

**Business plan for Business Administrations,
Aachen University of Applied Sciences, Campus Jülich**

WOHOO CINEMA GMBH PRESENTS:



Open-Air Cinema

Contents

1. CHAPTER ONE: CONCEPT.....	1
2. CHAPTER TWO: BUSINESS IDEA & Description.....	1
3. CHAPTER THREE: MARKET ANALYSIS	3
3.1 Current Market:.....	3
3.2 Target Market:.....	4
3.3 Competitors:.....	5
4. CHAPTER FIVE: LEGAL FORM OF THE COMPANY	6
5. CHAPTER SIX: MARKET STRATEGY	7
6. CHAPTER SEVEN: COST CALCULATION	7
7. CONCLUSION	11
8. References	12

Figures

Figure 2.1: Example of Outdoor Cinema.....	2
Figure 2.2: Possible site location for the WOHOO Cinema.	2
Figure 3.1: Kreis-Düren containing the beloved Jülich.	3
Figure 3.2: Pie-Chart showing categorized population of Kreis-Düren according to age range.	4
Figure 3.3: Pie-Chart showing the targeted population of Kreis-Düren according to age range.....	5
Figure 3.4: Cinemas in Kreis-Düren.....	6
Figure 6.1: Right: Party tent; Left: Mercedes Benz ATEGO for transport of Cinema Equipement.....	8

Tables

Table 3-1: Population values according to age.....	4
Table 3-2: Population values according to age.....	5
Table 6-1: Calculation of the total investment and depreciation costs	7
Table 6-2: Calculation of variable cost.....	8
Table 6-3: Calculation of labor costs per annum.	8
Table 6-4: Calculation of Financing Costs.	9
Table 6-5: Turnover calculation, Year 1-4.....	10
Table 6-6: Calculation of cash flows during year 1-5.....	10
Table 6-7: Calculation of cash flow year 6-10.....	11

CHAPTER ONE: CONCEPT

The general idea of the WOHOO Cinema GmbH is the establishment of a mobile open-air cinema which travels around Germany during summer period showing movies and offering entertainment with the outdoor “party-tent” during weekends. In addition, WOHOO Cinema GmbH will provide additional rental services for the whole cinema equipment (Full package), or at least basic components for official or private events.

CHAPTER TWO: BUSINESS IDEA & DESCRIPTION

Open air cinemas give you an event feeling while joyfully watching a Hollywood movie. Also, as a free extra; fresh air increases the intensity of the cinema experience. Weather conditions might sometimes hinder the showing ability of a movie, since open-air cinema means viewer is subjected to the forces of nature. Still, if the following years is the same as of this year (2011); WOHOO Cinema will sure succeed in attracting many visitors.

Three movies are shown each day, these movies ranges from Hollywood blockbusters at night (6:00pm and 8:30pm) to movies for children in the afternoon (3pm). Thus it is an event for young people and families as well.

During summer time (May-Sept) an outdoor cinema will be provided in rural areas all over Germany; in locations where cinemas are not available. It will visit 20 places a year, while staying about 5 days at each place. Kreis-Düren is taken as a preliminary example for a high potential place for an outdoor cinema.

The open air cinema consists of an inflatable mobile screen and sound-system which are enough to show movies for an audience of around 200-400 people. The audience is provided with comfortable camping-chairs which includes a state of the art Can-Holder (for a fresh cold beer). Foods (bratwurst, popcorn, fries, ice cream...), alcoholic and non-alcoholic beverages are offered to customers for extending pleasure and –of course– for extra profit, all while keeping a relatively low cinema ticket price. Likewise, the inflatable screen can be placed at the side of a rivers or lakes for providing a beach party atmosphere. A pavilion/party tent attends the cinema, for offering parties each Friday and Saturday nights after the last movie presentation.

The three owners of the WOHOO Cinema GmbH take care of the management (counting the profit). Security staff and bartenders are employed seasonally. In contrast to them a technician is employed the whole year taking care of maintenance. The screen including sound-system, the trailer for providing the food and drinking and the party tent are properties of WOHOO Cinema GmbH while the toilets are rented at each place.

In addition to Hollywood movies, a public viewing for matches of the DFB-Team on World/European Championship are promised to be offered. The entry is free in this case, to avoid the need for licenses, thus maximizing the fun while ensuring some profit from selling food and drinks.



Figure 2.1: Example of Outdoor Cinema.

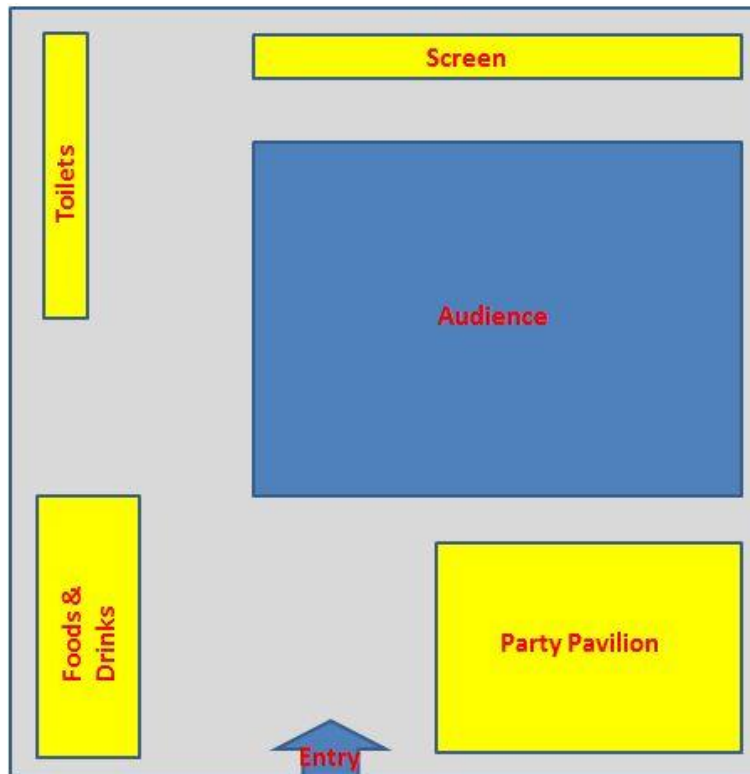


Figure 2.2: Possible site location for the WOHOO Cinema.

During the winter the business is switched (partly or fully) to “rent-a-cinema”. That means the whole equipment is rented out to companies, clubs or private clients that want to offer a cinema at their own events (mobile screen could also be used indoor). The customer has the choice between the “all-around-careless batch”, including the cinema, chairs, security staff and movies or he can order components by using a check-box-sheet. We expect a rising interest in this offer after a few years.

CHAPTER THREE: MARKET ANALYSIS

There are many open air cinemas throughout Germany that are available for a wide range of entertainment. Market research should be done on the intended region of open air location to attain maximum-profit-fun ratio.

3.1 Current Market:

Market analysis for Germany states that there are a total of 597 film schedules present throughout the year of 2011^[Source: Verband der Filmverleiher e.V.]. However the current location of the WOHO cinema will be located in the south-western region of North Rhine-Westphalia, mainly in the region of Düren-Kreis, where the birth place of WOHO Cinema is going to be (refer to Figure 3.1).

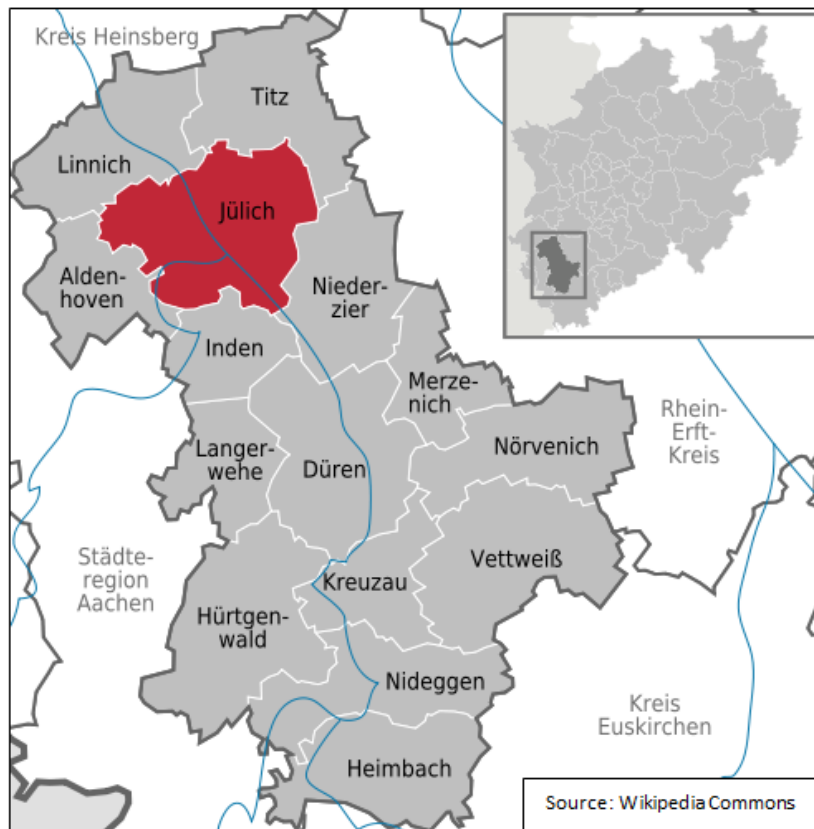


Figure 3.1: Kreis-Düren containing the beloved Jülich.

According to the statistics provided by Kreis-Düren website^[Source: Bevölkerungsstand-Altergruppen], there are a total of 268 637 inhabitants which amount up to only 1.5% of the population in North Rhine-Westphalia. Even though the population percentage is low, Kreis-Düren provides a promising market for an open air Cinema. As stated before, there are 597 film schedules, but what surprising is that none are present in Kreis-Düren which means there is a nice possibility for a profitable income.

Figure 3.2 and 3 with their following tables provide a quantitative view for the population of Düren and neighboring villages according to age grouping done at the end of 2009 [2].

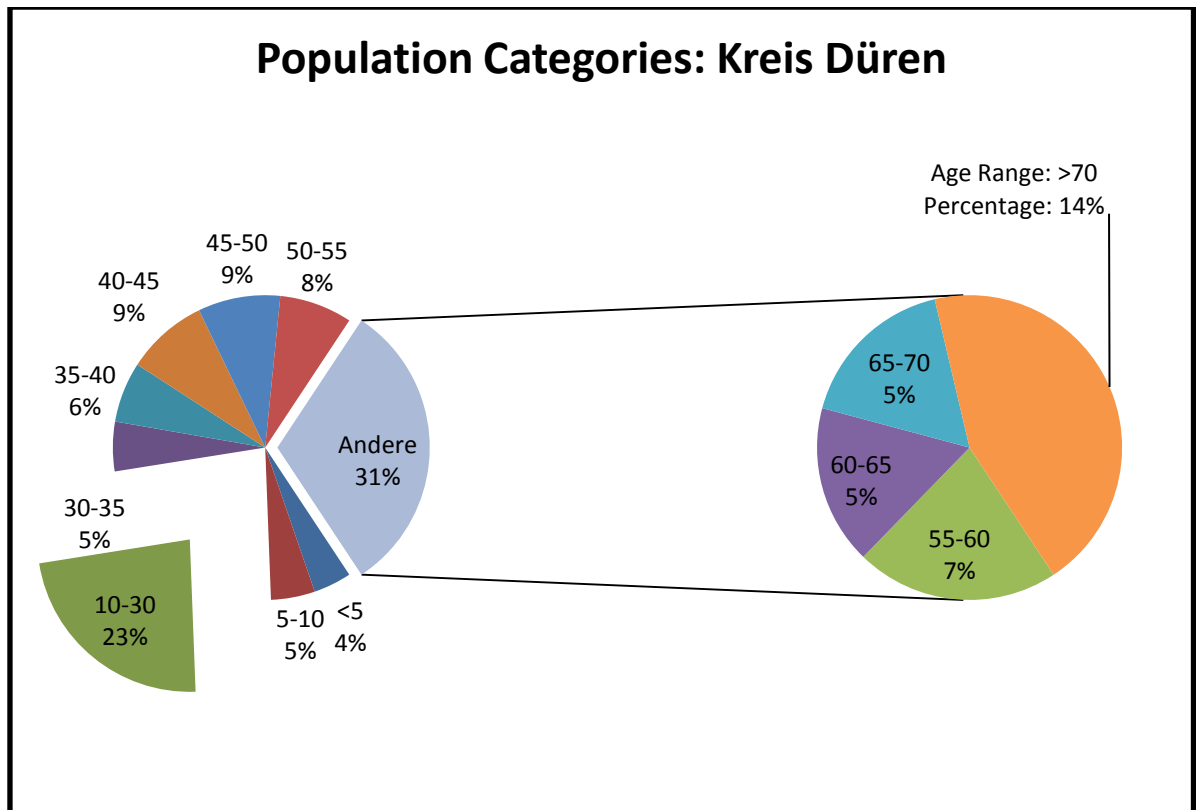


Figure 3.2: Pie-Chart showing categorized population of Kreis-Düren according to age range.

Table 3-1: Population values according to age.

Kreis Düren	Total: 268637
<5	10835
5-10	12542
10-30*	62032*
30-35	14104
35-40	17264
40-45	23339
45-50	23467
50-55	20732
55-60	18199
60-65	14238
65-70	14468
>70	37417

*Further details are provided in next sub-chapter

3.2 Target Market:

The targeted market for the Open-air cinema is mainly for age ranging from 10-30 years old, including families. Targeting a special age group gives an indication to the type of films that are to be shown in the Cinema and the type of extra services that should be provided (further details will be provided in later chapter).

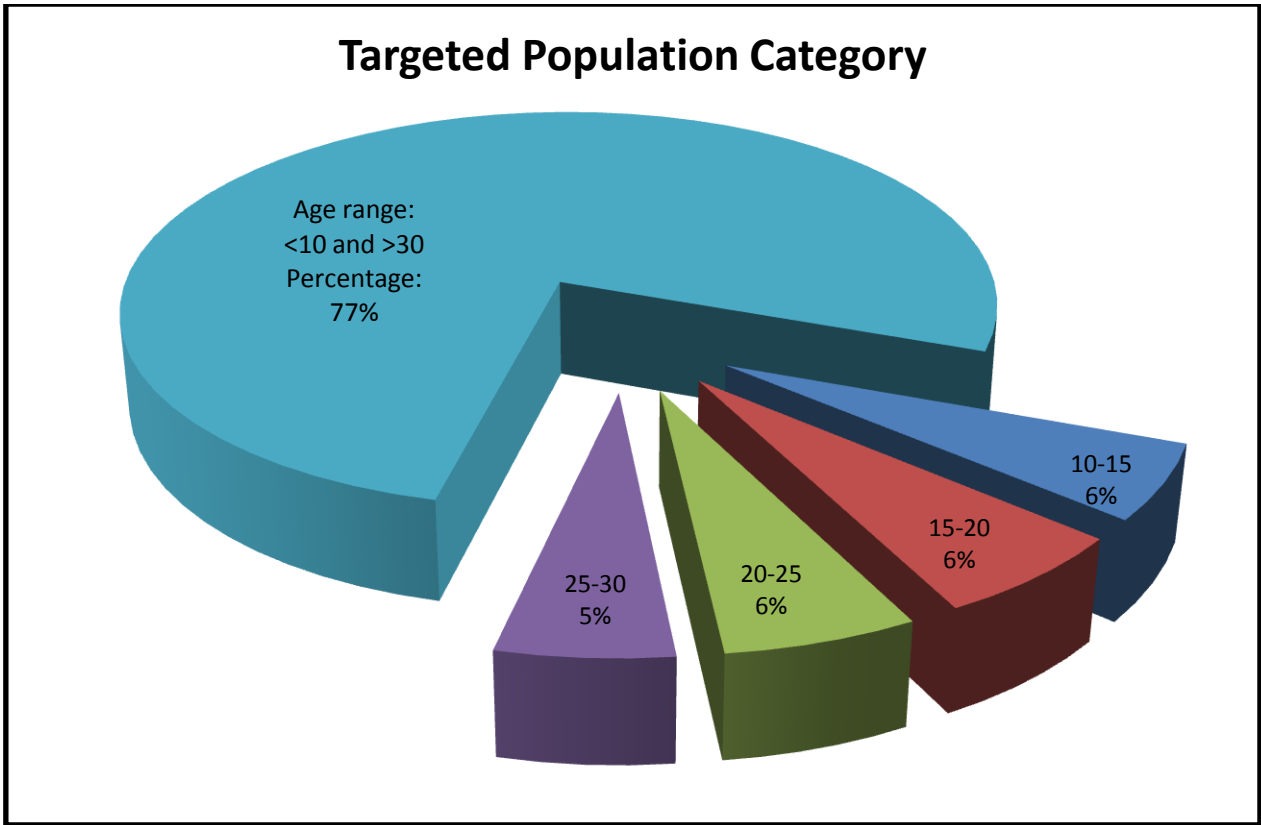


Figure 3.3: Pie-Chart showing the targeted population of Kreis-Düren according to age range.

Table 3-2: Population values according to age.

Age Range	Population Value
10-15	15017
15-20	16850
20-25	15771
25-30	14394

3.3 Competitors:

Market analysis showed that there are no potential competitors in the open-air cinema business in Kreis-Düren. Therefore, it is only reasonable to search for other competitors in the cinema showing industry, which are normal cinemas.

Another analysis (simply shown in figure 4) shows that there are little competition with relation to cinemas, since there are only 3 Cinemas in Kreis-Düren.

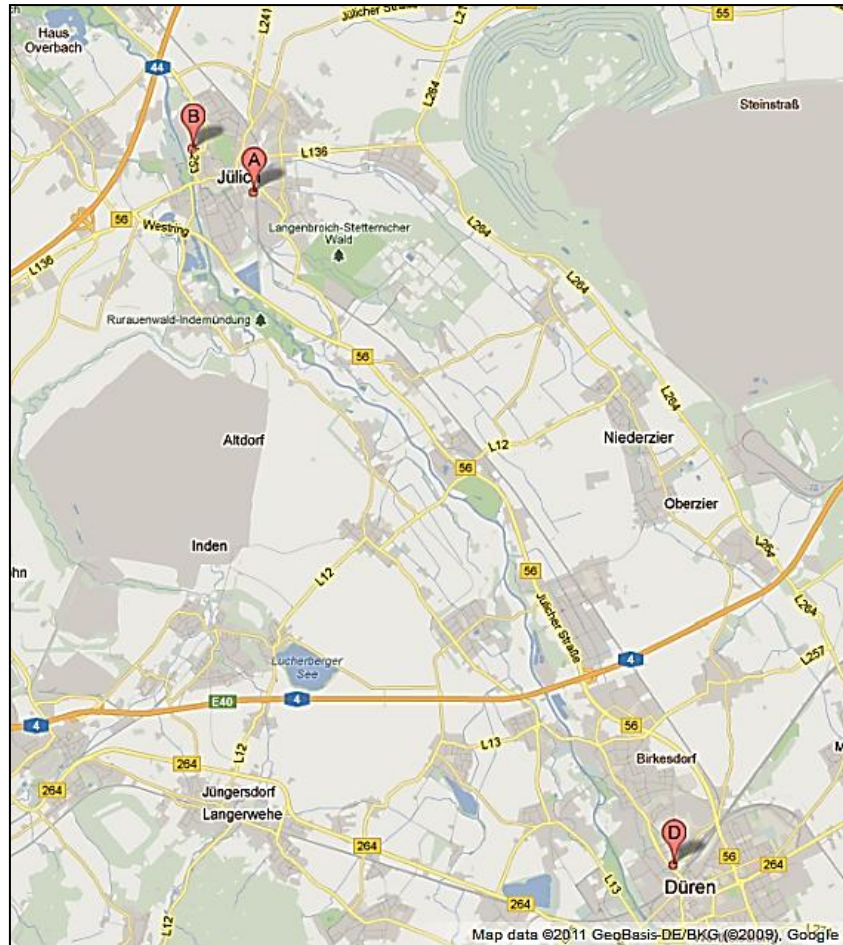


Figure 3.4: Cinemas in Kreis-Düren.

Therefore, Kreis-Düren provides one possible location for an Open-air Cinema. Other locations are similar to this market analysis.

CHAPTER FIVE: LEGAL FORM OF THE COMPANY

For finding the perfect legal form for the company, emphasis is placed on the following three conditions:

1. WOHOO Cinema has three owners with each having equal rights
2. The liability in case of bankruptcy are to be limited
3. Amount of investment estimated to be around 500.000 to 1 Mio. Euros

Considering these conditions the German “GmbH” is the most advantageous legal form for establishing the Open-Air-Cinema. An alternative to the GmbH were the UK “Limited” Company by Shares or the German “UG”. Those two would have the advantage of a lower (to none) capital needed. But due to the relatively high investment, this fact does not having any influence.

All other available legal forms do not fit having three owners and limited liability (e.g. small merchant) or are much too comprehensive for that kind of business (e.g. German AG).

CHAPTER SIX: MARKET STRATEGY

The aim of the WOHOO Cinema’s marketing strategy is to establish the outdoor cinema in places that are scheduled for a visit each year. The company wants the inhabitants to remember that the Open-air cinema returns to the town each summer.

For keeping the marketing costs on a rather low level, the advertising would be set regionally. The cheapest way of marketing is using a webpage, face-to-face publicity and Facebook as well. Additionally, some weeks before the cinema comes to town, a promotion is done by distributing leaflets and giving announcements to local newspapers.

An important part of the marketing strategy is the use of banner flights during the time the cinema is in town. These actions are supposed to amplify the event-character of the Open air cinema.

CHAPTER SEVEN: COST CALCULATION

Table 6-1: Calculation of the total investment and depreciation costs

Description	Amounts Of Investment	Depreciation Rate In Years	Depreciation [%]	Depreciation In € P.A.
Land 1110m ² 22,50€ (Warehouse)	24.975 €			
Cinebox Elite 30x17 System 1x	45.000 €	20	5%	2.250 €
Mercedes Benz ATEGO 7,5t 1x	35.000 €	5	20%	7.000 €
Camping Chairs 500x	10.000 €	10	10%	1.000 €
Fencing	5.000 €	10	10%	500 €
Bar Trailer	20.000 €	5	20%	4.000 €
Party Tent For 300 people	16.404 €	10	10%	1.640 €
Carport/Warehouse	120.000 €	20	5%	6.000 €
Unexpected	50.000 €			
Circulating Capital	40.000 €			
Sum	366.379,00 €			22.390,40 €

The investment costs include all costs to start the business of WOHOO Cinema GmbH. The carport/warehouse is built on a land bought in an industrial area next to Andernach 80km south of Cologne in order to store the truck and the equipment. Maintenance can be done there too.



Figure 6.1: Right: Party tent; Left: [Mercedes Benz ATEGO for transport of Cinema Equipment.](#)

Table 6-2: Calculation of variable cost.

		1st Year	2nd Year	3rd Year	4th Year
Expendable Material	Specific Consumption				
Licenses	1	100.000 €	100.000 €	100.000 €	100.000 €
Location	1	5.000 €	5.000 €	5.000 €	5.000 €
Toilets	10	27.500 €	27.500 €	27.500 €	27.500 €
Beer	400l p.d.	200l P.D.	300l P.D.	400l P.D.	400l P.D.
Non-Alcoholic Drinks	400l p.d.	200l P.D.	300l P.D.	400l P.D.	400l P.D.
Food	1,50€ p.food p.d.	54.750 €	84.000 €	109.500 €	109.500 €
Diesel	Truck With 10000km	2.500 €	2.500 €	2.500 €	2.500 €
Electricity	Diesel Generator	1.000 €	1.000 €	1.000 €	1.000 €
Maintanance		5.000 €	5.000 €	5.000 €	5.000 €
Advertisment	20 Locations	100.000 €	100.000 €	100.000 €	100.000 €
Materials	Duck Tape, Tickets, Etc.	2.000 €	2.000 €	2.000 €	2.000 €
	Sum	297.750 €	327.000 €	352.500 €	352.500 €

Due to no available data on how much drinks and food is needed, it is estimated that the amounts are rising during the first year, until the WOHOO Cinema GmbH has been established. The licenses are including license for showing the movies in public, the liquor license and the GEMA fee for playing music. Additionally, it is assumed, that the hired locations are on fields in rural areas.

Table 6-3: Calculation of labor costs per annum.

Personal In Costs	Quantity	Personel Direct Costs
Security	8	51.000,00 €
Dj	1	16.000,00 €
Technican	1	40.000,00 €
400€ Jobber	10	20.000,00 €
Our Salary	3	180.000,00 €
Barkeeper	1	40.000,00 €
	Sum	347.000,00 €

The labor costs can be split up into two parts. First of all who are directly employed by WOHOO Cinema GmbH and second those who are employed from a third party. The first group is the technician, the barkeeper and the three founders of the company. The second group is the DJ hired locally, as well as the 400€ jobbers and the security.

Investment	366.379 €
Consumption	297.750 €
Labor	347.000 €
Sum	1.011.129 €
Founders' Shares	3*10.000€
Therefore a credit is needed of about	981.129 €

During the first year a total amount of 1.011.129€ is needed to start-up the WOHOO Cinema GmbH. As far as the founders are taking part of the investments costs of about 10.000€ each 981.129€ has to be financed by a bank.

Table 6-4: Calculation of Financing Costs.

Year	Balance of debt	Intrest rate	Interest costs paid p.a.	repayment p.a.
1	981.129,00 €	7	68.679,03 €	98.112,90 €
2	883.016,10 €	7	61.811,13 €	98.112,90 €
3	784.903,20 €	7	54.943,22 €	98.112,90 €
4	686.790,30 €	7	48.075,32 €	98.112,90 €
5	588.677,40 €	7	41.207,42 €	98.112,90 €
6	490.564,50 €	7	34.339,52 €	98.112,90 €
7	392.451,60 €	7	27.471,61 €	98.112,90 €
8	294.338,70 €	7	20.603,71 €	98.112,90 €
9	196.225,80 €	7	13.735,81 €	98.112,90 €
10	98.112,90 €	7	6.867,90 €	98.112,90 €
Total interest			377.734,67 €	
Total repayment				981.129,00 €

Table 6-5: Turnover calculation, Year 1-4.

1st Year				
Turnover Calculation	Fee	Amount Per Day	Days	Sum
Entrance Fee	2,00 €	375	100	75.000,00 €
Beer	1,50 €	1000	100	150.000,00 €
Non-Alcoholic Drinks	1,50 €	1000	100	150.000,00 €
Food	3,00 €	125	100	37.500,00 €
			Sum	412.500,00 €
2nd Year				
Turnover Calculation	Fee	Amount Per Day	Days	Sum
Entrance Fee	2,00 €	500	100	100.000,00 €
Beer	1,50 €	1500	100	225.000,00 €
Non-Alcoholic Drinks	1,50 €	1500	100	225.000,00 €
Food	3,00 €	200	100	60.000,00 €
			Sum	610.000,00 €
3rd Year				
Turnover Calculation	Fee	Amount Per Day	Days	Sum
Entrance Fee	2,00 €	750	100	150.000,00 €
Beer	1,50 €	2000	100	300.000,00 €
Non-Alcoholic Drinks	1,50 €	2000	100	300.000,00 €
Food	3,00 €	250	100	75.000,00 €
			Sum	825.000,00 €
4th Year				
Turnover Calculation	Fee	Amount Per Day	Days	Sum
Entrance Fee	3,00 €	750	100	225.000,00 €
Beer	1,80 €	2000	100	360.000,00 €
Non-Alcoholic Drinks	1,80 €	2000	100	360.000,00 €
Food	3,00 €	250	100	75.000,00 €
			Sum	1.020.000,00 €

Table 6-6: Calculation of cash flows during year 1-5.

	1. Year	2. Year	3. Year	4. Year	5. Year
Turnover	475.000 €	697.500 €	975.000 €	1.170.000 €	1.170.000 €
Depreciation Costs	22.309 €	22.309 €	22.309 €	22.309 €	22.309 €
Labor Costs	347.000 €	347.000 €	347.000 €	347.000 €	347.000 €
Consumption Costs	297.750 €	327.000 €	352.500 €	352.500 €	350.500 €
Financing Costs	68.679,03 €	61.811,13 €	54.943,22 €	48.075,32 €	41.207,42 €
Loss Carried Forward		-260.738 €			
Profit Before Tax	-260.738 €	200.118 €	198.248 €	400.116 €	408.984 €
Taxes (40%)		80.047 €	79.299 €	160.046 €	163.593 €
Profit After Taxes	-260.738 €	120.071 €	118.949 €	240.069 €	245.390 €
Cash Flow	-238.429 €	142.380 €	141.258 €	262.378 €	267.699 €
Repayment Credit	98.112,90 €	98.112,90 €	98.112,90 €	98.112,90 €	98.112,90 €
Divided	-336.542 €	44.267 €	43.145 €	164.266 €	169.586 €

Table 6-7: Calculation of cash flow year 6-10.

	6. Year	7. Year	8. Year	9. Year	10. Year
Turnover	1.170.000 €	1.170.000 €	1.170.000 €	1.170.000 €	1.170.000 €
Depreciation Costs	22.309 €	22.309 €	22.309 €	22.309 €	22.309 €
Labour Costs	347.000 €	347.000 €	347.000 €	347.000 €	347.000 €
Consumption Costs	350.500 €	350.500 €	350.500 €	350.500 €	350.500 €
Financing Costs	34.339,52 €	27.471,61 €	20.603,71 €	13.735,81 €	6.867,90 €
Loss Carried Forward					
Profit Before Tax	415.851 €	422.719 €	429.587 €	436.455 €	443.323 €
Taxes (40%)	166.341 €	169.088 €	171.835 €	174.582 €	177.329 €
Profit After Taxes	249.511 €	253.632 €	257.752 €	261.873 €	265.994 €
Cash Flow	271.820 €	275.941 €	280.061 €	284.182 €	288.303 €
Repayment Credit	98.112,90 €	98.112,90 €	98.112,90 €	98.112,90 €	98.112,90 €
Dividend	173.707 €	177.828 €	181.948 €	186.069 €	190.190 €

CONCLUSION

This business is theoretically and practically feasible and financeable, but not very attractive for external investors. Additionally, banks are keeping their money safe and are not interested to invest money into a business without any further guarantees. Besides that, this business could establish itself having a good profit after a certain time.

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