non-numeric data. Quantitative method helps to find out the relationship between the variables or examine the trends from the provided data to test certain existing theories and come up with conclusions which generalize the knowledge. (Saunders et al. 2012, 162-164.) In contrast, qualitative method enables the researcher to obtain in-depth understanding of a situation (Cooper & Schindler 2008, 162).

The objective of this thesis is to determine if Vietnamese students in Ho Chi Minh City is promising segment for the laundry lounge service. Therefore, it is important for the authors to get necessary data about the target group's behaviours towards washing and drying clothes for example how many times per week they wash their clothes or how long it takes for one time washing and drying, etc. Those are obviously in form of numeric-data. Moreover, the authors also need to find out the common routines and trends among the target group, which can be drawn from charts and graphs, the popular and useful techniques in quantitative research method. Additionally, self-service laundry has already been in Vietnam so being able to understand deeply the situation about laundry service in Vietnam at this moment is such imperative to evaluate the feasibility of new business model – laundry lounge. In this case, qualitative research method provides useful technique such as interviews to reach the objective. Consequently, quantitative and qualitative research methods are combined efficiently in this thesis.

Data Collection

There are two categories of data: primary and secondary data. Primary data is collected by the researchers themselves depending on specific purpose (Eriksson & Kovalainen 2008, 77-80). A variety of means can be used effectively to obtain primary data such as observations, web or mail survey, questionnaires, interviews which can be done through phone call or email, etc. (Saunders et. al 2012). On the other hand, secondary data involves the one that have been already collected for

some other purposes irrespective of researchers' purpose and intention (Eriksson & Kovalainen 2008, 77-80). These sorts of data are further analysed to provide various or additional interpretations or conclusions (Bulmer et al. 2009). Trustworthy sources with prestigious authors such as books, articles and journals, etc. are popular and actionable sources of secondary data (Saunders et. al 2012, 304-305).

In this thesis, primary and secondary data are both gathered to enhance the reliability and validity of the outcomes. Primary data is related to target group's behaviours in washing and drying their clothes as well as their perceptions and attitudes regarding laundry lounge. A web survey to Vietnamese students in Ho Chi Minh City was launched and interviews with prospective customers as well as business people were conducted to gain such primary data. In addition, the authors' own experience and observations were utilized to collect more critical data. The secondary data was obtained through course and science books, previous lectures, articles and newspapers containing information about business idea, business model, feasibility analysis, finance and entrepreneurship. Furthermore, FBNC (Finance and Business Channel), a trustful channel in Vietnam publishing all news related to business, economic, or any current trends in Vietnam is an effective source of secondary data. The authors also benefited from the Ministry of Industry and Trade of the Socialist Republic of Vietnam with valuable and official information.

1.6 Thesis Structure

The following figure demonstrates the thesis structure including 7 chapters:

I. INTRODUCTION

- Background information, research objectives, research questions, scope and limitations, theoretical framework

II. MAIN THEORIES IN BUSINESS IDEA EVALUATION

- Business idea, business concept, feasibility analysis

III. LAUNDRY LOUNGE CONCEPT

- The concept and observed company

IV. EMPIRICAL RESEARCH

- Data collection procedures and data analysis

V. FEASIBILITY ANALYSIS IMPLEMENTATION

- Industry and market feasibility, service feasibility, organizational feasibility, financial feasibility

VI. CONCLUSION

- Findings, reliability and validity, recommendations for further research

VII. SUMMARY

FIGURE 5. Thesis structure

Chapter 1 introduces the background information and objectives of the thesis followed by research questions and research designs. Besides, thesis's scopes and limitations are also described in this chapter.

Chapter 2 mentions literature related to business idea, business concept and more importantly, feasibility analysis which is the main tool to serve the objective of this thesis.

Chapter 3 demonstrates the new concept- laundry lounge developed based on the basic form of self-service laundry. Furthermore, chapter 3 is also where a typical example of the laundry lounge in the US is presented to help the readers obtain a clearer picture about the service.

Chapter 4 describes empirical research which reflects how primary data is collected and analysed to serve the objective of the thesis.

Chapter 5 shows how different elements of the feasibility analysis – service feasibility, industry and market feasibility, organizational feasibility and financial feasibility – are implemented successfully using the results from empirical part in chapter 4 to find out the reliable answers for research questions.

Chapter 6 produces the conclusions confirming again whether proposed hypothesis is right or wrong and the reliability as well as validity of the research after which the authors propose some suggestions on further researches.

And finally, chapter 7 concludes the thesis by a summary including all critical information.

2   MAIN THEORIES IN BUSINESS IDEA EVALUATION

This chapter is constructed to introduce related theories which work as an effective guide for the thesis. Firstly, business idea is explained in terms of definition, its sources and its importance in a business plan. Secondly, definition and critical role of business concept in business planning process are described. Thirdly, the theory of feasibility analysis is thoroughly presented.

2.1   Business Idea

Business idea is one of the key elements of the start-up process which may exist within individual's consciousness for periods of years before the decision of launching the business (Mazzarol 2008, 44). A good business idea can simply come from noticing market demand leading to a good commercial opportunity (Burns 2011, 125). It is undeniable that most business ideas, which can result in totally new businesses or new and improved product/service, come from observations and information around us every day. In fact, a successful business owner does not need to obtain special power or secret strategy to seek for new business idea and innovation, but careful attention to normal things happening in daily life. (Katz & Green 2014, 82-83.)

According to Katz and Green (2014, 83-86), there is a great source of ideas for new businesses such as work experience, a similar business, hobby or personal interest, chance happening or serendipity, family and friends, education and expertise, idea sites, technology transfer and licensing. These sources are valuable for people who want to start their own business to search for great opportunities existing in the market place.

In business plan format, the part of business idea is the first thing that the investors or lenders will read to gain an overview about the proposed business. It is important that the business idea should be written in proper way that catch the attention and impression of the readers and create an interest in them to read further part of the business plan. It is noticeable that the content of this part should be realistic and positive enough for the readers to look further. Moreover, there should not be any negative things, which can be discussed positively in the

business plan later, mentioned in this part so as to avoid failure feeling in the readers' mind. (Butler 201, 41-44.)

2.2 Business Concept

A business concept reveals a brief and clear description of an opportunity that contains basic information about the target customers, value proposition, product or service and distribution channel (Allen 2010, 57).

According to Muller (2012), '*A business concept is a bridge between an idea and a business plan*'. In fact, it is normally easier for people to come up with a business idea than transferring it into a concept and then developing to a perfect business plan. The process of converting an idea to a concept involves thinking about how to sell the product or service, who the customers are, and what the benefits and competitive advantages the product or service offers differently to customers are.

Allen (2010, 57) suggests that the statement of business concept should be concise as most readers, prospective investors and readers are not patient enough to spend more than a few seconds to decide whether to ignore or continue to investigate further.

A clear business concept effectively helps the entrepreneur describe succinctly the precise nature of the business to related parties such as investors, lenders, suppliers and customers. In other words, a clear business concept is necessary for prospective clients to visualize the business and its offering. (Muller 2012.)

It is unavoidable that the business concept can be changed differently from the original one during feasibility analysis and business planning processes when the entrepreneur achieves deeper understanding about the market as well as the possibility of making profits. However, the entrepreneur still needs to be able to provide the essence of the business clearly and accurately to others so that they can easily reach the significant point of the business. (Muller 2012.)

2.3   Feasibility Analysis

'A feasibility analysis is a process of determining whether an entrepreneur's idea and business model form a viable foundation for creating a successful business' (Scarborough 2014, 143).

The feasibility analysis helps to determine if it is worth for the entrepreneur to further pursue their business idea and model. Acting as an investigative tool, this analysis is designed to answer the question: 'Should we proceed with this business idea?' (Scarborough 2014, 143-144.) Consequently, to make sure that the business idea is potential, profitable and to avoid wasting money and resources building a full-blown business plan, it is such important that the company should take the feasibility analysis into account before committing their resources to a solid business plan. (Mullins 2003.)

According to Barringer and Ireland (2012, 79-81), a feasibility analysis combines four major components: product or service feasibility, industry and market feasibility, organizational feasibility and financial feasibility.

2.3.1   Product or Service Feasibility

Product or service feasibility analysis determines to which extent a product or service appeals to prospective customers as well as defines resources needed to produce the product or provide the service (Scarborough 2014, 149-152).

Product/service desirability and product/service demand are two main components of product/service feasibility (Barringer & Ireland 2012, 81).

Product/Service desirability is to verify if the proposed product/service is actually desirable and serves market's need or not. In this portion, concept test is said to be a useful tool to affirm product/service desirability. Concept test involves a brief description of new product/service, which the company wants to investigate its desirability, known as *concept statement*. The concept statement combining with a short predetermined question list are sent to the experts in the industry that product/service belongs to and prospective customers who will give

valuable feedback regarding that new concept. The number of respondents in this case should be at least 10 people and should not be family members or friends so as to enhance the reliability and avoid biased views. (Barringer & Ireland 2012, 82-84.)

A well-written concept statement helps the readers form a clear picture of the business (Rifkin 2015). According to Hougaard (2010, 102) an effective concept statement should include following information:

- Description of the product/service
- Description of the target market
- Benefits of the product/service
- Competitive advantages of the product/service
- Brief description of the company's management team

William (1982) suggests that besides developing a concept statement, personal interviews and focus groups are actionable avenues to gain feedback from prospective customers or industry's experts. In this thesis, interviews were conducted to collect prospective customers' feedback.

The following table describes an example of the question list enclosed with the concept statement:

TABLE 1. Question list to enclose to the concept statement (modified from Barringer & Ireland 2012, 83)

1. List three things you like about the product or service idea described in this statement.
2. Provide three suggestions for making the idea better.
3. Do you think the idea is realistic and viable?
4. Provide any additional comments or suggestions you think might be helpful (including red flags).

Product/Service demand, the second component of product/service feasibility, is to clarify if the demand for product/service exists. The clarification can be done through primary research with *buying intentions survey* or secondary research with *Internet, library sources* or combination of these two methods. (Barringer & Ireland 2012, 84-86.)

Buying intentions survey is used to measure customers' interest in product or service. A short concept statement should be included together with the survey so that the respondents have a general idea about the new product/service before answering survey's questions. The survey should be sent to at least 20 people who have not joined in the concept test explained above. The table below shows a typical buying intentions survey with the most important points which help to gain insight regarding not only customers' buying intentions but also pricing, sales and distribution. (Barringer & Ireland 2012, 84.)

TABLE 2. Buying intentions survey sample (Barringer & Ireland 2012, 84)

How likely would you be to buy the product or service described above, if we make it?
- Definitely would buy
- Probably would buy
- Might or might not buy
- Probably would not buy
- Definitely would not buy
Additional questions that are sometimes included in the survey:
How much would you be willing to pay for the product or service?
Where would you expect to find this product or service for sale?

Internet, library are marvellous sources to get more necessary data besides buying intentions survey. Researchers can utilize the diversity of books, science articles or journals in university's library, city's library. It is undeniable that Internet is extremely a good source which provides a huge amount of information the researchers need. (University of Colorado Boulder 2015.)

In this thesis, the authors combine both primary and secondary researches to ensure the reliability of the outcomes. In other words, data to assess the customer's demand regarding the laundry lounge was collected thanks to buying intentions survey and sources from the Internet, library.

2.3.2   Industry and Market Feasibility

Industry and market feasibility is to first, affirm if the industry is attractive enough for company to introduce new product or service and second, identify the attractiveness of the market in Vietnam that can create profits for the company (Scarborough 2014, 144).

Industry Attractiveness

'Industries vary in terms of their overall attractiveness' (Ireland et al. 2012). Allen (2010, 103-108) says that PESTLE analysis, which helps to get an overview of the country in that company wants to launch their product or service, and Porter's Five Forces, which analyses crucial factors existing in the industry and affecting company's profits, can be applied to measure the degree of industry's attractiveness.

PESTEL Analysis

Understanding the business environment plays such an important role that the business should take into account when developing their business strategy (Horton 2010). PESTEL analysis is an effective and popular tool used to analyse the new environment that company will enter or launch a new product or service. It is tough to track the true history of the term PESTEL which has been applied regularly since the last decade and particularly used in HR and introductory

marketing courses in the UK. Besides PESTEL, some similar acronyms have been employed with the same purposes such as PEST, STEP, ETPS, and STEEPLE. (Morrison 2012.)

PESTEL analysis contains 6 elements helping the company to get a big picture of the environment they are going to operate: Political, Economic, Social-cultural, Technological, Environmental and Legal. These elements do not have direct impacts on the company and vice versa, the company cannot do anything to change the nature of these elements. Nevertheless, deeply understanding these elements of the target environment supports the company to optimize the opportunities as well as minimize possible threats from the market. (Chartered Institute of Personnel and Development 2013.)

Political factors reflect the impacts of government to the economy and industry in that country through their policies such as tax, tariff, or fiscal policies. Besides, some other political issues related to corruption or bureaucracy should be also concerned when the company operates in a new environment. (Weberience 2015, Process Policy 2014.)
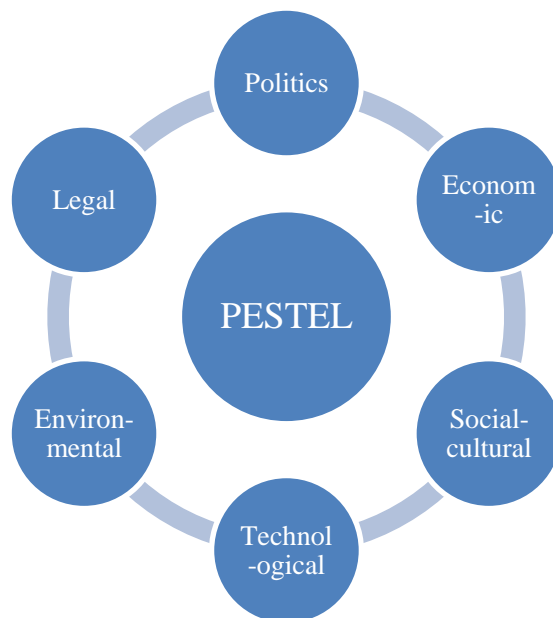
FIGURE 6. PESTEL analysis

Economic factors including inflation, local economy, economy trends, seasonality issues or industry growth are determinants of an economy's performance which

have direct influences on the company in both short and long term. (Weberience 2015, Process Policy 2014.)

Social- cultural factors such as population, demographics, lifestyle trends, consumer attitudes and opinions, ethical issues, buying access and trends, etc. help the company to examine the social environment of the market to which they are going to enter. (Allen 2010, 108.)

Technological factors involve the innovations, emergence and maturity in technologies, competitor technology development, etc. that affect the operation of the market and industry. (Weberience 2015, Process Policy 2014)

Legal factors relate to current and future legislations, consumer laws, safety standards, and tax regulations, etc. influencing the way business operates in certain market and industry. (Allen 2010, 108)

Environmental factors talk about ecological and environmental aspects such as ecological and environmental regulations or the impacts of weather, climate, geographical location, etc. These factors have an influence in the demand of customers towards company's products or services. (Weberience 2015, Process Policy 2014.)

Porter's Five Forces

Porter's Five Forces is said to be a useful tool to analyse an industry's attractiveness (Scarborough 2014, 145). The model illustrated in figure 7 consists of five major forces: the rivalry among existing competitors, the bargaining power of suppliers, the bargaining power of buyers, the threats of new entrants and the threats of substitute products or services (Porter 2008). Which force is more important depends on in which industry the company is operating (Porter 1979). It is inevitable that the strongest competitive force needs to be concerned the most in strategy formulation process as it determines the profitability of the industry (Porter 2008).

Porter (2008) describes the characteristics of five forces as following:

Rivalry among existing competitors. Rivalry among companies that compete in an industry is marked as the strongest force compared to the other four forces. According to Burns (2011, 147-148), there are some certain factors that need to be concerned when evaluating the competitive rivalry of an industry such as the number and size of firms existing in the industry, product differentiation, brand identity and switching costs. Burns (2011, 147) also points out that it is tough for the company to charge a high price if competitive rivalry in the industry is at high level.

Bargaining power of suppliers. Powerful suppliers are able to charge higher prices on raw materials or components they supply. By shifting the costs to industry's participants, powerful suppliers have a significant impact on industry's attractiveness as well as company's profits. Hence, the greater the power suppliers have, the less attractive the industry is. When an industry consists of many suppliers providing similar products or switching costs from one supplier to another one are low, etc. the industry is seen to be more attractive for the players.
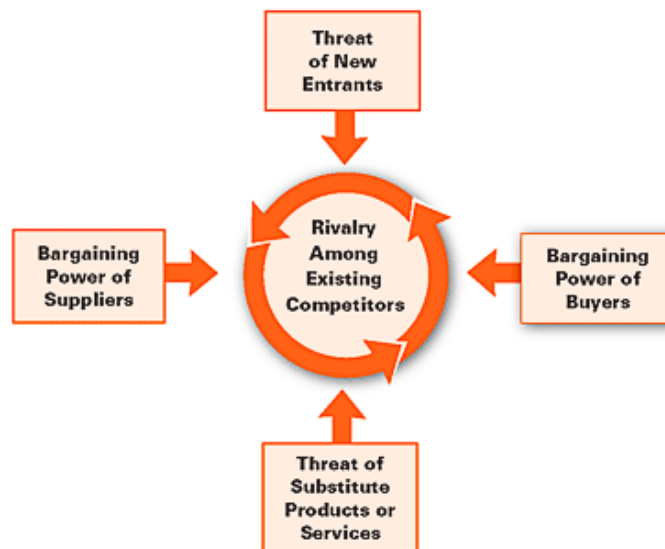
FIGURE 7. Porter's Five Forces analysis (Porter 2008)

Bargaining power of buyers. Powerful buyers are able to capture more value by pulling down prices or requiring better quality products and services. As a result, buyers are also the source of pressure for companies, just as suppliers. The more power buyers obtain, the more influences they put on companies. In an industry

that contains a small number of buyers and low costs of switching to competitors' products, it is relatively less attractive than others. Buyer's demand for commodity products rather than differentiated products and their ability to find out information about suppliers' costs, prices are also critical causes making the industry's attractiveness lower.

Threats of new entrants. Incumbents' market share and profits can be eroded by new entrants. Existing companies in the industry need to hold down their prices and raise capital investments enough to compete with new competitors. The threats of entry depend on the level of entry barriers in that industry. Thus, if the entry barriers are low, for instance low capital required to enter the industry, low specialized knowledge of customers, or non-restrictive government regulation, the threats of new entrants are high which results in the moderation of the industry's profitability.

Threats of substitute products or services. Companies can suffer from substitute products or services which are similar or acquire the same function with the ones the companies provide. When companies do not differentiate their products or services enough thanks to specified function and stunning marketing means, for example, their products or service are easy to be substituted by others, which hence leads to a decline in profits. The unavailability of quality substitute products, higher price of substitute products and higher switching costs to substitute products are essential conditions for an attractive industry where lower threats of substitution exist.

Target Market Attractiveness

Target market is a piece of a larger market segment. An attractive target market must fit to the conditions, resources the company has, in which its venture can successfully survive through the early stage and develop further. For that purpose, the company should target in the market that is big enough for the proposed business to grow but not too broad so it can possibly avoid competition with leading or too strong company in the industry (Barringer & Ireland 2012, 89). Besides, the chosen segment must have a stable or increasing demand for the product/service in the industry for several years (Katz & Green 2014, 96). In other

words, to define the attractiveness of the target market, a suitable market segment has to be determined, in which the possible demand needs to be measured and the prospective competitors need to be analysed.

Market segmentation

Market segmentation is an essential procedure to divide the market into small groups with certain shared identities and thereby is very useful to define the target market (Kotler & Keller 2012, 214). Geographic, Demographic, Psychographic and Behavioural are said to be four basic market segmentation approaches (Marshall & Johnston, 241).
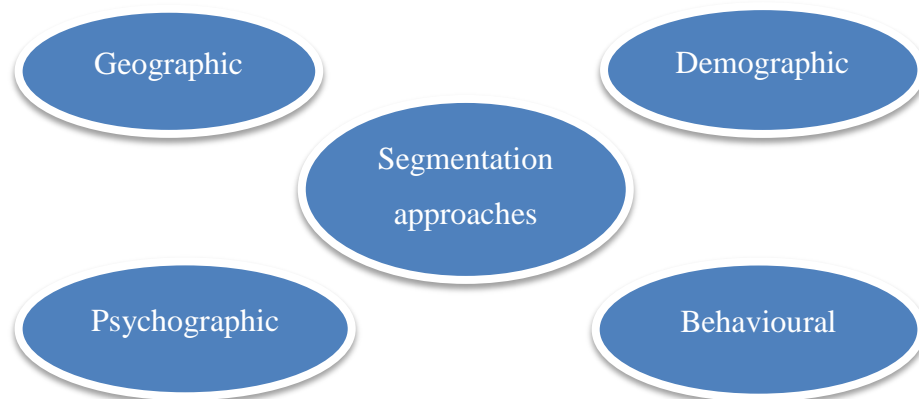
FIGURE 8. Market segmentation approaches (modified from Marshall & Johnston 2010, 241)

Geographic segmentation divides its market on the basis of geography (Grimsley 2015). Market can be segmented geographically by nation, region, city, the density of population, the size of population, growth in population and climate (Marshall & Johnston 2010, 240). Grimsley (2015) says that geographic segmentation is advantageous for either companies with large national or international markets or small ones with limited budget.

Demographic segmentation, one of the most popular segmentation approaches, divides its market on readily measurable descriptive factors about the group. There are many various variables regularly used in segmenting the market demographically such as age, generational group, gender, family, race and ethnicity, income, occupation, education, social class and geodemographic. (Marshall & Johnston 2010, 243-251.)

Psychographic segmentation involves division based on personality, activities, interests and opinions of consumers. The differences in lifestyles and values are sometimes considered to segment the market psychographically. (Marshall & Johnston 2010, 252.)

Behavioural segmentation mentions the approach categorizing needs, usage patterns such as usage occasions, usage rate and user status, or attitude towards product/ service to divide its market into small groups. (Marshall & Johnston 2010, 254-255)

Possible demand of the segment

To measure how large the demand of the defined target market is, it is vital to explore target customers' motivation and their unmet need (Boundless 2014).

Consumer motivation involves forces driving customers to identify and buy certain product or service that meet their needs and desires (Wilson 2015). Recognizing discrepancy between actual and desired situation invents motivation inside the customers to fulfil this gap (MaRS 2009). There are many different motives driving customer buying action but they most likely fall into two main categorizes: to solve problem and to make them feel good (Mattiske 2011). First, experiencing problems with current product or service obviously leads to dissatisfaction which is the primary cause for a need to change to new product or service (Shore 2014). In other words, motivation of acquiring better product or service is formed and enhanced when customers want to solve their current problem (Mattiske 2011). For example, customer goes to buy a new iPhone when the old one is broken due to a hard hit and hence he cannot contact his friends conveniently. This example illustrates customer motivation to acquire a new product is to solve a problem. Second, Truex (2013) mentions that emotional element plays an important role in buying and selling process. In many cases that there is not any problem with the old product or service, customers still want to acquire a new one just because they feel happy when obtaining it. (Truex 2013.) Coming back to buying iPhone instance, if the customer buys a new mobile with more interesting and useful functions while the old one is still working well, the motivation here is to feel good.

Unmet need is the need that customers has not achieved or fulfilled through the use of earlier or current product/ service. In reality, it is quite difficult for the customers to identify the unmet needs which are most likely invisible to them. (Eisenstein 2013.) Once the entrepreneur finds out an unmet need, it is important to search for the reason why the need is not met by others. Thanks to that, the firm can propose suitable strategy to fill in this hole and do what their competitors fail to do. That enables the business to increase its market share or penetrate a new market successfully. (Innovation Tool 2013.)

Competitor analysis – SWOT

SWOT analysis is created to identify internal and external factors involved in a project or business venture. In other words, SWOT defines strengths (S), weaknesses (W), opportunities (O) and threats (T), which helps the company plan the next steps to achieve their objectives. (Humphrey 2005.) According to Beard (2013), SWOT is a traditional and actionable way to monitor competitors and thanks to that, it is possible to predict competitors' strategies and their competitive advantages.

Figure 9 below illustrates four main components of SWOT analysis.

Strengths	**Weaknesses**
Internal factors, positive	Internal factors, negative

Opportunities	**Threats**
External factors, positive	External factors, positive
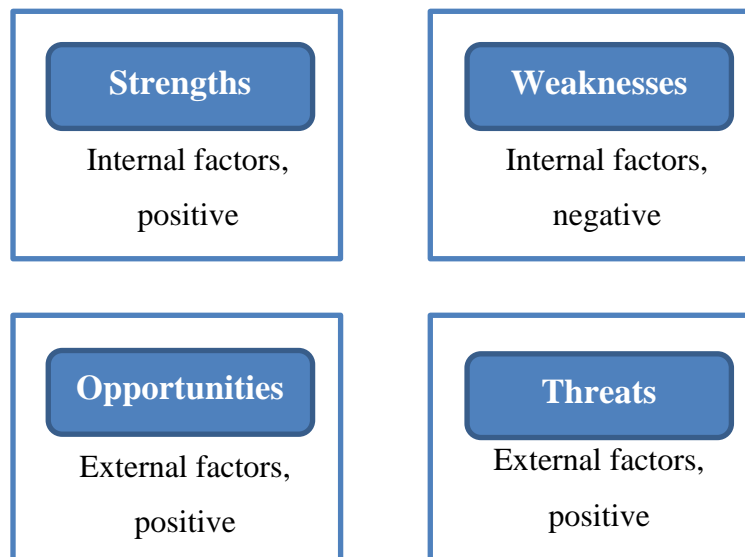
FIGURE 9. SWOT analysis (modified from Berry 2015)

Mazzarol (2012, 117-118) explains four factors in SWOT analysis as following:

Strengths mention about company's resources and capabilities that can be utilized to develop competitive advantages. These strengths are useful for the company to exploit further opportunities in the market they launch their business.

Weaknesses are the elements that bring company disadvantages as compared to its competitors. Limitations in internal factors including financial, human, market, technological or physical resources are the main causes of company's weaknesses affecting its performance over competitors.

Opportunities involve positive external factors that are out of the control of people in organization such as the growth of the market in which the company is operating or favourable existing sources, which encourage the development of product/ service's competitiveness.

Threats reflect negative external factors beyond the control of people within organization. It can be unfavourable circumstances or events or any issues related to the political, economic, social and technological terms, which have negative influences to the business.

2.3.3 Organizational Feasibility

'Organizational feasibility analysis is conducted to determine whether a proposed business has sufficient management expertise, organizational competence, and resources to successfully launch its business.' (Shepherd & Patzelt 2011). Management prowess and resource sufficiency are considered as the primary issues in organizational feasibility analysis (Brush et al. 2008).

Management prowess

Management prowess is the ability of management team to complete assigned duty with passion and expertise. Wang and Wu (2011) point out that whether it is sole entrepreneur or a larger group, an evaluation regarding the prowess of its initial management team should be made for proposed business. An accurate evaluation requires honesty and objectivity from people starting the firm in their

self-assessment. How much passion the management team has for their business idea and how deeply they understand the market they want to join in are two most important factors in management prowess. (Lumpkin 2011.)

Besides, some additional factors such as the extensive professional and social networks of managers or the existence of new venture team including founders, key employees and advisers also take a part in defining management prowess (Barringer & Ireland 2012).

Resource sufficiency

Resource sufficiency, the second primary issue in analysing organizational feasibility, determines whether the proposed venture has enough capability and resources to turn the business idea into an established business. This portion of organizational feasibility does not include financial resources but non-financial ones to assess their availability to start running the business. Labour source is seen to be the most important issue to concern in this area especially in case of a start-up as it is harsh for the firm to launch business without any employees with specialized skills. (Kaiser 2008.)

Barringer and Ireland (2012) say that to successfully measure the resource sufficiency, the firm should list from 6 to 12 non-financial resources needed to move forward from their business idea and then check if these resources are available. Table 3 below illustrates key non-financial resources affecting the success of a start-up, according to Barringer and Ireland's view.

TABLE 3. Types of non-financial resources which are critical to many start-ups' success (Barringer & Ireland 2012, 93)

- Affordable office space

- Lab space, manufacturing space, or space to launch a service business

- Contract manufacturers or service providers

- Key management employees (now and in the future)

- Key equipment needed to operate the business (computers, machinery, delivery vehicles)

- Key support personnel (now and in the future)

- Ability to obtain intellectual property protection on key aspects of the business

- Support of local governments and state government if applicable for business launch

- Ability to form favourable business partnerships

2.3.4 Financial Feasibility

The final component of comprehensive feasibility analysis is financial feasibility analysis. A broad financial assessment is sufficient in this stage of feasibility analysis. (Barringer & Ireland 2012, 93.) A more thorough one will need to be done once the business idea passes the overall feasibility analysis (Scarborough 2014, 153). As Barringer and Ireland (2012, 93-95) and Scarborough (2014, 153) state, the major elements conducted in this part are capital requirements, estimated earnings and return on investment.

Capital Requirements

It is inevitable that every entrepreneur needs capital to start their own business. The amount of capital can be large or small depending on what type of business they launch. Normally, a service business requires less capital while a manufacturing business needs more cash to prepare and run their businesses.

(Scarborough 2014, 153.) Barringer and Ireland (2012,93) recommends, especially for the start-ups, preparing an actual budget listing all anticipated capital purchases for equipment, buildings, technology, etc. and other operating expenses like recruiting and training, promoting products or services. This phase of financial feasibility effectively provides an estimated total amount of cash needed to get the business up (Allen 2010, 175).

Estimated Earnings

Scarborough (2014, 153) mentions that in addition to calculating the total amount of capital needed for start-up, it is such important that the entrepreneur should predict the possible amount of revenue they can earn from the proposed business. Knowing approximately how much the revenue is helps to estimate the profits the entrepreneur and investors (if have) can get back. (Scarborough 2014, 153.)

Return on Investment

According to Kurtti (2012), Return on Investment (ROI) is the most popular metric for evaluating the profitability of a venture, whose simple equation is illustrated as below:

$$ROI = \frac{100 * Net\ Operating\ Profit}{Invested\ Capital}$$

Once the capital requirements (Invested Capital) and estimated earnings (Earning before Interests and Taxes) are determined, they will be used in this equation.

ROI presents in form of percentage or ratio to show the relation between the benefit a company receives and how much they spends to target that benefit. This helps investor to compare the alternatives, thereby make their final decision on which venture they should invest in.

3   LAUNDRY LOUNGE CONCEPT

Laundry lounge is a concept constructed based on self-service laundry concept. Many people misunderstand these two concepts and even believe that they are actually the same but they are not. In fact, laundry lounge is a self-service laundry store *combining* with many add-on services. In other words, laundry lounge is not only where clothes are washes and dried cleanly but also an innovative store providing interesting and useful extra services to make customers' waiting time meaningful.

In this thesis, before introducing laundry lounge concept, the authors give clear explanation of self-service laundry concept which is the original form of laundry lounge. Thanks to that, the readers can easily understand what laundry lounge actually is, how it is developed, and what the differences between two concepts are and thus avoid misunderstanding between self-service laundry and laundry lounge.

3.1   Self-service Laundry Concept

Self-service laundry has existed in many countries in the world for a long time. However, in Vietnam, it is still at the early stage. In this part, the development of self-service laundry worldwide is mentioned first and then the current situation of self-service laundry in Vietnam is explained.

3.1.1   Worldwide

Self –service laundry is a facility where clothes are washed and dried by the customers themselves using equipped washing and drying machines there. The service is popularly known as *laundromat* in the United States and *launderette* in the United Kingdom. (Memidex 2013.)

Laundromat is an alternative word for self-service laundry in the US. The first laundromat was established in 1934 in Texas. Most laundromats in the US are fully automated without the attention of staffs at the stores and coin-operated. Operating almost 24 hours per day and 7 days per week, laundromats in the US

help the customers be more flexible with their washing and drying time schedule. (Brannen 2010.)

Launderette is another alternative word for self-service laundry which is popularly used in the UK. The first launderette in the UK was found in London by 1949. The same as in the US, the most of launderette in the UK are fully automated and coin-operated without the appearance of staffs at the stores. Recently, launderette industry in the UK has been affected a bit negatively due to the increases in utilities and renting costs and the decrease in domestic washing machine price. However, the demand for self-service laundry are still high enough to bring attractive profits for investors thanks to the large number of households having beddings, which are over domestic machine capacity, and the climb in the number of tourists over years. (Yasmeen 2010.)

History

1850
• In the US, pay-for-laundry service targeting miners

1907
• Huebsch family introduced the first washing machine

1934
• First self-service laundry store in Texas, US

1950
• Huebsch family introduced drying machine
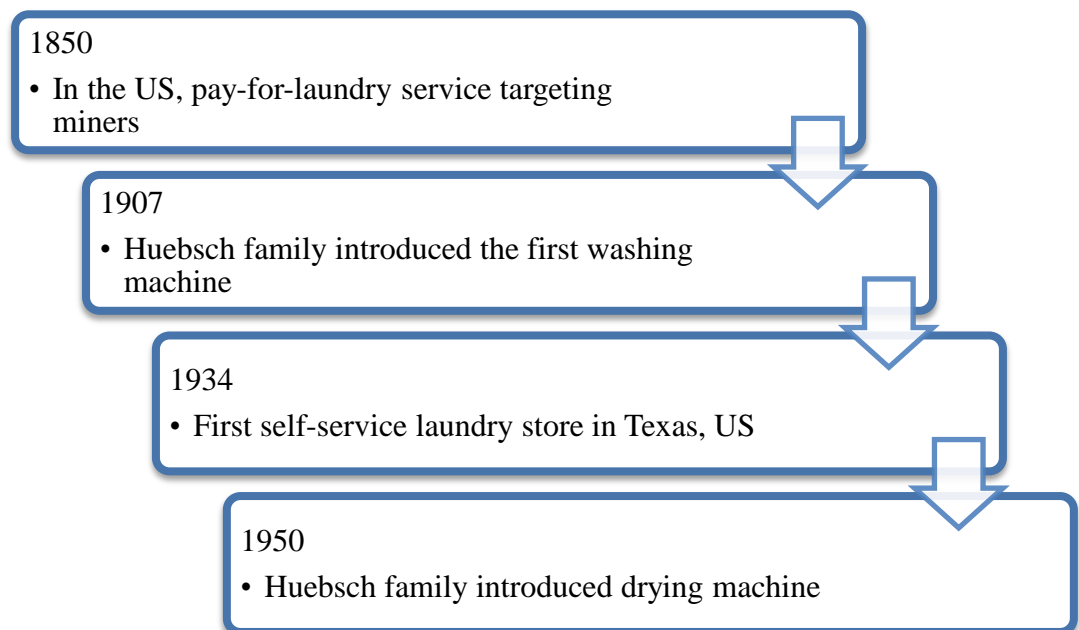
FIGURE 10. History of self-service laundry (modified from Donald 2011)

It is said that in 1850, recognizing the inconvenience in washing and drying clothes of the miners in his area, a wise entrepreneur offered the first pay-for-laundry service to help the miners save time and have clean clothes every day after hard working. At this time, clothes were pounded on rocks and rubbed with

abrasive sands to be cleaned. Later in 1907, the Huebsch family introduced the first washing machine in the United States, which created a new era of the laundry industry. The machine makes it more convenient for people to wash clothes in shorter time. In 1934, the first self-service laundry store was opened in Texas, US operating with limited hours. Until 1940s, the store that operates 24 hours per day was firstly presented, which provided a useful place for people to wash their clothes any time they want. Coming back to Huebsch who did not stop at the invention of washing machine, they continued to do more researches to make daily activities easier and time-saving. As a result, in 1950, the first drying machine was successfully launched in the US, playing an important role in the positive change of the laundry industry in the US particularly and in the world generally. (Donald 2011, 16-18.)

Target segments:

Coin Laundry Association (2011) states that the main target group of self-service laundry are tenants who cannot afford for a private washing machine at home. Besides, students, single people or fastidious people who do not want to wash clothes together with others using traditional laundry service are also attractive segments bringing profits to the business (Tan 2011).

Main features:

Location: According to Coin Laundry Association (2011), while it is easy to find a self-service laundry store throughout the country like in the US, UK, Belgium, etc. the stores performs significantly well in densely populated areas as well as predominantly renter-occupied.

Amenities: Besides basic amenities, washers and dryers, many laundromats add extra amenities to improve the quality of their service. The list below mentions some remarkable amenities applied by the majority of laundromats.

- TV
- Washing powder and liquid
- Payment with credit card or cash or coin

- Comfortable chairs
- Free customer pick up service

FIGURE 11. Laundromat in Texas (Biehle 2011)

Staff: there are not always staffs in laundromat stores as customers wash clothes by themselves paying through coin operated machine. However, to create long term relationship with customers and decrease the distance between customers and business, more and more laundromats recently have had friendly staffs in the stores. The attention of the staffs in the laundromat is useful for the customers when some unexpected things happen. The staffs are also helpful in explaining to new customers how to use the service as well as providing information related to promotion, discount, etc. if necessary.

3.1.2   Vietnam

Self-service laundry has already been in Vietnam since 2011 when it was welcomed thanks to its convenience as compared to traditional laundry service (Tan 2011).

The service mainly targets working people, single people, fastidious people, students and anyone who do not have much time to wash and dry clothes by hand (Suamaygiat Bachkhoa 2013). As a result, most laundromats are located in densely populated areas or near universities and companies.

FIGURE 12. Self-service laundry in Ho Chi Minh City, Vietnam (modified from Binh 2014)

To attract more customers, the majority of laundromats in Vietnam are equipped with new, modern and easy to use washers and dryers which are cleaned every day to increase the quality of the service. Besides, it is not a surprise when there are always friendly staffs in Vietnamese self-service laundry store to support customers every time they need. (Thao 2014.)

However, self-service laundry in Vietnam also faces some challenges in attracting new customers as well as creating and keeping close relationship with old customers partly due to the habit of washing and drying clothes by hand at home.

This is the reason why from 2011 till now, self-service laundry has still not been known and used widely in Vietnam. At present, self-service laundry in Vietnam only stops at family business with small stores in size and capacity. (Thao 2014.)

3.2   New Generation of Self-service Laundry – Laundry Lounge

According to Donald (2011, 18), self-service laundry industry has been developed more to meet the demand of customers. Besides offering the washing and drying service normally, the laundry store also sells some kinds of drinks and washing powder. However, it was not until 2014 when Spin Laundry Lounge in the US, which is described in more detail later, created totally private and satisfactory spaces for soap shop, café, bar, waiting room with big screen TV, but still, the main focus is laundry activity, laundry lounge concept has been appeared. Ms. Gary, the founder of Spin Laundry Lounge is said to be pioneer in self-service laundry revolution leading to the official born of a true laundry lounge. (ShopKeep 2015.) While the number of laundromats falls over years, the emergence of laundry lounge has changed the future of laundromat industry positively not only in the US but also in the world (Vancaillie 2014).

Besides amenities in normal self-service laundry stores, the laundry lounge includes many extra useful and interesting services listed below:

- Free Wi-Fi
- Waiting room with big screen TV, books, magazines…
- Cafeteria serving breakfast, light lunch and dinner together with different types of drinks
- Bar providing various kinds of beer and wine
- Classic game area
- Children area with toys, painting books…

Staff: If in the self-service laundry store, everything is done by the customers themselves with the support of machines, in the laundry lounge, there are always some staffs to serve other services. Thanks to that customers have someone to ask information about the service in case of necessity.

It is worth noticing that the concept 'laundry lounge' is totally different from the term 'laundry lounge' in some companies' names. It is quite popular that companies insert the words 'laundry lounge' into their company's name or website so as to emphasize the convenience and comfort of their laundromat or enhance its level but in fact, no additional services (except free customer pickup) are merged with laundry. Therefore, if any company named 'laundry lounge' but the service they offer is simply washing and drying, the company does not follow exactly 'laundry lounge' concept.

In general, the revolution leaded by Gary has opened a new optimistic picture for the laundromat industry making it attractive to many investors. The birth of laundry lounge creates more convenient and friendly space for individuals to come washing and spending meaningful waiting time with innovative services. As a result, laundry lounge becomes an effective place for people to save both time and energy which they can use in other activities to enjoy their life comfortably.

As mentioned earlier, the self-service laundry in Vietnam has some limitations to develop sustainably. The service in Vietnam at this moment just stops at leasing washers and dryers and that's it. Laundry lounge has not been seen anywhere in Ho Chi Minh City particularly and in Vietnam generally.

3.3   Example of a Laundry Lounge – Spin Laundry Lounge, USA

Spin Laundry Lounge is a pioneer in laundromat revolution leading to the establishment of a true laundry lounge. Therefore, it is chosen as a typical example to practically describe laundry lounge concept. All necessary information about Spin Laundry Lounge including background, mission and their services are mentioned briefly below so that the readers can easily draw a general picture of a true laundry lounge.

Background information

Spin Laundry Lounge was found in 2014 by Morgan Gary, an American holding MBA degree in Sustainable Business (Spin Laundry Lounge 2014). The lounge is located in Portland, USA with 5000 square-foot including 26 washers, 24 dryers

and 3 machines that can do both tasks (Walsh 2014). To offer flexibility in time schedule for customers especially for those who are busy during their working hours, the lounge has long operating time from 8.00am in the morning till 12.00am at midnight (Spin Landry Lounge 2014).

Mission

The primary mission of Spin Laundry Lounge is to reimagine entire laundromat experience. Gary saw opportunity for changing laundromat experience since she was in high school sharing washer and dryer with twelve other tenants. (Spin Laundry Lounge 2014.) Furthermore, she realized that it wasted too much water and electricity every time washing and drying. Hence, she came up with the idea of laundromat equipped with all latest and greatest energy and water saving machines combining with eco laundry products shop plus food and drinks services. (Walsh 2014.) This new model not only helps to save time and money but also cut down the amount of carbon footprint releasing during washing and drying process. Thus, citizens in Portland can enjoy the entirely redefined laundromat experience in the most comfortable way. (Spin Landry Lounge 2014.)

Laundromat

All of washing and drying machines in Spin Laundry Lounge are high efficiency Electrolux equipment which helps customers do their washing and drying in only

FIGURE 13. Laundry area in Spin Laundry Lounge (modified from Spin Laundry Lounge 2014)

45 minutes. With large capacity and special design, these machines can deal with almost everything from wool blankets to down comforters. Moreover, Spin Laundry Lounge is the first laundry store in Portland equipped with three hypoallergenic prontos which are significantly suitable for anyone who are sensitive with harsh chemicals from normal laundry products. Pronto is a combination of washer and dryer that does not require a load transfer. Only natural soaps are accepted in this type of machine to make sure that they are always free of harsh chemicals. Besides, using service at Spin Laundry Lounge, customers are flexible in payment methods using credit card, smart phone or coin-op machine.

Wash and fold

Wash and fold is additional laundry service at Spin Laundry Lounge. The service is suitable for individuals who do not have enough time to wash their clothes. With just small fee, the customers only need to drop their dirty clothes at the store and Spin's staff will do the rest from washing, drying to folding. The clothes will be available to pick up at negotiating time.
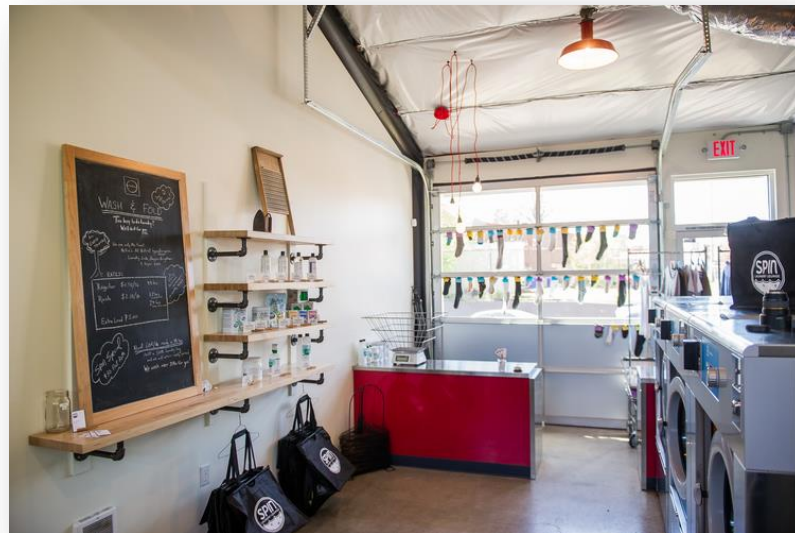
FIGURE 14. Wash and fold area in Spin Laundry Lounge (modified from Spin Laundry Lounge 2014)

Eco soap shop

Eco soap shop is opened at Spin Laundry Lounge to provide healthy and environmentally friendly laundry products for the customers. The list below mentions some eco-products that can be found at Spin:

- Nelli's All Natural Laundry Soda
- Nelli's All Natural Oxygen Brightener
- Wool Dryer Ball Rental
- Charlie's Soap Laundry Powder
- Charlie's Soap Laundry Liquid
- …

FIGURE 15. Eco-product in Spin Laundry Lounge's soap shop (modified from Spin Laundry Lounge 2014)

Café and bar

The Café and bar is a highlight at Spin Laundry Lounge where customers can enjoy local and regional food and drinks during waiting time. The attractiveness and convenience of Spin's bar and café are shown through the diversity of food and drinks for breakfast, lunch, and dinner.

FIGURE 16. Bar and Café area in Spin Laundry Lounge (modified from Spin Laundry Lounge 2014)

Sustainability

One of the competitive advantages of Spin Laundry Lounge is the corporation of social and environmental sustainability in every facet of their business. Operating with energy-saving machines, selling eco-friendly laundry products, offering organic and local food and activating donation service thanks to discard clothes are major elements for Spin to ensure their business sustainability in the long run.

To summarize all important information about Spin Laundry Lounge, the authors draw a table as an overview with noticeable figures.

TABLE 4. Overview of Spin Laundry Lounge in USA

Year of establishment	2014
Owner	Morgan Gary, MBA in Sustainable Business
Location	Portland, Oregon, USA
Area	5000 square-foot
Number of washing and drying machines	26 washers, 24 dryers, 3 machines that do both
Operating time	8.00am to 12.00am
Add-on services	Eco-friendly soap shop, cafeteria, bar with free Wi-Fi, classic games
Competitive advantage	Extra amenities with private and satisfactory spaces, eco-friendly laundromat
Website	http://www.spinlaundrylounge.com/

4   EMPIRICAL RESEARCH

This chapter is constructed to show how primary data was collected and analysed with suitable tools. The procedures to collect appropriate data are first explained, after which data is analysed and turned into meaningful information.

4.1   Data Collection Procedures

As mentioned in chapter 1, both qualitative and quantitative research methods are applied to gather relevant data. In this thesis, interviews were conducted as a useful qualitative method and questionnaire was utilized as an effective quantitative method for research.

4.1.1   Interviews

According to Saunders (2012, 374), there are three types of interviews: structured interviews, semi-structured interviews and unstructured interviews.

- Structured interviews: interviewer has a set of predetermined questions to investigate specific topic. Similar questions can be applied to various interviewees. (Bryman & Bell 2011, 466.)
- Semi-structured interviews: a list of questions related to the topic is prepared as an interview guide. During interviewing process, the order of questions in the list can be changed and extra questions can be added depending on certain context. However, in the end, all key questions are covered. (Bryman & Bell 2011, 467.)
- Unstructured interviews: no question list is prepared in this informal interview. The interviewer of course needs to have a clear idea of what he wants to explore. However, the interviewee is freely to talk anything related to the topic and the interviewer's question is then followed up based on the flow of their conversation. (Burgess 1984.)

In order to clarify service desirability, laundry lounge's concept statement, which is mentioned in chapter 5, was tested with a list of predetermined questions

referenced from Barringer and Ireland 2012. As a consequence, structured interview was successfully applied.

Based on the theory mentioned about concept testing in chapter 2, Laundry Lounge's concept statement was given to ten people including seven prospective customers and three business people having experience in service sector. All interviewers are Vietnamese people studying and living in Vietnam. They were asked to share opinions about the same topic with the same questions to define the viability of laundry lounge's statement concept. It is worth noticing these ten interviewers were excluded from quantitative survey in form of questionnaire. Among ten interviews, five interviews were done face to face through Skype, two through email and three through Facebook message due to the geographical distance. Interview history is provided in the table below. The question list is attached in appendix 2.

TABLE 5. Interview history

Date	Interviewee	Means of communication
21 February 2015	Nguyen Huu Phu Duy (student at Ho Chi Minh University of Technology, living in dormitory)	Skype
22 February 2015	Nguyen Thi My Trinh (student at Hoa Sen University in Ho Chi Minh City, living in rent-apartment)	Skype
28 February 2015	Nguyen Van Sau (General Manager of Song Ngu Restaurant, Tien Giang)	Skype
1 March 2015	Tran Thi My Hien (student at Vietnam National University in Ho Chi Minh City, living in dormitory)	Facebook message

2 March 2015	Trieu Bang Phi (student at Foreign Trade University in Ho Chi Minh City, living in rent-apartment)	Skype
6 March 2015 (responded in 9 March 2015)	Le Thi Lan (Founder of Lan Lan Wedding Dress, Ho Chi Minh City)	Email
7 March 2015	Nguyen Thi Ngoc Tuyet (student at Nong Lam University in Ho Chi Minh City, living in dormitory)	Facebook message
8 March 2015	Pham Thi Chieu An (student at Banking University in Ho Chi Minh City, living in rent-apartment)	Skype
9 March 2015 (responded in 11 March 2015)	Dinh Nguyen (General Manager of Dinh Nguyen Traditional Laundry Store, Tien Giang)	Email
9 March 2015	Do Xuan Phong (students at Ho Chi Minh University of Economics, living rent-apartment)	Facebook message

With the interviews through Skype, opinions from the interviewees were fully recorded to be used in analysing process. With the ones through Facebook message and Email, interviewees' replies were rewritten carefully before being analysed.

The replies from ten respondents are reported later in data analysis part.

4.1.2   Questionnaire

Survey construction and pilot testing

In this thesis, quantitative survey in form of a questionnaire is essential tool to analyse the buying intentions of the target group besides getting to understand more about the target group including their background, perception, awareness and preferences related to laundry lounge. deVaus (2002) advises that the length of questionnaire should not be longer than necessary. Moreover, the questions should be clear and comprehensive so that the respondents can easily understand their meaning (Saunders et al. 2012, 417). Therefore, only related questions were proposed succinctly to keep the survey short and simple and thereby avoid the feeling of discouragement from respondents to fully complete the survey. In other words, the survey was designed carefully to not only meet the research objective but also enhance the reliability of received answers.

Prior to launching the questionnaire, a pilot testing should be done to make sure that there will not be any problems for the respondents in answering the questions and for the researchers in recording data (Bell 2010, 151). The survey serving the objective of this thesis is not an exception. The first draft was sent from 24 to 28 February 2015 to seven Vietnamese students in Ho Chi Minh City via Internet in order to make sure that all the questions are understandable. The questionnaire was then modified based on their feedback and also advices of supervisor. Before launching, a trial was run by some friends and family to guarantee the data recording system was doing well. On 4 March 2015, the survey was officially spread out.

Survey structure

The questionnaire has totally 14 questions and 3 sub-questions based on feasibility analysis theories and objective of the research, which are separated into five sections for different purposes.

- Section 1: Demographic questions (Question 1 to 3)
- Section 2: Washing and drying routines of the target group in Ho Chi Minh City (Question 4 to 7)
- Section 3: Perception and awareness of the target group (Question 8 to 11)
- Section 4: Pricing preferences of the target group (Question 12 to 13)
- Section 5: Buying intentions of the target group (Question 14)

Although each section has its own duty to do, all of them are connected with each other to serve the common objective of the thesis. The outcomes of the questionnaire are applied throughout chapter 5, feasibility analysis implementation. Specifically, service feasibility is measured thanks to the result of section 3 and 5. Data analysed from section 1, 2 and 5 is applied to test the feasibility of industry and market. Finally, financial feasibility is done partly with the help of section 4 and 5.

Landry lounge concept has not been in Vietnam therefore it is not familiar to the majority of the target group. Moreover, it is easy to misunderstand between self-service laundry and laundry lounge. These are the reasons why at the beginning of the questionnaire, a concise description as well as two pictures of a true laundry lounge is provided.

The content of the questionnaire is attached later in appendix 1.

Target group and data collection method

According to the objective of the thesis, the target group of survey is Vietnamese students living and studying in Ho Chi Minh City, Vietnam, and thereby, the age restriction is between 18 to 24 years old. The target group combines urban students and rural ones who just come to Ho Chi Minh City to study.

The questionnaire was constructed under Google Form using Google Document's survey function. As both authors are living in Finland, Internet was utilized to spread out the questionnaire to the target group, especially Facebook. Receiving the enthusiastic cooperation of Vietnamese students in Ho Chi Minh City, 51 responses were recorded in total from the first day of launching, 4 March 2015 to 9 March 2015. A face to face survey then was conducted with the dedicated support of Ms. Nguyen, who is also a Vietnamese student studying at Hoa Sen University in Ho Chi Minh City. Visiting some big universities, 91 answered questionnaires were collected by her within 3 days from 5 to 7 March 2015. The data was immediately sent to authors in 7 March 2015. Afterwards, there were 142 questionnaires completed in total and being ready for analysing process.

4.2   Data Analysis

In this part, data is analysed in different ways depending on data's nature. On the one hand, data gained from interviews is efficiently integrated to show interviewees' point of view regarding laundry lounge. On the other hand, data obtained by questionnaire is illustrated through various charts and tables and then translated into meaningful information.

4.2.1   Interviews

As mentioned earlier, there are ten people including seven prospective customers and three business people joining in the interviews. Conducting structured interviews, the same questions, which had already been prepared before, were applied to all ten interviewees.

Interviews with prospective customers

Despite some worries towards the new concept – laundry lounge - as they have never used before, all interviewees expressed their interests in the services that a laundry lounge offers.

"What an innovative idea!" is the first respond by Nguyen (2015a) right after reading the concept statement. For him, laundry lounge is a new concept which is

really interesting as students can have breakfast, lunch or some drinks during the time waiting for the clothes to be washed and dried. Moreover, a laundry lounge with free Wi-Fi provides a convenient place where "students can comfortably surf the Internet for their personal purposes". (Nguyen 2015a.) Waiting room with different types of books and magazines also helps to make customers' waiting time not meaningless. At the moment, there are some self-service laundry stores in Ho Chi Minh City which seem to be more convenient than washing by hand at home but still, students have to spend time just sitting there and waiting for their clothes to be washed and dried. (Pham 2015.) Considering the security in Ho Chi Minh City, Nguyen (2015b) suggested that the laundry lounge should have someone to take care of customers' vehicles during the time they wash and dry their clothes inside. This helps the customers be completely at ease to enjoy their time with useful add-on services in the laundry lounge. (Nguyen 2015b.) Besides, a big screen TV can be mounted on the wall in the laundry space. There are many students who do not want to go anywhere else except sitting in front of the washing machine to have a look at their clothes so watching some interesting TV programs during waiting time would be really nice. (Do 2015.)

Although laundry lounge sounds quite strange to Vietnamese students, it is indeed a realistic idea, which helps to deal with students' problems in washing and drying (Trieu 2015). Nguyen (2015c) pointed out that "The laundry lounge can effectively solve the weaknesses of a self-service laundry with such extra services that bring meaningful waiting time." However, it is not an easy task to persuade students to use the service. Inside the dormitory area of Vietnam National University, although a self-service laundry store has been opened since 2011, there have not been many students using the service due to dirty condition and more seriously theft problem. As a result, if a laundry lounge can provide a safer environment for the customers, a large amount of prospective customers will be attracted. (Tran 2015a.)

Interviews with business people

Accomplishing much experience in the service sector, three business people gave valuable opinions regarding the business concept – laundry lounge. All of them

agreed that it is realistic, innovative and has a huge potential in Ho Chi Minh City market.

Laundry lounge with extra services including cafeteria, waiting room, free Wi-Fi would be interesting and helpful for many students as they do not have to spend time washing and drying clothes by hand themselves after a hard-studying day (Nguyen 2015d). Besides, ironing tools can be necessary for many students so it should be added as one more extra service in the laundry lounge (Le 2015). Opening a laundry lounge in Ho Chi Minh City is actually a new and innovative idea which has never been done before by any other business. This creates an advantage for the start-up X as a pioneer in operating a laundry lounge. (Dinh 2015.) Nevertheless, it is worth concerning that Vietnamese students are familiar with washing and drying clothes by hand themselves. It is indeed not easy to change the habit of someone so it is important to make the students understand and recognize the huge benefits that a laundry lounge can bring to them. (Nguyen 2015d.) Regarding target customers, Le (2015) believed that "not only students are an attractive segment, businesses such as restaurants, hotels and rent-cloth stores are also the segments that have much potential". These businesses need to maintain a very good hygiene condition so a large number of tablecloths in restaurants, bedsheets and linens in hotels and clothes in rent-cloth stores are washed and dried regularly. (Le 2015.) When it comes to the management team, Nguyen (2015d) expressed his excitement as well as worry in the way the laundry lounge is started and run by two entrepreneurs who spent such a long time studying and living in a foreign country. He said that it is strengths for the start-up X as both entrepreneurs acquire higher education in a foreign country and good understanding about the laundry lounge model which has not existed in Vietnam yet. However, the entrepreneurs, who have left Vietnam for more than three years, might face some challenges in understanding the Vietnamese market which has been changing over years. (Nguyen 2015d.) Before ending the interview, Nguyen (2015d) concluded that "In general, laundry lounge is actually a prospective concept in Vietnam and the management team needs to act properly and critically to smoothly run the business."

4.2.2   Questionnaire

Sample description

There are 142 Vietnamese students constructing the questionnaire sample. All of them are now living and studying in different areas throughout Ho Chi Minh City. The official age range of a university student in Vietnam is from 18 to 22 years old but most universities allow their students to extend studying time up to 2 years. As a result, the sample's age range is between 18 and 24 years old. In addition, the first three questions (question 1 to 3) in the questionnaires provide more information about the sample illustrated by three following pie charts.

Gender pie chart in figure 17 clearly presents that the larger number of respondents is female, which accounts for 55% while that of male respondents is rated at 45%.
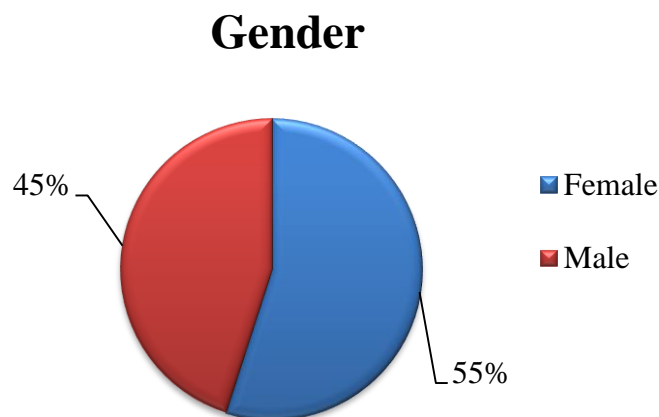
FIGURE 17. Gender classification of the respondents (n= 142)

According to the accommodation chart in figure 18, among three types of student accommodation, the majority of Vietnamese students joining in the survey are living in rent–apartment with the percentage of 52%. The number of students living in their own private house is 53 out of 142 accounting for 37%. With only 11%, dormitory is seen to be the least popular accommodation type for Vietnamese students.

Accomodation
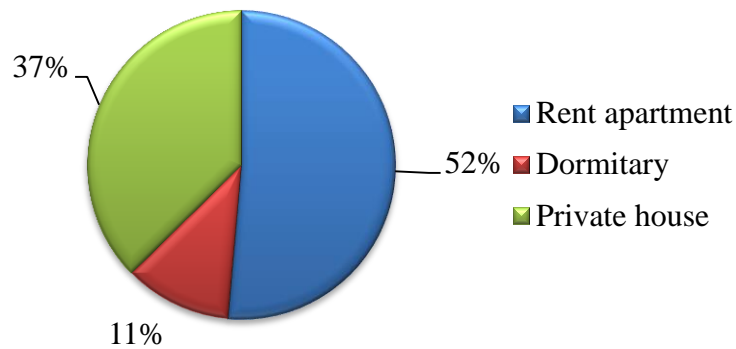
FIGURE 18. Types of accommodation for students in Ho Chi Minh City (n=142)

Lastly, figure 19 demonstrates the financial situation of the respondents. Their monthly income can come from part time jobs or grant from family. Overall, there is not huge difference in Vietnamese students' income every month. It is crucial to note that 39% of respondents, which is the largest amount, achieve less than 108 EUR every month. The ones earning more than 151 EUR per month reach the percentage of 36%. The smallest amount of respondents is shown to obtain from 108 to 151 EUR per month, which reaches the rate of 25%.

Income or grant from family
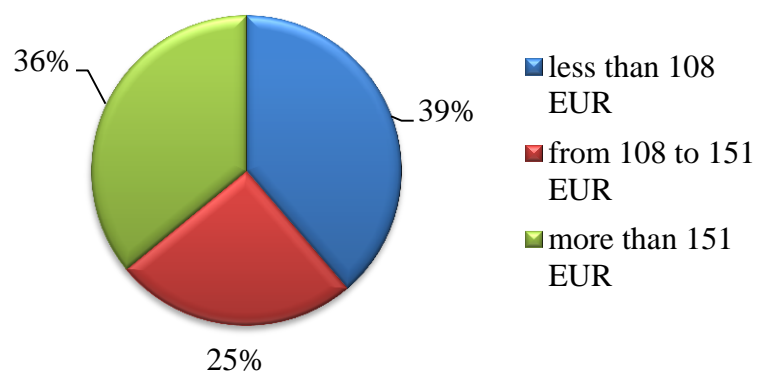
FIGURE 19. Monthly income amount of the respondents (n=142)

Washing and drying routines of the target group in Ho Chi Minh City

The next four questions (question 4 to 7) in the questionnaire ask about daily routines of the target group in washing and drying. Understanding well customer behaviours helps the case company to identify their motivation and unmet need, which generate competitive advantages for the company over their competitors.

It is evident from the means of washing chart in figure 20 that more than half of the survey respondents have to wash clothes by hand themselves, which presents for 58%. There are 58 out of 142 respondents who prefer using washer to serve laundry activity. The proportion for this means of washing is 41%. It is interesting to note that only 1% of respondents spend money on laundry service to clean their clothes.
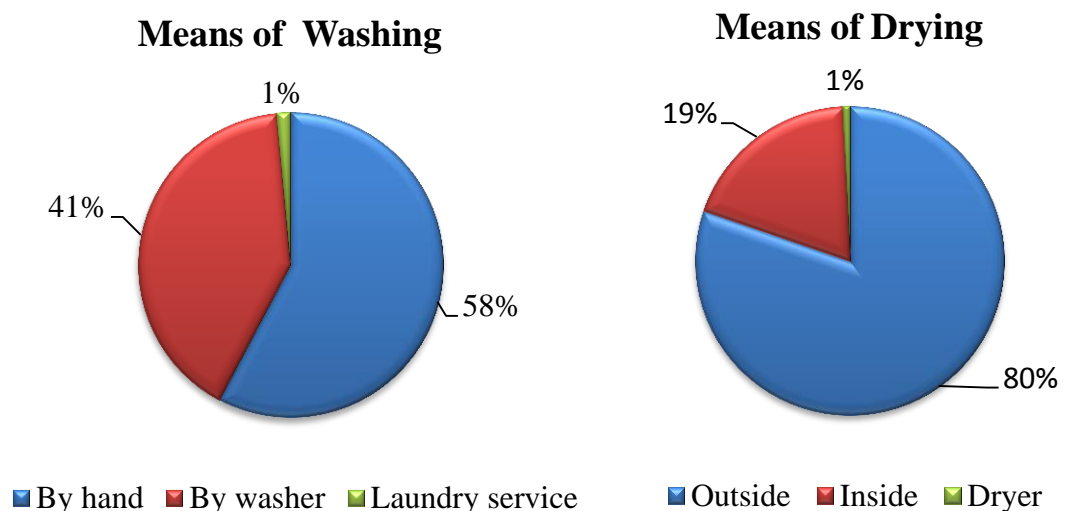
FIGURE 20. Means of washing and drying (n=142)

Regarding the means of drying, the number of respondents drying their clothes outside utilizing sunshine is noticeably high with 80%. 19% of the sample has their clothes dried inside. In this case, again, machine is not used as an effective and convenient means of drying when there is only 1 person out of 142 respondents uses dryer to dry clothes.

When asked about the regularity of washing and drying per week (see figure 21), the biggest number of respondents presenting 33% of the sample respond with the answer of more than three times per week. 27% of respondents wash and dry

clothes twice a week. The rest clean their clothes three times or once a week with the percentage of 19% and 21% respectively.

Regularity of Washing and Drying
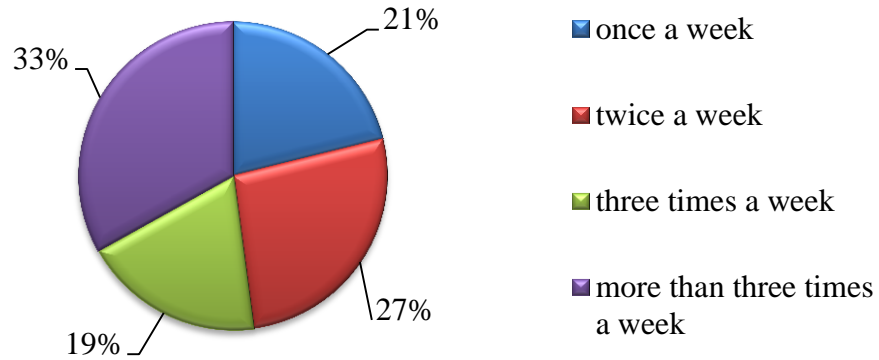
FIGURE 21. Regularity of washing and drying (n=142)

The last pie chart in this part studies how long it takes for the respondents every time they wash clothes (see figure 22). It is obviously seen from the chart that the majority of the sample spends from 30 minutes to an hour in washing, which presents 60% of the sample. There are 36 people out of 142 respondents who only need less than 30 minutes for their washing activity. The rest with 15% of the sample need more than an hour to complete washing.

Time spent on washing
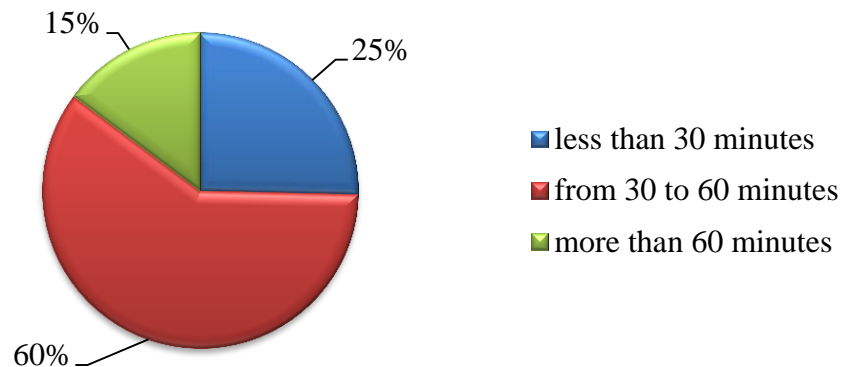
FIGURE 22. Time spent on washing (n=142)

Perception and awareness of the target group regarding normal routine and laundry lounge

The four following questions in the questionnaire (8 to 11) aim at studying the perception and awareness of Vietnamese students about their normal habit in washing and drying as well as laundry lounge model.

Table 6 represents how the respondents think about the convenience of the current routine of washing and drying and the laundry lounge. With Mode = 3, it is obvious from the table that when asked about the convenience of current washing and drying activities, the majority of respondents consider it normal, which means for them, the activities of washing and drying at this moment is not completely convenient but not totally inconvenient also. Achieving the Mean of 3.31 out of 5 which is adequately higher than the average point, the respondents generally feel 'ok' with their washing and drying routines at present. Asking about the convenience of the laundry lounge, the result received is optimistic when the largest number of respondents thinks that it is convenient for students (Mode=4). The Mean value in this case is much higher than the average and that of current habit as well with 3.75 out of 5.

TABLE 6. Distribution of respondents' perception regarding the convenience of washing and drying practices (n=142)

With 1= Totally inconvenient, 2= Inconvenient, 3= OK, 4= Convenient, 5= Totally convenient

	1	2	3	4	5	Mean	Mode
Current habit	7	16	63	38	18	3.31	3
Laundry lounge	2	6	45	62	27	3.75	4

Coming to the awareness of the sample about laundry lounge, it is evident from the pie chart in figure 23 that nearly two third of the sample, which accounts for 64% of the total respondents, has never heard about laundry lounge model. The proportion of the group including students, who have already heard about it but not used it yet, is 32%. Only 4% of the sample has already heard and used the services of the laundry lounge.

Awareness of laundry lounge model
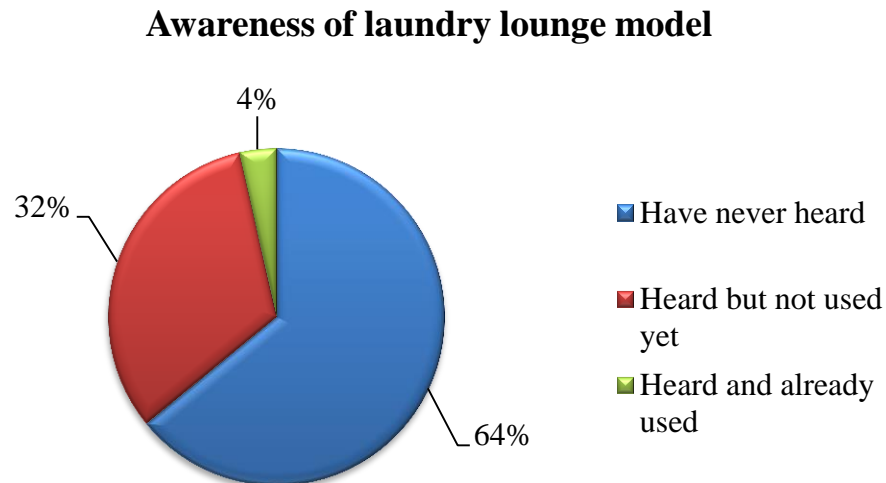
FIGURE 23. Awareness of respondents regarding laundry lounge model (n=142)

When it comes to the importance of extra services described in table 7 below, respondents show their most concern on free Wi-Fi inside the laundry lounge. With Mode=5, it is clearly shown that there are 70 out of 142 respondents rating the free Wi-Fi 'very important'. This leads to a noticeably high point in the Mean value which is 4.17 out of 5. Waiting room with books and magazines is seen to be less important than the free Wi-Fi but still, there are many students who rated it 'ok' and 'important' (Mode=3 &4). The Mean for the importance of this service to the respondents is rather high with 3.57. Mentioning about cafeteria, obviously from the table, the Mode is grade 3, which means that the biggest number of the respondents believe it is good to have one in the laundry lounge, but if not, it is still fine. The number of students rating cafeteria 'important' and 'very important' is large also resulted in the adequately high Mean value of 3.56 out of 5.

TABLE 7. Distribution of respondents' perception regarding the importance of extra services in a laundry lounge (n=142)

With 1= Very unimportant, 2= Unimportant, 3=OK, 4= Important, 5= Very important

	1	2	3	4	5	Mean	Mode
Free Wi-Fi	4	3	28	37	70	4.17	5
Waiting room with books, magazines	7	13	46	46	30	3.57	3 & 4
Cafeteria	8	12	47	41	34	3.56	3

Pricing (n=142)

Through a small calculation, the washing price is given at 20,000 VND (0.86 EUR) per one cycle and the price for 15 minutes drying is 7,000 VND (0.30 EUR). These prices were mentioned in the next two questions (question 12 and 13) of the questionnaire so as gain the opinions from Vietnamese students about its reasonability. Table 8 below demonstrates how they evaluated the proposed prices.

TABLE 8. Distribution of respondents' evaluation regarding the reasonability of washing and drying prices

With 1= Totally unreasonable, 2= Unreasonable, 3= OK, 4= Reasonable, 5= Totally reasonable

	1	2	3	4	5	Mean	Mode
Washing	7	4	40	49	42	3.81	4
Drying	5	7	50	48	32	3.67	3

As can be seen from the table, the price of 20,000VND (0.88 EUR) per one time washing is reasonable to most respondents, which contributes to the high Mean value of 3.81 out of 5. The Mode in this case is grade 4, which again confirms the reasonability of the given washing price. The situation is quite different for the

drying price when the Mode now is grade 3. However, the number of respondents rating it 'reasonable' is only two students less. Combining with 32 students who rated drying price 'totally reasonable', the Mean value of the drying price achieved is considerably high which is 3.67 out of 5. The Mean value of the drying price although smaller than that of the washing price, it is still much higher than the average Mean value of 2.5.

Buying intentions

The final question in the questionnaire is the most decisive question determining whether the laundry lounge will be customers' choice when they need to wash and dry clothes. The result is illustrated in the following table.

TABLE 9. Distribution of respondents' buying intentions

With 1= Definitely not use, 2= Not use, 3= Do not know, 4= Will use, 5= Definitely will use

	1	2	3	4	5	Mean	Mode
Buying intentions	6	16	42	52	26	3.89	4

Table 9 evidently shows that the biggest number of respondents believes that they will use the services of laundry lounge once it is opened in Ho Chi Minh City. Rated by 52 respondents out of 142, grade 4 is represented as the Mode of respondents' buying intentions. While there are quite many students who are not sure whether they will use the services or not, the amount of respondents saying that they will surely visit the laundry lounge to wash and dry clothes is not too small. As a result, the Mean value of respondents' buying intentions is rather high with 3.89 out of 5. In respect of the percentage, it can be logically concluded from the table that 55% of the sample, who marked point 4 or 5, are willing to use the laundry lounge's services.

Among 142 respondents, there are 135 students gave the answers for the sub-question regarding the regularity in using the services in the laundry lounge. The statistics are reported in the figure below. According to figure 24, most respondents prefer going to the laundry lounge once a week with 63%. 37 out of 135 respondents would like to use the laundry lounge's services twice a week, which accounts for 27% of the sample. The remaining 10% said that they would wash clothes in the laundry lounge more than two times per week.

Regularity of using laundry lounge
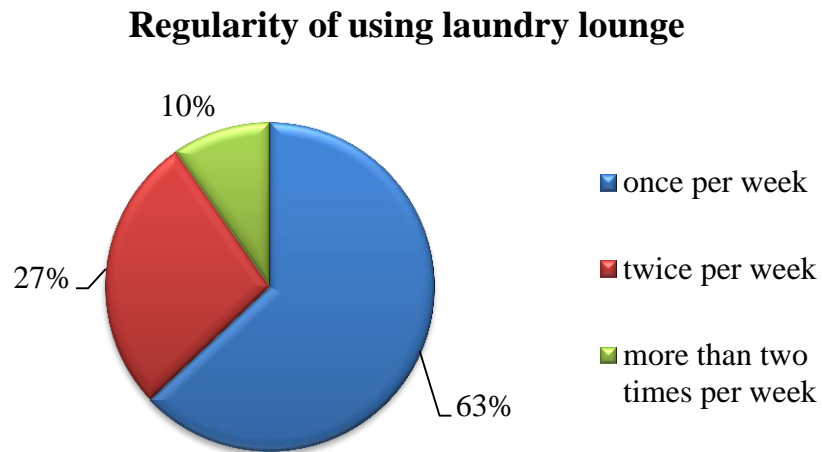
FIGURE 24. The regularity of using laundry lounge of the respondents (n=135)

5   FEASIBILITY ANALYSIS IMPLEMENTATION

In this chapter, feasibility analysis is practically implemented to discover the viability of laundry lounge in Ho Chi Minh City based on the guidance of the theories, authors' knowledge and the results from the empirical part in chapter 4.

5.1   Service Feasibility

As mentioned in the theory chapter, to determine the feasibility of the laundry lounge in Ho Chi Minh City, it is necessary to consider if the services of the laundry lounge meet any desirability and demand existing in the market.

5.1.1   Service Desirability

The interviews mentioned in section 4.2.1 aim to measure the desirability of the laundry lounge in Ho Chi Minh City. During the interviews, a laundry lounge's concept statement (figure 25) was presented to provide the interviewees with background information about the business concept.

According to the results from the interviews, the laundry lounge concept sounds strange to all the interviewees but it makes sense. Normally, washing and drying in Vietnam takes much time and energy. Now, laundry is merged with extra services which enable students to have a meal, read a book or a magazine, surf Web or watch TV during the waiting time of just over an hour for their clothes to be ready. Recognizing beneficial things that the laundry lounge can do for the customers through the concept statement, all the interviewees believe that it is reasonable to open a laundry lounge in Ho Chi Minh City to support students in washing and drying.

Besides that, the interviewees gave valuable feedbacks towards the business concept. For instance some more services should be added in the laundry lounge such as ironing, taking care of customers' vehicles. They also suggested expanding the model to B2B business or preparing strong background and social network for the management team. All these feedbacks and suggestions prove that they are really interested in the laundry lounge.

Although some worries were expressed due to the habit of washing clothes by hand and the unfamiliarity of the model to most Vietnamese students the interviewees all agree the idea is very innovative. Their excitement in a true laundry lounge was revealed during the interviewing process through the way they responded to the interview' questions and gave valuable comments to make the business better. Consequently, the authors obtain sufficient reasons to believe that the laundry lounge is desirable and serves a need in Vietnamese market targeting Vietnamese students.

Laundry Lounge in Ho Chi Minh City

Start-up X

Product

Laundry lounge is the new generation of self-service laundry which combines laundry and extra services such as café, bar, Wi-Fi, big screen TV and waiting room with books and magazines. The laundry lounge will be introduced in Ho Chi Minh City by the start-up X. The appearance of the laundry lounge will help the target group with washing and drying clothes in time and energy saving manner.

Target Market

At the beginning, the start-up X plans to target Vietnamese students living and studying in Ho Chi Minh City, Vietnam. As a result, the laundry lounge will be located near universities, dormitories and student rent-apartment areas.

Why Laundry Lounge?

Service sector in Vietnam especially in Ho Chi Minh City has been developed fast recently. Furthermore, the number of Vietnamese students in Ho Chi Minh City is growing drastically every year. However, most of them have to spend much time and energy to wash and dry clothes by hand themselves after hard working and studying days. The laundry lounge is designed to offer time and energy saving way to wash and dry clothes. Equipped with modern washers, dryers, cafeteria, TV, waiting room with books, magazines, and free Wi-Fi, the laundry lounge makes customers' waiting time shorter and meaningful.

Special Feature

Laundry lounge has not been in Ho Chi Minh City until this moment. Cafeteria, waiting room and free Wi-Fi are seen to be the competitive advantages of the laundry lounge compared to normal self-service laundry stores in Ho Chi Minh City.

Management Team

The start-up X is operated by two entrepreneurs obtaining International Business Bachelor Degree with great passion in laundry lounge business and deep understanding about Vietnamese market.

FIGURE 25. Laundry Lounge's concept statement

5.1.2 Service Demand

Based on the theory in chapter 2, administering a buying intentions survey is an effective way to determine whether there is a demand for particular service. In this study, the buying intentions of the target customers are explored through the final section of the questionnaire.

The results from the questionnaire shows that 55% of the respondents would like to use the laundry lounge's service once it is opened in Ho Chi Minh City. Using scale from 1 to 5 to evaluate customers' buying intentions, the result of 55% includes only people who say that they will use (point 4) or definitely will use the service (point 5) and effectively excludes people who are not sure if they will use the service or not. 55% of over 500,000 Vietnamese students in Ho Chi Minh City (Bao Moi 2011) are about 275,000, which makes up a really high demand for the business. In addition, the result regarding the buying intentions gets the Mean value of nearly 3.9 over 5 and the Mode value of 4. This again proves that the demand does exist and it is significant.

5.2 Industry and Market Feasibility

In this part, various factors are taken into account to determine whether the industry and market in Vietnam are attractive enough for a laundry lounge to be opened and developed.

5.2.1 Industry Attractiveness

The attractiveness of the industry in Vietnam can be measured through PESTEL and Porter's Five Forces Analysis.

PESTEL Analysis of Vietnam

PESTEL analysis includes six elements which are Political, Economic, Social-Cultural, Technological, Environmental and Legal factors. To provide the readers with an overview about Vietnam, all critical information in respect of every

component, gathered from related reports, laws and articles, is presented briefly in the table below and clarified later in detail.

TABLE 10. PESTEL analysis of Vietnam

Political
- Single-party state controlled by the Communist Party of Vietnam (Government Portal 2015)   - Decline in tariffs, foreign currency surrenders and restriction barriers (Anthony 2015)   - Popularity of corruption and bureaucracy as the main challenges for Vietnam (World Bank 2010, NORAD 2011)
Economic
- Transformation from central economy to market-oriented economy (Nguyen et al. 2007)   - Reduce in inflation rate (World Bank 2014)   - Climb in GDP growth rate (World Bank 2014)   - Economic structure in 2013: service 42%, industry 39%, agriculture 19% (EU- Vietnam Business Network 2015)   - Decrease in land lease and service prices for domestic and foreign investors (Anthony 2015)
Social- cultural
- Huge influences from triple religion: Buddhism, Confucianism and Taoism (Insight Guide 2015)   - High importance of education (Nguyen 2013)   - Increase in the population reaching the number of 90.5 million in 2014 (General Statistics Office of Vietnam 2014)   - Increase in the labour force (Uyen 2013)

- Popularity of household business as an opportunity for the case company
- High consideration of the quality of food (Corapi 2011)
- Collectivist society ranking family as the first priority (Do & Phan 2002)

Technological

- Dramatic increase in Internet users (Internet Live Stats 2015)
- Greater concentration on technological renovation (Vietnam Ministry of Science and Technology 2012)

Environmental

- Inter-tropical zone with average temperature of 21 in the North and 27 in the South (Embassy of Vietnam 2015)
- Single rainy season from May to September (Vietnam Country 2011)
- Abundant rainfall: average 1800 mm in Ho Chi Minh City (Vietnam Country 2011)
- Serious pollution especially in Ho Chi Minh City (Bien Phong Viet Nam 2013)

Legal

- Corporate Income Tax (CIT): 22% but from 2016: 20% (Circular 78/2014 / TT-BTC guiding the Decree 218/2013 / ND-CP about CIT)
- Value Added Tax: 10% for the case company (Laws of Value-Added Tax 13/2008/QH12 2008, chapter II, article 8)
- Business registration agency in Ho Chi Minh City: Department of Planning and Investment (Laws of Business Registration 88/2006 NĐ-CP 2006, chapter II, article 6)
- Time limit to be offered the certificate of business registration: within 10 days (Laws of Business Registration 88/2006 NĐ-CP 2006, chapter IV, article 20)

Political

Being single-party state, all the organs of the government, politics and society of The Socialist Republic of Vietnam are controlled by the Communist Party of Vietnam (Government Portal 2015).

From mid 1980s, the chances in 'Doi Moi' policy have affected positively the relation between Vietnam and other foreign countries through the cut in tariffs, reduction in foreign currency surrenders and restriction barriers (Anthony 2015). As the case company needs to buy machines from Thailand, the decrease in the tariff has positive impacts to a start-up's budget.

Recently, Vietnam has been more aware of its limitations in political system especially issues regarding corruption and bureaucracy which have negative influences on the legitimacy of the Party, operation of the business and the life of the citizens as well (NORAD 2011). Despite much effort in anti-corruption actions, Vietnam has still performed weakly in dealing with corruption compared to other countries in Asia (World Bank 2010). Bureaucracy is in the same situation as corruption. As a result, the case company should take into account the situation and impacts of corruption and bureaucracy in Vietnam before and during the process of operating their business.

Economic

'Doi Moi' policy in 1980s brings a transformation in the economy framework from central to market-oriented economy opening a new era for the economic in Vietnam. Typically, the policy proposed 'Five Year Plan of Vietnam' which played an important role in encouraging rapid growth in GDP and controlling inflation rate. (Nguyen et al. 2007.) Although there were some fluctuations over years, recently, Vietnam has achieved positive figure in both GDP growth and inflation rates illustrated in two line graphs below.

Inflation rate of Vietnam
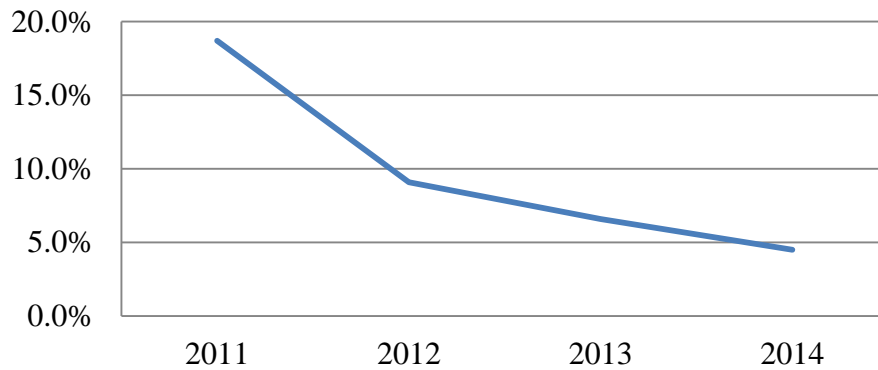
FIGURE 26. Inflation rate of Vietnam from 2011 to 2014 (modified from World Bank 2014)

As can be seen from figure 26, there was a drastic decline in inflation rate in Vietnam from approximately 18.5% to just over 7% between 2011 and 2012. From 2012 to 2014, the rate continued to go down gradually reaching the point of almost 5% in 2014. The main causes behind this decreasing inflation are the reducing raw and manufacturing materials as well as the increasing manufacturing capability, which is beneficial for the economy, contribute to the market stability and encourage customers to consume more products. This subsequently leads to the economic growth and a healthier business environment for entrepreneurs. (Nguyen 2014.)

Annual GDP Growth Rate of Vietnam
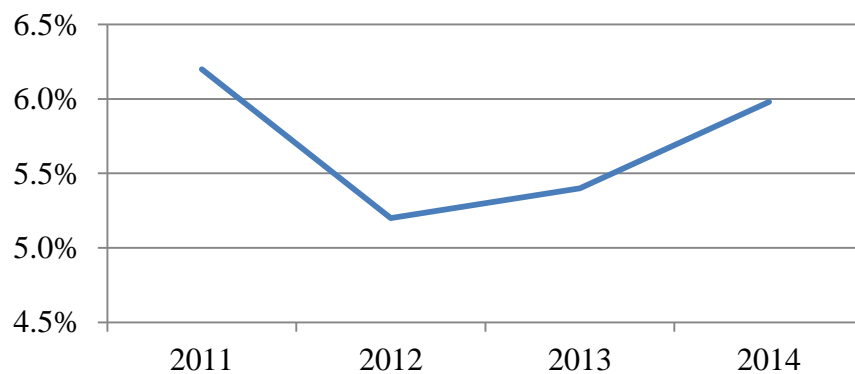
FIGURE 27. Annual GDP growth rate of Vietnam from 2011 to 2014 (modified from World Bank 2014)

Figure 27 demonstrates a dramatic fall in the annual GDP of Vietnam from 2011 to 2012 where it shows a positive change with a gradual climb from 5.0% to 5.4%

at the point of 2013 after which describes a rapid rise to nearly 6% in 2014. The trend is predicted to be continued in the next several years (World Bank 2014). And higher GDP means people have more money to spend. This is a good news for the entrepreneurs.

Besides, from 2013, there have been some changes in Vietnam's economic structures turning service into the most important sector contributing to national GDP (EU- Vietnam Business Network 2015). As a result, more investments in terms of finance and technology are put into the service sector. Operating in service industry, this is an opportunity for the case company to receive more concern and encouragement from the authorities.

During recent year, Vietnam has activated more policies that benefits both foreign and domestic investors. Since then, prices for land lease and other services for investors have gone down. (Anthony 2015.) Being a start-up with limited amount of budget at the beginning, the case company can definitely take advantage of these lower prices to cut down operation costs.

Social – cultural

Vietnam is largely affected by triple religions which are Buddhism, Confucianism and Taoism (Insight Guide 2015). This is one of the reasons why Vietnamese people highly believe in the importance of education (Nguyen 2013). Every Vietnamese person is encouraged to pursue as high degree as possible leading to a huge number of students in Vietnam. With the total number of over 2.2 million students throughout the country and more than 500 thousands students in Ho Chi Minh City (Bao Moi 2011), Vietnamese students are seen to be a large market for the case company. Moreover, Vietnam's population in 2014 reaches the noticeable number of 90.5 million people, particularly just under 8 million people in Ho Chi Minh City (General Statistics Office of Vietnam 2014). This draws an optimistic situation for the case company in the long run when they are able to expand their business to other target group such as working people. Besides, an increase in the labour force at this moment when Vietnam is in the period of 'golden population' creates an advantageous condition for the case company in recruitment.

FIGURE 28. Population in Vietnam (Phu Nu Today 2014)

Due to the characteristics of housing structure in Vietnam especially in big cities like Ho Chi Minh City, most Vietnamese family utilize their front spaces to do business, which enlarges the popularity of household business in Vietnam. This type of business is usually small and does not offer enough professional service for customers. Thus, the case company can create a completive advantage when offering more functional and professional services.

For Vietnamese people, the quality of food is highly relevant to the freshness of the raw materials. The ones made of fresh ingredients are believed to be qualified and beneficial for people health. (Corapi 2011.) Therefore, when running cafeteria in laundry lounge, the case company should take into account this issue so as to attract more customers.

One more thing needed to be concerned in social- cultural part of PESTEL analysis is that Vietnam belongs to collectivism, which means that family is significantly important to every Vietnamese person (Do & Phan 2002). This concern is useful for the case company in human resource management. The case company should not only take care of their employees but also the employees' family, just in general way. As a result, the loyalty and enthusiasm of the employees to the case company are strengthened effectively, which plays a critical role in the development of the company.

Technological

Catching up with the development in technology, Vietnamese people has been spending their time on the Internet for various purposes such as studying, working, shopping, socializing, and entertaining, etc. The figure below describes clearly how the situation of Internet users in Vietnam is over four year period from 2011 to 2014.

Internet Users in Vietnam

people

31,532,824	35,855,249	36,592,417	39,772,424
2011	2012	2013	2014
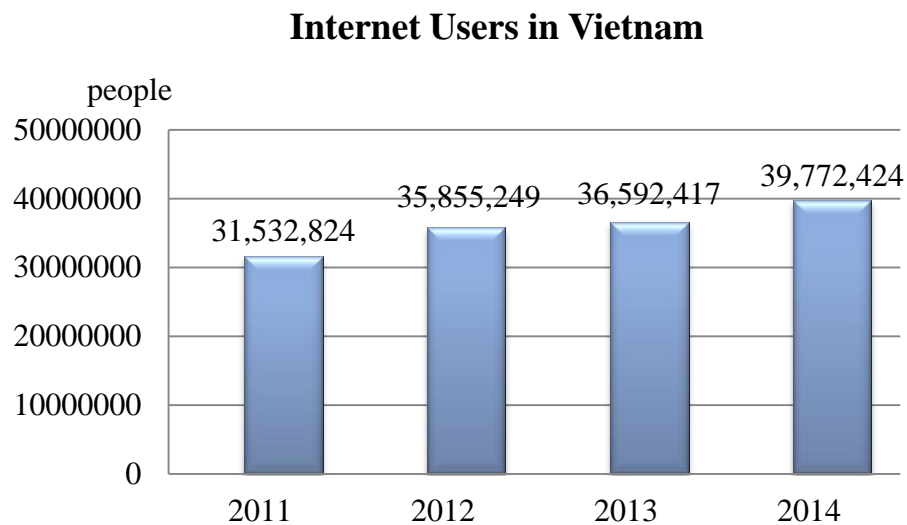
FIGURE 29. Internet users in Viet Nam (modified from Internet Live Stats 2015)

It is evident from figure 29 that the number of Internet users in Vietnam grew rapidly by almost 10,000,000 between 2011 and 2014 from over 31 thousands to nearly 40 thousands users. This forces Vietnam to invest more in technological development so as to meet the increasing demand of Vietnamese people in using Internet. In addition, through the web survey, most Vietnamese students see the Internet highly important to them when coming to the laundry lounge. Consequently, it is a good opportunity for the case company to offer free Wi-Fi in their laundry lounge to attract more customers.

Besides, technological renovation is also concerned in other fields such as the appearances of more modern and functional equipment or the development in business information technology (Vietnam Ministry of Science and Technology 2012). It leads to the fact that the case company is able to take the advantage of new and modern technology such as unattended payment system or Shop Keep smart phone application in management process, etc.

Environmental

Located in inter-tropical zone, Vietnam achieves the average temperature of 21^0C in the North and 27^0C in the South (Embassy of Vietnam 2015). Ho Chi Minh City is the centre of the South affected by the tropical climate of high humidity level which is approximately 75%. Furthermore, the same as other cities in the South of Vietnam, Ho Chi Minh City obtains single rainy season from May to November with the abundant rainfall of 1800 mm averagely. (Vietnam Country 2011.) During sunny season, heavy rain still happens sometimes. According to the result from empirical part, around 80% of Vietnamese students dry their clothes outside utilizing the sunshine. With such characteristics of weather in Ho Chi Minh as well as Vietnam in general, it is so inconvenient for the students in drying clothes especially in rainy season. The case company can see the opportunity for the laundry lounge here to help students dry their clothes in time-saving manner.

One of alarming problems in Vietnam is serious pollution especially in Ho Chi Minh City, which affects negatively to people's life and health. Vietnamese authorities are trying to find solutions to prevent and solve the problems. One example is setting strict punishment for organizations or businesses who releases toxic wastes to the environment. (Bien Phong Viet Nam 2013.) Moreover, these organizations or businesses are easy to be boycotted by consumers due to the lack of business ethics. Thus, the case company should seriously concern this issue during the process of running business to achieve the sustainability.

Legal

According to Vietnam's Laws of Business Income Tax, the Corporate Income Tax (CIT) is 22% in 2014 but the figure will be changed from 2016 with the decrease of 2%, which means that from 2016, the CIT is only 20% for business (Vietnam General Department of Taxation 2014).

Operating in service industry, the amount of value added tax that the case company needs to pay is 10% based on Vietnam's Laws of Value added tax (number 13/2008/QH12).

The Laws of Business Registration (number 88/2006 NĐ-CP) points out that business registration can be done in various national organs of Vietnam. In Ho Chi Minh City, the case company can complete this registration in the Department of Planning and Investment. Within 10 days, they are offered the certificate of business registration.

Porter's Five Forces

Besides PESTEL, Porter's Five Forces is also a useful tool to analyse the attractiveness of an industry.

Allen (2010, 107) suggests a framework to draw conclusions from Porter's Five Forces analysis, evaluating the facts, from the five forces, by using the symbols "↓↓" for very negative effects on the proposed business, "↓" for negative effects, "+" for neutral effects and "0" for no threat. According to Allen's framework, table 11 is drawn to evaluate various forces for a laundry lounge in Ho Chi Minh City, Vietnam.

TABLE 11. Porter's Five Forces analysis for a laundry lounge in Ho Chi Minh City

Bargaining power of customers	Bargaining power of suppliers
- Low costs of switching to similar service ($\downarrow\downarrow$) - Tight budget ($\downarrow$) - Large number of Vietnamese students (0) - Clean clothes as necessity of life (0) - Uniqueness of Laundry Lounge (0) - Few substitute service available (0)	- Small number of commercial laundry equipment suppliers ($\downarrow\downarrow$) - High cost of switching to other laundry equipment supplier ($\downarrow\downarrow$) - High importance of washing and drying machines in the business ($\downarrow\downarrow$) - Start-up Company ($\downarrow\downarrow$) - Large number of suppliers for Laundry Lounge's additional services (0) - Numerous premise for lease (0)
Rivalry of existing competitors	
- Existing brand recognition is low (+) - Low industry growth rate (0) - Small number and small size of self-service laundry stores (0) - No outstanding competitors (0) - Poor diversity (0) - Information about the industry is no yet complicated (0) - No or very small advertising expenses (0)	
Threats of new entrants	**Threats of substitute services**
- Easy to copy ($\downarrow$) - No proprietary factors in the industry ($\downarrow$) - Brand value in the industry is still low ($\downarrow$) - Moderate capital requirements (+) - Difficulties in finding suppliers (0)	- Daily habit of washing and drying clothes by hands at home ($\downarrow$) - Low or moderate quality (0) - high price (0) - Clear differentiation (0)

From above table, it can be seen that:

Bargaining power of customers is low

The company has a huge market of students in Ho Chi Minh City, so the customers cannot affect the business a lot on its service price or its offers. If some customers do not accept the price or the offer, there is surely still many other customers accept it. Although it costs almost nothing for a customer to switch to other similar services, there are only few substitutes and most of them have poor quality (Tran 2015a). In addition, despite the students' tight budget, they have a great motivation to enjoy a more convenient life. Indeed, 55% of respondents are willing to use the proposed service, in which 33% percent has low monthly income, less than 2,500,000 VND. (Result from the survey)

Bargaining power of suppliers is high

Currently in Vietnam and the neighbour countries, the number of companies that sell laundromat equipment, which is vital for the case business, is very little. This brings challenge for the case company as they do not have many choices and its business depends strongly on the quality of these suppliers' products and services. Besides, it is obviously very expensive to change from using the laundry equipment and services of a supplier to another one .That could be even more difficult for such a new-born company. Nevertheless, there are still some advantages since it is quite easy to find various premises available for lease there, and to buy inputs for the additional services of the laundry lounge such as foods, beverages and laundry detergents from reliable suppliers for example Unilever, P&G and other local brands.

Threats of new entrants is fairly high

There are several reasons for this. First, the business model is easy to be copied. Everything in the store could be observed simply by visiting and trying the service few times. There are no proprietary factors used in the business model, meaning if a new player wants to join the competition, they probably can access all the sources needed to start, though it could take some time and efforts as well as require a certain amount of capital. The immaturity of the laundry industry might

also give good opportunities for the new entrants. As long as none of the player in the market stands out from the rest, the chance is significant for every new entrant.

Threats of substitute services is low

Except the long-established habit of washing clothes by hands and drying them outside, there seems to be no big substitute for the prospective service. Although traditional laundry stores still exist, people rarely utilize it due to its inconvenience, low quality and high price. In the survey, only 1 percent of respondents used this traditional service. Furthermore, laundry lounge is highly differentiated by its distinguishing benefits.

Rivalry of existing competitors is low

It is clear that rivalry is low in the young laundromat industry in Vietnam, particularly in Ho Chi Minh City. The number of competitors is under four, of which only one is professionally developed (Smart Laundry System), the rest are small household businesses. All of them are the same basic self-service laundry stores without additional services and no brand is truly recognized by the market. The competition is not really happening among the market players when there is no or very small advertising expenses, along with the low industry growth rate. In addition, the information about the industry and the competitors is still simple, available widely for everyone to explore.

5.2.2   Target Market Attractiveness

To determine the attractiveness of the target market, the target segment needs to be defined reasonably. Besides, it is important for the case company to explore customers' motivation on using the laundry lounge's services as well as their unmet needs that have not fulfilled by other laundry stores. The strongest competitor in the market at this moment is equally important to measure target market attractiveness.

Segmentation

The target segment of the case company is chosen using geographic and demographic approaches, which are presented in the following table.

TABLE 12. Customer segmentation of the laundry lounge

Geographic		Demographic	
Nation	City	Occupation	Age
Vietnam	Ho Chi Minh City	Students	18-24 years old

Witnessing the difficulties that many students in Vietnam face in washing and drying clothes by hand combining with the experience obtained when living in Belgium, both authors who are also Vietnamese students saw the opportunity for a laundry lounge in Ho Chi Minh City targeting mainly students. As a result, the target segment of the laundry lounge in this study is the group of Vietnamese students from 18 to 24 years old living and studying in Ho Chi Minh City.

Through the results from the questionnaire, the target segment is narrowed down. In table 13, results from the chi-square test using SPSS tool, which measures the influence of demographic factors to the buying intentions of the customers, are clearly presented.

TABLE 13. Chi-square test illustrating the relationship between demographic factors and customers' buying intentions ($\alpha = 0.1$)

Demographical factors	*Asymp. Sig (2-sided)*
Gender	0.276
Accommodation	0.073
Income	0.734

As can be seen from table 13, with p = 0.276 and p = 0.734 respectively, both gender and income factors obtain p values which are higher than 0.1. On the other hand, accommodation factor has p value that is smaller than 0.1 with 0.073. That is to say among the three demographic factors above, accommodation is the only one which affects students' decision in using the services of the laundry lounge. In other words, besides nation, city, occupation and age range, types of accommodation that the students are living in are also taken into account when clarifying the target segment. According to the questionnaire's results, 89% of the sample is staying in rent-apartment and dormitory. Therefore, it is undeniable that the laundry lounge should target to students who live in rent-apartment or dormitory.

In general, the target segment of the laundry lounge is Vietnamese students from 18 to 24 years old who live in rent-apartment or dormitory in Ho Chi Minh City, Vietnam.

Motivation

The questionnaire's result shows that 80% of respondents dry their clothes outside utilizing the sunshine. This is definitely a cheap way for students to have their clothes dried after being washed. However, the same as many other countries all over the world, the sun is not always shining in Vietnam throughout the year. The rainy season in Vietnam especially in Ho Chi Minh City lasts from May to November and even in sunny season, heavy rain still happens. (Vietnam Country 2011.) This means that in rainy season and sometimes in sunny season, students face some problems in drying clothes outside. The need to solve these problems is a great motivation for them to use the laundry lounge's services.

Most Vietnamese students have to wash clothes by hand themselves (58% of the sample) but they feel 'ok' with this habit (Mode = 3, Mean = 3.31). It is interesting to note that when it comes to the laundry lounge, the majority of the respondents says that the laundry lounge with add-on services is such convenient for them in washing and drying (Mode = 4, Mean = 3.38). Additionally, more than half of the sample would like to use the service once it is opened in Ho Chi Minh City. All the mentioned statistics point out that although the students feel 'ok'

with their washing activity they still prefer the laundry lounge thanks to its convenience. The authors again see the opportunity for the laundry lounge here when the need to feel good is another motivation for Vietnamese students to pay for the laundry lounge's services.

Unmet needs

From the survey's result, most students in Ho Chi Minh City spend averagely 45 minutes on one time washing (60% of the sample). When asked how often they wash their clothes at home, the largest amount of the answers falls into the choice of more than three times per week (33% of the sample). As a result, it takes totally at least 3 hours for students to wash their clothes. However, when coming to the laundry lounge, they only need to spend approximately 45 minutes on washing and 30 minutes on drying. Preferring having all the clothes washed once a week in the laundry lounge (63% of the respondents), it takes roughly 1 hour and 15 minutes in total for the clothes to be ready. Moreover, the students need to use energy to wash clothes by hand at home or spend time uselessly at the self-service laundry store, instead, they can enjoy the waiting time using extra services at the laundry lounge during their waiting time and save energy for other activities. Consequently, it is evident that doing laundry at home and the self-service laundry store do not actually fulfilled students' need which the students themselves might have not realized yet. Recognizing this unmet need is an opportunity for the case company to build their competitive advantages over the competitor with extra services in their laundry lounge.

Competitor – Smart Laundry Systems Company

Most self-service laundry stores in Ho Chi Minh City until this moment are household businesses which bring less competitiveness for the case company in terms of capital investments, equipment, spaces and professionality. There are only few stores operated under the form of a firm or company. Smart Laundry Systems with various branches from the North to the South of Vietnam is evaluated as the strongest competitor that the case company should consider.

Smart Laundry Systems (SLS) is a self-service laundry store established in Ha Noi in 2014, then expanded to Da Nang and Ho Chi Minh City. The company creates opportunities for customers to do laundry by themselves at their convenience. Besides, SLS also offers ironing and home delivering services to attract more customers. Table 14 conducts the SWOT analysis of SLS to figure out its strengths, weaknesses, opportunities and threats. Since then, the case company can learn more about their competitor and hence propose suitable competitive strategies.

TABLE 14. SWOT analysis of Smart Laundry Systems

Strengths	*Weaknesses*
• Modern equipment especially payment system • Convenient service from washing, drying, ironing to home delivering	• Store with limited space • Small number of washers and dryers • Low brand awareness • Unclear price list
Opportunities	*Threats*
• Small number of self-service laundry stores in Vietnam • Large amount of working people and students • Cheap labour source	• Daily habit of washing clothes by hand at home • The business model is easy to copy

Strengths

Washing and drying machines in SLS are from Electrolux, one of the most quality and prestigious brand in Vietnam. With beautiful design and outstanding function, Electrolux helps SLS to gain customers' truth in terms of laundry quality. In conjunction with laundry service including washing, drying and ironing, SLS also

offers home delivery service for the customers especially to attract the ones who do not have time to pick up their clothes when it is ready to use.

Weaknesses

SLS store is limited with small space which is only enough for five washers put under four dryers (see figure 30). The decoration of the store is not attractive enough to catch the attention and interest of customers. Although the Facebook page of the company was built, the information there are not sufficient and clear making it difficult for customers to follow. Vague and confusing price list is a typical example in this case. This is also one of the reasons for the low brand awareness of SLS.

FIGURE 30. Smart Laundry Systems store (Smart Laundry Systems 2014)

Opportunities

Vietnam specifically Ho Chi Minh City provides SLS with valuable opportunities to expand business, cut down costs and increase profitability. First, at this moment, the number of self-service laundry store in Ho Chi Minh City is small so the competitiveness in this service is not big compared to others such as restaurants or hotels. Second, the amount of prospective customers including university students and working people climbs rapidly every year. Last but not

least, cheap labour source is one of the vital elements which help to reduce monthly fixed costs.

Threats

Vietnamese people are familiar with washing clothes by hand themselves and drying them outside taking the advantage of sunshine. In other words, self-service laundry sounds strange to Vietnamese people and hence it is not a simple task to persuade them switch from traditional habit to a new one. Furthermore self-service laundry model is not too tough to copy, which raises more threats for the company in the long run.

In general, SLS obtains adequate strengths and opportunities to develop their business in the target market. Nevertheless, the existences of some weaknesses and threats inhibit the growth of their business. That is to say SLS is not a strong competitor which can prevent the case company from gaining more market share and achieving high profits, but still, disregard for the ability of the competitor should definitely avoided.

5.3   Organizational Feasibility

For any start-up, measuring the feasibility of the organization itself is necessary. Management prowess and resource sufficiency are seen to be the two major factors affecting the organizational feasibility.

5.3.1   Management Prowess

The management prowess of the case company as a start-up is evaluated through how much passion the entrepreneurs have to start laundry lounge business, how deeply the entrepreneurs understand Vietnamese market, particularly Ho Chi Minh City and how large the social networking of the entrepreneurs is.

Passion

The case company is a start-up specializing in service industry. The company is established by the corporation of two entrepreneurs who are also the authors of

this thesis. Pursuing International Business Bachelor Degree, the authors has been raising their interests in doing business over years.

Through many valuable opportunities accessing different business models in various countries, the authors are eager to establish their own business and bring new, innovative and beneficial ideas back to their home country, Vietnam. This contributes partly to the improvement and development of Vietnamese citizens' life conditions.

Passion in starting own business is revealed more clearly when the authors know about laundry lounge which can bring stunning advantages for Vietnamese people, who have to wash clothes by hand and depend on the sun to dry them.

Desire in starting up with this business model is the foremost reason for the birth of this thesis as a market research. In other words, choosing this topic for the thesis, which is the most important stage in student life, as an effective way to find out if laundry lounge model is viable for the target customers demonstrates how passion the authors have for a new laundry lounge in Vietnam.

As a result, the level of passion in opening a laundry lounge is definitely the biggest advantage of two authors on the way to establish their own business after coming back to Vietnam.

Market understanding

The fact that both authors, who desire to be entrepreneurs after graduation, are native Vietnamese is also a critical element to ensure the management prowess level.

Being born and growing up in Vietnam, the authors evidently understand the daily behaviour of Vietnamese people. Moreover, they have almost three year experience as students in Ho Chi Minh City. That gives them a deep understanding about their target market, students living and studying there. And although they are now in Finland, the internet enables them to catch up with current situation in Vietnamese market. As a result, the authors can effectively clarify what kinds of needs and unmet needs existing in the market. Moreover,

they are able to define which group can be a great target segment for their business, where the business should locate, how and what they should do to encourage customer motivation, to reach their attention and persuade them to use the service. Understanding about the current situation in Vietnamese market helps the authors to recognize how the competition is and who are their strong competitors. Thanks to that, they can propose suitable strategic and tactics to successfully achieve their objectives.

Although all these things mentioned above need to be evaluated again for accuracy and to avoid subjective views, it is undeniable that deep understanding of both authors about the market in Vietnam plays a crucial role in enhancing the management prowess of their start-up in Vietnam.

Nevertheless, both authors have been away from Vietnam more than three years. Although they come back to Vietnam each year and reading news about Vietnam every day, geographical distance somehow affects their understanding about Vietnamese market.

Social networking

Social networking is one of the biggest concerns of both authors when coming back to Vietnam to start their own business. Living and studying in foreign countries for more than three years is probably disadvantageous for the authors in terms of social networking in Vietnam. Burns (2011) said increased frequency and depth of interaction are two major factors strengthening the social networking. In this case, the geographical distance makes it difficult for the authors to keep in contact with friends, who can be a great source for valuable opinions and advices as well as information about the markets and opportunities for the case company's services.

Luckily, the process of creating and enlarging the social networking has been done well in foreign countries from where Vietnamese students also come back to Vietnam after graduation. Many of them has graduated and been already in Vietnam for a long time. And fortunately, most of them are willing to give a hand plugging experience and knowledge gaps if necessary.

5.3.2 Resource Sufficiency

According to the theory, resources concerned in this part are non-financial ones. The case company would like to open a laundry lounge, which merges laundry and add-on services such as cafeteria, waiting room with books, magazines, free Wi-Fi and big screen TV, in Ho Chi Minh City. As a consequence, some non-financial resources listed in table 15 are needed to be taken into account. Then, it is possible for the case company to determine if they obtain sufficient resources to activate the business. In the table, 'Yes' means that the non-financial resource is available, 'Yes but required effort' means that it is difficult to acquire but it is possible.

TABLE 15. Non-financial resources needed for a laundry lounge

Non-financial resource	Availability
Affordable space for the laundry lounge, which needs to be large enough to provide private areas for add-on services	Yes but requires much effort
Key equipment : washing and drying machines specialized in laundromat industry (Electrolux)	Yes but requires much effort to achieve high qualified products
Other key equipment such as book self, big screen TV, computers, chairs, tables, delivery vehicles, camera	Yes
Food, drinks and Internet suppliers	Yes
Staffs in the store	Yes

Affordable spaces

According to Vietnam General Statistics Office (2014), Ho Chi Minh City is the most densely populated area in Vietnam with the total population of nearly 8 million in 2014 while the area is just over 2,000 square kilometres. With the density population of 3,731 people per square kilometre, the average area for a house or an apartment in Ho Chi Minh City is quite narrow. (Vietnam General Statistics Office 2014.) In other words, scarcity in spacious house or apartment is popular situation in this city. Therefore, the price for a sizable one is relatively high. As a result, it is not an easy task to find out a suitable rent apartment having ideal space for a true laundry lounge with not only reasonable and affordable price, especially for a start-up, but also perfect location. Although it takes time and much effort, the task is definitely possible to be done thanks to the help of family, friends, intermediaries or real estates.

Washers and dryers

There are many famous brands of washing and drying machines particularly in Vietnam and generally in the world. Based on many researches and observations, the authors see that Electrolux is used most popularly in the majority of laundromats. The main reason is that Electrolux machines are designed specifically for self-service laundry store with some innovative functions that their competitors do not have. Therefore, Electrolux machines are chosen as the key equipment for the company to run their business. Unfortunately, although Electrolux is one of the most prestigious brands in Vietnamese market, they do not offer washers and dryers specializing in the laundromat industry. Therefore, the entrepreneurs, also authors of this thesis, need to buy specialized washers and dryers from Thailand, where Electrolux has already sold these machines. Being International Business students accomplishing experience in business life, this task can be done successfully although it needs time and effort.

Other key equipment (big screen TV, computers, security camera, book shelves, chairs, tables, delivery vehicles)

Big screen TV, computers, security cameras are easily to find in electronic stores throughout Ho Chi Minh City. It is surely not a problem to buy book shelves, chairs and tables which are sold popularly in furniture stores. Besides, motorbike market in Vietnam is diverse in sizes and models, which produces a favourable condition for the case company to obtain suitable delivery vehicles with affordable prices.

Food, drinks and Internet supplier

Food and beverage is said to be one of the industry accomplishing the most potential in Vietnam (Anh 2013). Therefore, there is a great source of food and drinks supply in Vietnamese market. In other word, the case company does not need to worry about food and drinks sources which are richly available everywhere in Vietnam.

The ability of connecting to Wi-Fi of electronic equipment in Vietnam is increasing drastically in recent 4 years, encouraging the climb in the number of Internet Wi-Fi suppliers throughout Vietnam, especially in Ho Chi Minh City (ICTnews 2014). To be able to gain market share, most Internet Wi-Fi suppliers set competitive price, which is completely advantageous for the case company as a start-up to afford.

Staffs

Vietnam is going through a period of 'golden population' at this moment due to the decline in the birth-rate and the increase in the number of working people. This brings a great opportunity for Vietnam, especially Ho Chi Minh City, the most populated city in Vietnam, to take advantage of young labour force. (Uyen 2013.) Thus, it is not a challenge for the case company in recruitment task. Moreover, the number of students in Ho Chi Minh City has been gone up over years providing a huge labour source of part-time employees.

5.4   Financial Feasibility

It is such important that the case company considers the financial feasibility of laundry lounge in Ho Chi Minh City targeting students to determine whether the case company can afford required capital, whether the proposed business will yield reasonable earnings and profits for the invested capital.

All calculations in this part use the exchange rate: 1 VND = 0.0000432 EUR (Eximbank 2015)

5.4.1   Capital Requirements

The laundry lounge is planned to have 10 washing machines, 10 drying machines, a cafeteria and a reading room equipped with free Wi-Fi. To calculate the amount of capital requirements, all necessary and essential assets and equipment to run the laundry lounge are listed in the table below.

TABLE 16. Investments needed for the laundry lounge

	Price (VND)	Quantity	Sum (VND)	Sum (EUR)	Sources
Laundry Space					
Washing Machine	25,000,000	10	250,000,000	10,800	Blanchet 2015
Drying Machine	25,000,000	10	250,000,000	10,800	Blanchet 2015
Payment and CRM System	20,000,000	1	20,000,000	864	Tran 2015b
Reception corner and devices	15,000,000		15,000,000	648	Truong 2015
Wheel Baskets	350,000	10	3,500,000	151	VINATECH 2015
Waiting Benches	1,752,000	2	3,504,000	151	Noi That Nhap Khau 2015
TV Screen	5,090,000	2	10,180,000	440	Dien May Cho Lon 2015
Store Installation and Decoration	20,000,000		20,000,000	864	Nguyen 2015e
Reading Room					
Sofa Set	6,000,000	1	6,000,000	259	Sofa Dung Phat 2015
Desktop Computer	4,380,000	1	4,380,000	189	May Tinh Bach Gia 2015
Shelf and Books	2,000,000		2,000,000	86	Tong 2015
Cafeteria					
Set of 1 table and 4 chairs	1,100,000	6	6,600,000	285	Vat Gia 2015
Gas Stove	3,000,000	1	3,000,000	130	Mediamart 2015
Cooking utensils	1,000,000		1,000,000	43	Nguyen Kim 2015
Bowls	17,000	50	850,000	37	Gom Su Gia Re 2015
Plates	14,000	50	700,000	30	Gom Su Gia Re 2015
Glasses	6,500	50	325,000	14	Gom Su Gia Re 2015
Spoons, folks, chopsticks	4,000	150	600,000	26	Gom Su Gia Re 2015
Others	10,000,000		10,000,000	432	
		Total	**607,639,000**	**26,250**	

Fred Thomas (2000) said *"You don't often start out with the kind of sales volume you're hoping for, so you have a period when you're losing money. You have to scope out ahead of time how much money it's going to take to carry you through that valley."* Therefore, in this analysis, apart from investments, capital requirements include also the expenses in two months with no customer at all, whose calculation is presented in the table below.

TABLE 17. Monthly operating expenses with no customer

	Cost (VND)	*Quantity*	*Sum (VND)*	*Sum (EUR)*	*Sources*
Fixed Costs					
Rent for 60m2 store	15,000,000	1	15,000,000	648	Tran Gia 2015
Employee Salary	3,000,000	4	12,000,000	518	Phuong 2014
Utilities (electricity, water, internet)	500,000		500,000	22	Cho Lon Water Supply 2015, Ministry of Industry and Trade 2015
Total Fixed Cost			27,500,000	1,188	
Variable Costs					
Washing Cycle (1 hour)	0	0	0	0	
Drying Cycle (1 hour)	0	0	0	0	
Cafeteria Dish/Drink	0	0	0	0	
Total Operating Expenses			**27,500,000**	**1,188**	

Capital requirements are calculated as following:

Capital requirements = Investments + 2* Operating fixed costs

= 607,639,000 + 2* 27,500,000

= 662,639,000 (VND)

= 28,626 (EUR)

Base on the above calculation, the start-up needs totally **662,639,000 VND** or **28,626 EUR** to get Laundry Lounge business off the ground. This amount of capital will be financed 50% by the two founders (the authors) and 50% by their family.

5.4.2   Estimated Earnings

Once started, the laundry lounge is going to open 16 hours, from 7a.m. to 11p.m. every day. With the average washing/drying cycle of 1 hour, 10 washing machines and 10 drying machines, the store is able to serve a maximum amount of 160 washing cycles and 160 drying cycles a day.

At the beginning, the start-up might face lots of problems and hence the business will not go smoothly. For that reason, the estimated earnings calculation will base on a very low expected daily flow of 40 customers (use both washing and drying services) a day and 50% of those will have food or drink in the cafeteria. That means there will be 1200 washing cycles, 1200 drying cycles and 600 dishes/drinks served every month (30 days). It will yield the monthly revenue as presented below.

TABLE 18. Estimated monthly revenue

	Price (VND)	Quantity	Sum (VND)	Sum (EUR)
Washing Cycle (1 hour)	20,000	1200	24,000,000	1,037
Drying Cycle (1hour)	28,000	1200	33,600,000	1,452
Cafeteria Dish/Drink	30,000	600	18,000,000	778
		Total	**75,600,000**	**3,266**

In order to ensure this expected daily flow of 40 customers, the store needs to acquire a **market share of 280 customers** (40 customers * 7 days) as most customers are going to use the service once a week. (From the survey, 63% of respondents prefer going to the laundry lounge once a week.)

There are over 500,000 students in Ho Chi Minh City (Bao Moi 2011), and 55% of those (according to the survey) or over 275,000 students are willing to wash and dry their clothes in the laundry lounge. That is to say the amount of 280 customers is very small, accounting for only 0.1% of the prospective market. The company probably can gain this tiny market share with ease.

The monthly expenses spent in order to produce the above revenue are showed in the following calculation.

TABLE 19. Monthly operating expenses

	Cost (VND)	Quantity	Sum (VND)	Sum (EUR)
Fixed Costs				
Rent for 60m2 store	15,000,000	1	15,000,000	648
Employee Salary	3,000,000	4	12,000,000	518
Utilities (electricity, water, internet)	500,000	1	500,000	22
		Total Fixed Cost	27,500,000	1,188
Variable Costs				
Washing Cycle (1 hour) [*]	3,050	1200	3,660,000	158
Drying Cycle (1 hour) [*]	10,000	1200	12,000,000	518
Cafeteria Dish/Drink	10,000	600	6,000,000	259
	Total Operating Expenses		**49,160,000**	**2,124**

[*] See Appendix 3 for detailed cost calculation

Consequently, the estimated revenue and expenses helps to determine the estimated annual profit in table 20.

TABLE 20. Annual profit

	(VND)	(EUR)
Revenue (= Monthly Revenue * 12)	907,200,000	39,191
Operating Expenses (= Monthly Operating Expenses * 12)	589,920,000	25,485
Gross Profit	**317,280,000**	**13,706**
Depreciation[**]	108,000,000	4,666
Net Operating Profit	**209,280,000**	**9,041**

[**] Straight-line depreciation in 5 years

The investments that need to be depreciated over years are the ones last more than one year and cost more than 10,000,000 VND, as mentioned in Vietnamese Laws of Accounting Depreciation (203/2009/TTBTC, section B. In this case, it includes the investments of 10 washing machines, 10 drying machines, payment and CRM system and Cost of store installation and decoration.

5.4.3   Return on Investment

The estimated earnings are now examined in relation to the invested capital to see the profitability of the business concept, using ROI.

$$\boldsymbol{ROI} = \frac{100 * Net\ Operating\ Profit}{Invested\ Capital}$$

$$= \frac{100 * 209{,}280{,}000}{662{,}639{,}000}$$

$$= 34.44\%$$

Compared to average banks' interest rate of 6.5% and the government bonds' interest rate of 6%, the ROI of 34.44% is considerably high. Besides, the net operating profit of 209,280,000 VND a year for two people, meaning 104,640,000 VND for one person, is a much higher income than the average income for entry-level jobs students can have after graduating in Vietnam, which is around 78,000,000 VND a year (Phuong 2014). These reasons prove that the laundry lounge business concept is noticeably profitable and worth investing in.

6 CONCLUSION

This chapter is to conclude the thesis with main findings for the research questions, an evaluation of the reliability and validity of the outcomes and some suggestions for further researches.

6.1 Findings

Throughout the thesis, a significant amount of primary and secondary data are collected to find out highly satisfactory answers for the proposed research questions and hence achieve the objective of the thesis. The main findings of this study are concisely presented in the following table.

TABLE 21. Main findings

Research questions	Findings
Sub-question 1: What is a laundry lounge?	A laundry lounge is a place merging self-service laundry and add-on services such as bar, café, laundry product shop, waiting area with books and magazines and free Wi-Fi.
Sub-question 2: What levels of desirability and demand are there for the service in Ho Chi Minh City?	Through the interviews with seven prospective customers and three business people, it is explored that the desirability for a laundry lounge in Ho Chi Minh City is rather high despite a bit worries towards the new model. Additionally, through the buying intentions question in the questionnaire completed by 142 respondents, the demand for a laundry lounge to assist students in washing and drying as well as making waiting time meaningful is seen to be high.

Sub-question 3: How attractive is the industry and the market in Vietnam?	Conducting PESTEL and Porter's Five Forces analysis in sub-chapter 5.2.1, the industry in Vietnam is evaluated to be attractive for the start of the laundry lounge.
	Furthermore, thanks to the analyses of the target segment, customer motivation and unmet need, the target market described in sub-chapter 5.2.2 is proved to be attractive and bring benefits for the case company.
Sub-question 4: What are organizational requirements to run the business like?	Organizational requirements for a start-up include management prowess and non-financial resources.
	The entrepreneurs need time to adapt again to Vietnamese market as they have lived in foreign country for more than three years. However, it is proved in the sub-chapter 5.3.1 that with great passion in laundry lounge business, deep understanding about Vietnamese students' behaviour and adequate level of social networking, both entrepreneurs obtain sufficient expertise and competence to get the business off the ground.
	In sub-chapter 5.3.2, it is obvious that non-financial resources for a laundry lounge is sufficiently available although much effort is required to achieve high quality resources.

Sub-question 5: How much capital needed and how profitable will the business be?	The total capital needed to start the laundry lounge is 662,639,000 VND or 28,626 EUR, which is calculated in sub-chapter 5.4.1. The required amount of capital is available from both entrepreneurs themselves and their family. Estimating the revenue amount in sub-chapter 5.4.2, it is possible for the authors to calculate how much profit they can get back from the laundry lounge annually in sub-chapter 5.4.3. The return on investment is then evaluated as a high and attractive rate: 34.4%.
Main research question: **How feasible is a laundry lounge in Ho Chi Minh City with the target group of Vietnamese students?**	The laundry lounge concept successfully passes the feasibility analysis. First, the laundry lounge is highly desirable and demandable. Second, the industry and market in Vietnam is attractive for the laundry lounge business. Third, the case company achieves sufficient organizational requirements to launch the business. Final, the capital required is feasible for the case company and the profit is highly attractive. Accordingly, the laundry lounge is proved to be viable in Ho Chi Minh City, targeting Vietnamese students.

With the main findings above, the authors are able to confirm that the hypothesis mentioned in sub-chapter 1.5 - 'The laundry lounge is a promising and profitable business model in Vietnamese market, targeting Vietnamese students' – is true.

6.2   Reliability and Validity

Reliability and validity are two important criteria to ensure the results or findings of a research are trustworthy. Reliability is about whether the research model is stable or not, meaning the same input data must give the same result repeatedly. Validity is about whether the research model reflects what it is supposed to represent, in other words if a measurement can indicate what it is supposed to measure, then it is valid. (Bryman & Bell 2011, 157-160.)

To serve the objective of the research, a significant amount of primary data was collected using appropriate tools besides a wide range of secondary data coming from reliable and trustful sources. In this thesis, both qualitative and quantitative research methods were successfully applied to gather sufficient data needed for the study.

In qualitative research, ten interviews were conducted with seven prospective customers and three business people. All these ten are neither friends nor relatives of the authors, and thereby they do not have any reason to give a biased point of view regarding the laundry lounge's concept statement. In other words, their ideas and opinion towards the concept statement are surely reliable. It is worth noticing that during the interviewing process, all questions were made sure to be answered clearly. All vague points were also clarified before finishing the interviews. Moreover, the contents of the interviews were at that time recorded and rewritten carefully. Consequently, all data accomplished from the interviews was properly interpreted into meaningful information expressing exactly what the interviewees had said. Thanks to that, the validity of the interviews is effectively enhanced. Besides, constructing structured interviews, which means that all predetermined questions were used the same for ten interviewees from various backgrounds, the appearance of approximately similar responses regarding the laundry lounge concept again confirms the reliability of the interviews' results.

In quantitative research, the questionnaire was completed by 142 respondents who are Vietnamese students living and studying in Ho Chi Minh City. Moreover, the questionnaire was sent to seven Vietnamese students in Ho Chi Minh City to check if all the questions are comprehensive prior to being officially launched.

Feedback from these seven Vietnamese students was then taken into account to improve the questionnaire. After that, a trial was run to make sure the data recording system was working well. As a result, careful preparations of the questionnaire, together with the sample of 142 respondents strengthen the reliability and validity of the results from the quantitative research.

6.3   Recommendations for Further Research

On the way to turn this feasible concept into a real business, some further studies are required.

First, in Vietnam there is no official commercial laundry equipment supplier. While doing this thesis, the authors had to contact a foreign supplier for the price list of the needed equipment, which was difficult and the information was very limited. Therefore, further research about the suppliers and the procedures of importing the laundry equipment from foreign countries would obviously be useful.

Second, research regarding cashless payment systems for the self-service laundry, including its utilized technologies and administrative aspects, should be conducted. This helps to optimize the convenience of the self-service model for the customers, hence bring competitive advantage and benefit the company in the long-term.

Last but not least, prior to practically implementing the business concept, a detailed business plan needs to be developed for the company. It is undeniable that a business plan can effectively guide the entrepreneurs how to put the business together. In other words, obtaining a thorough business plan helps to monitor the progress and control the business's fate.

7   SUMMARY

The objective of the thesis is to measure the feasibility of laundry lounge concept in Ho Chi Minh City, targeting Vietnamese students. This is the first and foremost step that the case company needs to conduct so as to make their business idea become an established business.

Theoretically, the thesis effectively provides all relevant theories including business idea, business concept and, especially, feasibility analysis which is the main tool to analyse the viability of the laundry lounge concept in the target market. Besides that, a thorough description and example of the laundry lounge as well as its basic form, self-service laundry, are presented so that the readers have a big picture about the concept. Misunderstanding between a laundromat and a laundry lounge is then efficiently avoided.

Empirically, qualitative and quantitative research methods are successfully combined to gather necessary data, which is further analysed and implemented to the feasibility analysis of the laundry lounge. The business idea, which is running a laundry lounge in Ho Chi Minh City to provide students a time and energy saving place of washing and drying clothes, is carefully examined through four major components of the feasibility analysis – service feasibility, industry and market feasibility, organizational feasibility and financial feasibility.

Consequently, the research question and sub-questions are adequately answered, leading to reliable findings. Effectively passing all four components of the feasibility analysis, the huge potential of the laundry lounge for students in Ho Chi Minh City is surely confirmed.

Nevertheless, prior to practically opening a laundry lounge, the case company should come up with a detailed business plan which works as a useful guide to grow the business. In addition, further researches on suppliers and cashless payment system should be critically constructed in order to guarantee that everything is well-prepared for the start of the laundry lounge business in Ho Chi Minh City.

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APPENDICES

Appendix 1: Questionnaire targeting Vietnamese students in Ho Chi Minh City

A general description and picture were given so that the respondents have a general picture about the laundry lounge.

1. What is your gender?
   o Male
   o Female
2. Where are you are staying now?
   o Rent apartment
   o Dormitory
   o Private house
3. How is your income (or the grant you receive from family) each month?
   o < 2,500,000VND (108 EUR)
   o 2,500,000 – 3,500,000 VND (108 EUR - 151 EUR)
   o >3,500,000 VND (151 EUR)
4. How do you usually wash your clothes?
   o By hand
   o By washer
   o Go to laundry store
5. How do you usually dry your clothes?
   o Outside
   o Inside
   o Use dryer
6. How often you wash and dry your clothes?
   o 1 time/ week
   o 2 times/ week
   o 3 times/ week
   o More than 3 times/ week

7. How long does it take for you to wash your clothes?

   o   Less than 30 minutes

   o   From 30 minutes to 1 hour

   o   More than 1 hour

8. How do you feel about your washing and drying at this moment?

   (1= totally inconvenient; 5= totally convenient)

   1   2   3   4   5

9. Have you ever heard about laundry lounge?

   o   No

   o   Yes but not used yet

   o   Yes and already used

10. How do you feel about laundry lounge? (if you have not used it, let evaluate based on our description about the service above)

   (1= totally inconvenient; 5= totally convenient)

   1   2   3   4   5

11. How are extra amenities important to you?

   (1= very unimportant; 5= very important)

   Free Wi-Fi

   1   2   3   4   5

   Waiting room

   1   2   3   4   5

   Cafeteria

   1   2   3   4   5

12. Is the price of 20,000 (0.86 EUR) per one time washing reasonable?

      (one time washing = 6kg clothes; 1= totally unreasonable;

      5= totally reasonable)

      1   2   3   4   5

If not (mark 1-2), please state the expected price:

_____

13. Is the price of 7,000 (0.30 EUR) per 15 minutes drying reasonable?

      (6ke clothes can be dried in 30 minutes; 1= totally unreasonable;

      5= totally reasonable)

      1   2   3   4   5

If not (mark 1-2), please state the expected price:

_____

14. If 'Laundry Lounge' is opened in Vietnam, do you use it?

      (1= completely no; 5= completely yes)

      1   2   3   4   5

If yes, how often do you use it?

- o   1 time / week
- o   2 times/ week
- o   More than 2 times/ week

Appendix 2: Structured interview questions targeting 7 prospective customers who were excluded from the questionnaire and 3 business people.

1. Could you please list three things you like about laundry lounge described in this statement?
2. Could you please suggest three things that can make the idea better?
3. Do you think Laundry Lounge is a realistic and feasible?
4. Do you have any additional comments or recommendation you think might be helpful?

Appendix 3: Washing and drying cost calculation

Utilities Price	
	(VND)
Electricity (per kWh)	2,500
Water (per m^3)	20,000

A washing cycle consumes 0.7kWh of electricity and 0.065 m^3 so it costs 0.7*2,500 + 0.065*20,000 = 3,050 (VND)

A drying cycle consumes 4kWh of electricity so it costs 4*2,500 = 10,000 (VND)