



Master of Science in
International Business

EXPANDING PANDA EXPRESS INTO THE NETHERLANDS

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Abstract

This thesis focuses on the expansion of the American-Chinese restaurant chain 'Panda Express' from the United States into the Netherlands. The concept of Panda Express will be unique in the Netherlands: it will be the only chain that offers American-Chinese cuisine. This business plan focuses on the feasibility of the expansion, both theoretically and practically. It provides a comparison between Dutch and American markets and exemplifies fields which are different and important to focus on, such as food regulation and consumer preferences. Furthermore, a practical approach identifies the more specific steps that need to be taken in order to get Panda Express off the ground in the Netherlands. Panda Express will differentiate itself in the Dutch market by offering high quality food against relatively low prices. According to the research conducted in this thesis, the expansion of Panda Express into the Netherlands is feasible.

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Introduction

Panda Express is a fast casual restaurant chain in the United States. In 2011, Panda Express opened its first restaurant outside the United States. Currently, Panda Express has over 2000 restaurants worldwide. Even though the great majority of the restaurants are located in the United States, Panda Express has also opened restaurants in among others Canada, Puerto Rico, Mexico, South Korea and the United Arab Emirates. However, Panda Express is currently not present in Europe. During this thesis, the feasibility of entering the Dutch market will be examined.

In order to research whether Panda Express is viable in the Netherlands, it will be crucial to conduct thorough research about both the Dutch and American market conditions. Focus groups are planned to discover differences between these two markets. A survey will follow this in order to create a more in-depth and representative view.

First of all, a company background will introduce Panda Express, followed by an external and internal analysis of the company. The marketing plan will elaborate on the reasoning behind price, promotion, product and place policies. The logistics plan is a more practical chapter explaining how Panda Express in the Netherlands could happen, just like the human resources plan. Then, the financials in chapter seven reveal Panda Express' true feasibility using numbers. Finally, a contingency plan in chapter eight envisions potential future scenarios.

Executive summary

This business plan is focused on the expansion of Panda Express into the Netherlands. The Dutch market is a U.S.-orientated market where Panda Express would fit in well as its first market in Europe. Panda Express in the United States has a great concept which suits the demands of Dutch consumers; it is not expensive, it offers fresh food of an excellent quality and follows food trends such as offering healthy food options.

Panda Express will fill out a gap in the Dutch market with its concept of American-Chinese cuisine. Some restaurants come close to the concept of Panda Express, for instance wok or eastern cuisine, but the combination of American-Chinese will be utterly new. The fact that none of the competitors of Panda Express in the United States is present in the Netherlands, emphasizes its uniqueness.

Even though American and Dutch consumers differ in some ways when it comes to food consumption habits, Dutch consumers are in general open to trying new food, according to the focus group and survey that were conducted. Dutch consumers think price is important when choosing a restaurant. When comparing Panda Express' pricing strategy to potential competitors in the Netherlands, Panda Express is in a good spot. Positioning in terms of quality and price will be high quality and low price. This will ensure a good relationship with the customer base. Moreover, the survey showed that respondents were not familiar with Panda Express or its concept. Therefore, promotion will be mainly focused on the education of Dutch consumers.

After defining the target customers as tourists, students and everyone above 25 years old, it turned out that the target segments are well represented in Amsterdam and Rotterdam. These are the geographical areas where Panda Express will land its first restaurants. After one year of operating in Amsterdam, Panda Express will expand to Rotterdam. The first restaurants will be traditional restaurants where consumers can eat-in or take-out. Moreover, Panda Express will partner up with Deliveroo and Thuisbezorgd to provide extra service in terms of delivery and thereby increase its profits.

The initial investment that is needed to get Panda Express Amsterdam off the ground is €137.100. This investment will be financed with 65% equity of Panda Express United States and 35% by debt which will be issued by ABN AMRO bank against a 5.29% interest. Panda Express United States will be paid back by means of a 25% dividends policy (starting from year 3). The cashflow forecasts of Panda Express in the Netherlands are very positive and are growing progressively as a result of learning curve effects and a corresponding increase in sales. Hence, Panda Express United States will be able to break-even on their investment in year 6 and the internal rate of return will be 6% in 10 years.

The entry mode of Panda Express will be a wholly owned subsidiary. This entry mode indicates forthcoming risks. Risks will be diminished by making parts of the expansion project less definite. As the expansion plan is expected to become a success, all of those risk diminishers can be converted into opportunities in the long run. For instance, Panda Express will look for a location to rent, with an option in the contract to buy the property after five years.

When the two restaurants in Amsterdam and Rotterdam become successful, more restaurants will be opened in other big cities in the Netherlands. Eventually, the objective is to open restaurants in other countries in Europe. This will be facilitated by the common currency, the Euro, and the common law system in Europe. When more restaurants will be opened, a corporate office will be opened and among others all HR activities can be done in-house. Also, to give back to the community, one of the core values of Panda Express, a foundation similar like Panda Cares could be founded.

1. Company background

Panda Express is part of the Panda Restaurant Group. Panda Restaurant Group is also the parent company of Panda Inn and Hibachi-San (Panda Restaurant Group, 2018a). Panda Restaurant Group is a family-owned company that is owned and led by its founders: the Cherng family (Panda Restaurant Group, 2018a).

1.1 Mission

The mission of Panda Restaurant Group is “to deliver exceptional Asian dining experiences by building an organization where people are inspired to better their lives” (Panda Restaurant Group, 2018a).

1.2 Vision

Panda Restaurant Group is dedicated to “becoming a world leader in people development, whether through sharing good food with guests or providing opportunities for professional and personal growth with associates, all are embraced in a genuine family environment that is uniquely Panda” (Panda Restaurant Group, 2018a).

1.3 Company objectives

For the expansion of Panda Express into the Netherlands, some objectives have been established based on the current forecast. Starting from year 1, Panda Express will open a restaurant in Amsterdam. The target for year 2 is to open a Panda Express restaurant in Rotterdam. The main objective of year 3 to year 5 is to reach a total profitability of 8%. Within 8 years, the goal is to open three more restaurants in the Netherlands and reach a total

profitability of 10%. Within 10 years, the objective is to expand Panda Express to other countries in Europe (see *appendix 1* for a timeline).

1.4 Value proposition

Panda Express delivers value by offering a wide variety of ‘traditional’ Chinese food that is supplemented by more healthy Wok-Smart options, all with freshly prepared ingredients (Panda Express, 2019). Panda Express’ value proposition is supported by the five core values of Panda Restaurant Group: proactiveness, respect and win-win, growth, great operations, and giving (Panda Restaurant Group, 2018a). These values are supplemented with the so-called ‘Panda Way’, which focuses on interpersonal and personal development. Also, Panda Restaurant Group has established some initiatives on sustainability to reduce their carbon footprint and decrease their use of natural resources. Additionally, Panda Restaurant Group has set up the Panda Cares Community to give back to the communities in which they operate (Panda Cares, 2019).

2. External analysis

2.1 PESTEL analysis

Since Panda Express will expand to the Netherlands, a PESTEL analysis for the Netherlands was conducted. The elaborate version of this can be found in *appendix 2*, but the most relevant findings are shown in this section:

- The Netherlands is a very **politically** stable country.
- The business culture in the Netherlands is complex: “trade unions, government bodies, and industry associations engage in constant and close consultations” (U.S. Department of Commerce, 2018).
- The Netherlands is doing well **economically**; this means that consumers have more to spend on average, but also that the minimum and average wages are higher than in most other countries (Trading Economics, 2018a; Trading Economics, 2018d).
- With respect to the **social** environment; the Dutch market is a relatively small and U.S.-oriented market. The Dutch market is mainly driven by a focus on prices, and decisions about food are based on routine and habit (CBS, 2018d; U.S. Department of Commerce, 2018; Dutch National Institute for Public Health and the Environment, 2016). Also, there is a trend towards more healthy food in the Netherlands.
- In terms of **technological** development, the Netherlands is doing well; there is a high internet and mobile phone usage rate.
- There are strict **laws** concerning food safety, hygiene and quality that are monitored by the Netherlands Food and Consumer Safety Authority (Netherlands Food and Consumer Safety Authority, 2018).

2.2 The market

2.2.1 The consumer

In order to understand the consumer, the Dutch consumer in particular, this section consists of two parts. One part identifies consumer trends in the Netherlands, especially with regards to food consumption. The other part examines the differences between American consumers and Dutch consumers; a focus group was conducted to identify these differences. After this, the target customer will be specified.

According to the Dutch National Institute for Public Health and the Environment (2016), there are several trends with regards to (fast-)food in the Netherlands. Firstly, there is an increased emphasis on a healthy diet. This is of importance because decisions that Dutch people make, are influenced by safety, health and sustainability. Food decisions in particular are mainly influenced by routine and habit. Also, price is considered to be very important for Dutch people; they consider price more important than the physical availability of a restaurant. Dutch people like to eat together and they like to eat both inside and outside their homes: in 2014, the Dutch population spent 31.7% of their total food expenditure on out-of-home-consumption. This can be broken down into food service industry (15.8% of the expenses), catering and cafeterias (5.9% of the expenses) and fast-food (10% of the expenses). A final interesting trend is that lower educated people tend to eat more unhealthy food than higher educated people.

To understand the differences between the American consumer and the Dutch consumer, two focus groups were conducted. One focus group with people from the United States and one with Dutch people. Discussed topics in the focus groups and main findings can be found in *appendix 3*. Some patterns were identified. The main conclusion that can be drawn from those focus groups is that Panda Express will need to educate the Dutch consumer about the Panda Express concept. Also, American consumers and Dutch consumers are comparable with each other in terms of openness and attitudes towards food. They differ on the reasons to go out for dinner and what they consider when choosing a restaurant. A survey was conducted to analyze these findings in more detail. This survey, including its outcomes, can be found in *appendix 27*.

With the help of the focus group and survey, a target group was identified for Panda Express in the Netherlands. Consumers were segmented on the basis of a) age b) nationality (Dutch versus non-Dutch) and c) benefits sought. The target group of Panda Express in the Netherlands will consist of the following consumer groups:

- Tourists of all ages who go to Panda Express because of convenience and accessibility:
 - 5.340.000 tourists visit Amsterdam each year (Amsterdam.org, 2018).
 - 1.100.000 tourists visit Rotterdam each year (Pieters, 2018).

- Dutch students who mostly care about the price and convenience:
 - 108.442 students are living in Amsterdam (Studiekeuze123, 2019).
 - 65.235 students are living in Rotterdam (Studiekeuze123, 2019).
- Dutch individuals who are older than 25 years old and who mostly care about price/quality ratio:
 - 618.686 individuals of 25 years and older are living in Amsterdam (Allecijfers, 2018a).
 - 449.613 individuals of 25 years and older are living in Rotterdam (Allecijfers, 2018b).

This means that the total group of target customers in Amsterdam contains 6.067.128 individuals and the total group of target customers in Rotterdam consists of 1.614.848 individuals.

2.2.2 Competition and substitutes

Panda Express will be unique in the Netherlands: it will be the only chain that offers American-Chinese cuisine. However, there are several restaurant groups that could be identified as substitute for the food of Panda Express. Panda Express is often still seen as Chinese food, so Chinese restaurants belong to potential competition of Panda Express in the Netherlands. Moreover, Panda Express is classified as fast casual food, which is a relatively new concept defined as “an intermediate concept between fast food and casual dining” (“Fast casual restaurant,” n.d.). The food of Panda Express is standardized and prepared in a way that is similar to that of fast food. Also, Panda Express’ food can be both eaten in the restaurant and taken away. This makes fast food chains like McDonalds, Burger King and Subway potential competitors of Panda Express. Lastly, Panda Express uses wok techniques, which brings up wok restaurants as potential competition. *Exhibit 1* shows a more detailed analysis of the competitors of Panda Express.

Exhibit 1: Potential competitors in Amsterdam and Rotterdam

<i>City</i>	<i>Amsterdam: number of restaurants</i>	<i>Rotterdam: number of restaurants</i>	<i>Average price per menu in the Netherlands</i>
<i>Chinese restaurants</i>	80-85 ²	45-50 ²	€21.10 ¹
<i>McDonalds</i>	16	15	€6.75 ¹
<i>Burger Kings</i>	10	6	€6.45 ¹
<i>Subways</i>	10	9	€7.00 ¹
<i>Wok restaurants</i>	16	12	€9.20 ¹

Source: ¹ (Menu Prijzen, 2018) ² (Thuisbezorgd, 2019b)

2.2.3 Suppliers

Panda Express in the Netherlands will need several suppliers: for vegetables, meat, beverages, other ingredients and packaging. No vertical integration of the supply chain will take place. In this chapter the focus is on the suppliers in the Netherlands.

In the long run, when Panda Express potentially opens more restaurants in Europe, it might choose to work with bigger suppliers in other countries to get better prices. However, because Panda Express will only work with the best products, the decision was made to only work with local suppliers for now. The supply of vegetables and meat for restaurants in the Netherlands is limited. The decision of suppliers was based on key performance indicators, which can be found in *appendix 4*. In this chapter, more information on the selected suppliers can be found.

Panda Express will offer fresh food of high quality. Therefore, it is not an option to maintain current suppliers of Panda Express in the United States as these are located too far away, which would mean that the quality of the food could not be guaranteed. In a broad sense, Panda Express' food can be put into three categories: vegetables, meats and other ingredients. Vegetables will be sourced from 'The Greenery', which is known for its freshness in foods, short delivery time, good contact with its farmers and its broad range of available vegetables all year long (The Greenery, 2018). The Greenery works with an ERP system and has an excellent logistical infrastructure which makes it possible to have fruits and vegetables delivered at the customer only one day after they have been harvested (The Greenery, 2018).

With regard to the meat, the best choice for Panda Express in the Netherlands will be 'Fortuna Vlees B.V.'. Fortuna Vlees B.V. is specialized in supplying a wide range of meat products for the catering industry (including Oriental restaurants), institutional markets and wholesalers. Fortuna Vlees B.V. serves meat products with an optimal price/quality ratio for each menu (Fortuna Vlees, 2018). Another advantage of Fortuna Vlees B.V. is that they will deliver food in the desired cut, weight and packaging unit. The products are suitable for the techniques that Panda Express uses, like on the griddle, oven, grill or wok.

Lastly, Panda Express will need other ingredients to prepare meals, and the beverages that it sells alongside the dishes. For this category, Panda Express can choose from Sligro and Makro, the two biggest wholesalers in the Netherlands. Both maintain a wide variety of products and have a large supply and number of locations. Finally, Sligro will be supplier of Panda Express because they are more specialized in food products (Sligro Food Group, n.d.). Panda Express will always be able to rely on Sligro, and shipping costs and times will be on a maintainable level.

3. Internal analysis

3.1 SWOT analysis

Panda Express in the Netherlands will benefit from its inheritance which comes right from the original Panda Express United States (after this referred to as PE U.S.). Fast service, competitive prices and take-out options are cogitated, just like the excellent employee policies and the CSR policy. Being restricted to one cuisine seems a weakness, but Panda Express will offer a wide variety of menu options, including healthy choices. These choices partly take away another shortcoming, which is the association of Panda Express with unhealthy fast food.

A major opportunity is the relatively high income of the Dutch population, which makes Panda Express a relatively cheap place to enjoy food and beverages. This brings opportunities, especially since Dutch consumers make their decisions based on prices (Dutch National Institute for Public Health and the Environment, 2016). Unfortunately, higher salaries also mean higher costs for Panda Express, which threatens Panda Express' pricing policy. Moreover, Dutch people do not easily change their consuming and buying habits (Dutch National Institute for Public Health and the Environment, 2016). As Panda Express covers a blank space in the market, it will have first mover advantages but most certainly disadvantages as well: Panda Express will have to get their new market familiar with its specific American-Chinese cuisine. Lastly, the restaurants in the Netherlands could facilitate further Panda Express expansion through Europe. See *appendix 5* for the complete SWOT-analysis.

3.2 Stakeholder map

As shown in *appendix 6*, Panda Express will have numerous stakeholders that affect or are affected by the business of Panda Express in the Netherlands. The stakeholders are categorized into seven groups: owners, customers, employees, industry, community, environment and legislative institutions. The stakeholders are ranked based on their contribution, legitimacy, willingness to engage, influence and necessity of involvement. Contribution and legitimacy together form expertise, this is expressed on the vertical axis. Willingness to engage is expressed on the horizontal axis. Influence and necessity of involvement together form value, this is expressed in the size of the circle; the bigger the size, the bigger the value.

According to this ranking, the most important stakeholders will be PE U.S., the customers, the employees, the suppliers, the competitors, the local policy makers and the Dutch Food and Consumer Safety Authority. It will be important to actively engage these stakeholders (Morris & Baddache, 2012).

4. Marketing plan

4.1 Product policy

The product that Panda Express will sell is a food and beverages experience which comes from a fast, fresh, American-Chinese cuisine. Customers will experience an international food reality in the newest restaurant in town, or take away their order. Service will be paramount at Panda Express and therefore emphasized in the restaurants. Potential Dutch consumers are aligned with this value of Panda Express; they think service is an important factor when it comes to eating out, according to the survey (see *appendix 27*).

Apart from the holistic core product that Panda Express will offer to its customers, the actual products it will sell is food and beverages. This includes a wide variety of dishes from the American-Chinese cuisine that can be composed by the customer. See *appendix 7* for the full menu. Also, Panda Express will offer standard dishes, the Panda Favorites. The chain will offer entrees (meat, fish or tofu combined with vegetables and sauce), sides (fried rice, rice, vegetables, Chow Mein), appetizers (e.g. dumplings, spring rolls, egg rolls) and desserts (fortune cookies and chocolate cookies). Panda Express will offer five standard 'build your own' menus, but dishes can also be ordered separately.

Beverages at Panda Express will come either as well-known soft drinks or as handcrafted Tea Bar drinks. Customers will be able to choose from Milk Tea, Fruit Tea, Lemonades and more. Milk Tea is Panda Express' signature drink. It will be either available iced or hot and it can be ordered with or without Tapioca Pearls. The Fruit Teas are fresh fruit juice mixed with artisanal tea. Lemonade will be made from freshly squeezed lemons. The other drinks of the Tea Bar will consist of a changing assortment of new brews. The other category of drinks will be soft

drinks. The only difference on the Dutch menu compared to the menu offered in the United States will be the soft drinks. Panda Express will offer the same variety of soft drinks, but slightly adjusted to the Dutch market.

Recipes, ideas and research and development concerning food and beverages will all come from the headquarters in the United States. Also, adjustments in recipes that have to be made for other countries like the Netherlands will be done there. The European Union has some strict regulations about E-numbers (additives to food). This is in control of the European Food Safety Authority, who has to approve every E-number before they can be used. There are some additives that are accepted in the United States, but not in Europe (Voedingscentrum, 2018). Although the food recipes will be as similar to Panda Express in the United States as possible, there will be some adjustments in the recipes that contain forbidden E-numbers.

4.2 Pricing policy

The price of the products will be influenced by numerous factors. First of all, according to the U.S. Department of Commerce (2018), “Dutch buyers appreciate quality and service, but price is the most important element for market entry.” The majority of the respondents would be happy with the current pricing strategy for an average meal at Panda Express. When comparing Panda Express’ pricing strategy to potential competitors in the Netherlands, Panda Express is in a good spot (see *exhibit 1*).

In the Netherlands, there is a 9% tax on all food and drinks that are sold in restaurants of any kind (Belastingdienst, 2018). Except for taxes, there will be other costs to deal with. A significant amount of costs will exist of wages for employees. Besides wages, rent and utilities will come with a significant monthly cost as well. Ultimately, Panda Express will maximize current profits while maintaining its values concerning quality.

There are enough potential buyers in the geographical area where Panda Express will land its first restaurants. The target segments are well represented in Amsterdam and Rotterdam. This allows Panda Express to get a little bit of an extra margin when it comes to pricing.

Panda Express will conduct geographical discrimination in prices based on countries. The same products will be sold at different prices in the Netherlands, as the market is different from the one in the United States. Although Panda Express’ food will be similar to the American Panda Express food, ingredients will be locally sourced. Among other reasons, this will avoid price escalation when it comes to shipping costs.

Positioning in terms of quality and price will be high quality and low price. This will ensure a good relationship with the customer base. For the exact list of offered products including prices, see *appendix 7*. These prices are established by a 15% increase of the American prices.

Additionally, psychological pricing will be used, which is a very common practice in the Netherlands.

4.3 Promotion policy

As Panda Express will only start in a specific area of the Netherlands, a local approach will make sense when it comes to promotion. Since Panda Express will be new in the Netherlands, it will create brand awareness by starting to advertise using flyers and leaflets. This will be relatively cheap in comparison to TV commercials and will reach potential customers more effectively (Drukwerkdeal, 2018). Advertisement and promotions should remain affordable in order to be able to offer competitive prices. Since part of the target group are tourists, flyers and other promotion material will also be distributed at tourist attractions, and for the students at universities. Other ways to create brand awareness will be through posters on advertising columns and via even bigger posters at bus stops. Visibility on Panda Express' delivery service apps and websites 'Deliveroo' and 'Thuisbezorgd' will also play a role in creating brand awareness, as they are both credible sources.

The main message Panda Express will share with its customers is about the unique American-Chinese cuisine experience "for adventurers who cherish freshness and quality". It will be a combination of an emotional and moral appeal of potential customers. Somewhere close to these interesting words, a price will be mentioned in a subtle way. This way, potential customers will know that Panda Express is priced competitively, but it is not necessarily the only thing that Panda Express will be known for. With regards to advertising, Stichting Reclame Code together with the Dutch Consumer Association sets up the rules and monitors the compliance (Stichting Reclame Code, 2019). Not complying with the code will result in warnings and fines.

Means of communications towards (potential) customers will include the Panda Express app, website and e-marketing (Facebook and Instagram). This communication will also keep people aware of Panda Express' presence in the city. The content of these channels will be in Dutch and English. The social media manager will be situated at PE U.S. to remain aligned with the company's vision.

Obtaining favorable publicity, building a good corporate image and handling, or even better, preventing unfavorable rumors will happen through Panda Express' public relations strategy. Apart from serving quality food and beverages, word-of-mouth will play a role as Panda Express will be new and (potential) customers will talk about it. As, according to the survey, service is an important factor for Dutch consumers, the restaurants will emphasize good behavior of employees and create a great level of service towards the customer. Oral presentation of the actual product with prospective customers will be vital.

Advertising and sales promotions will be more present than usual just after Panda Express' launch in the Netherlands. Sales promotions will include customers only having to pay a percentage-of-sales or getting something for free by handing over coupons. Coupons could be both obtained physically and via the app.

4.4 Place policy

Panda Express will fill out a blank space in the Dutch market with its concept of American-Chinese cuisine. Some restaurants come close to the concept of Panda Express, for instance wok or eastern cuisine, but the combination of American-Chinese will be utterly new. The fact that none of the competitors of Panda Express in the United States is present in the Netherlands, emphasizes its uniqueness. Hence, Panda Express will follow a proactive strategy.

Given the uniqueness of the restaurant chain and the selected target group of Panda Express in the Netherlands, the best option for the first restaurant, will be landing it in Amsterdam. After one year of operating in Amsterdam, Panda Express will expand to Rotterdam. The decision is based on the fact that these cities are the two biggest of the Netherlands and they have the biggest representation of the target group of Panda Express. A more detailed analysis of Amsterdam and Rotterdam can be found in *appendix 8*. Both restaurants will be easily accessible for potential customers and will be located in the city center. According to the survey (*see appendix 27*), Dutch consumers see accessibility as a relevant factor when choosing a restaurant.

The mode of entry will be a wholly owned subsidiary. This will allow Panda Express to have full control over its own concept, which is important because this internationalization is a very important step, especially with regards to the potential of expanding to the rest of Europe. Also, this entry mode will facilitate better logistics for Panda Express in the Netherlands and better alignment with Panda Express in the United States. The main downside of wholly owned subsidiaries is the risk that Panda Express faces. The company will have to deal with that on its own. Due to the large and healthy PE U.S., Panda Express will be able to take this risk.

Panda Express will use several ways to reach customers with both products and communication. Personal selling will be done in restaurants with direct channel distribution strategy. An alternative will be home delivery via intermediaries Deliveroo and Thuisbezorgd (*see chapter 5.6* for further information).

In *appendix 9* the action plan can be found; this plan specifies what actions will need to be taken prior to the opening of the Panda Express restaurant in Amsterdam.

5. Logistics plan

5.1 Suppliers' policy

As explained in *chapter 2.2.3*, Panda Express will source vegetables from the Greenery, meat from Fortuna Vlees B.V. and beverages and other ingredients from Sligro. Fortuna Vlees B.V. and Sligro will deliver their products to Panda Express every week and the Greenery will deliver fresh vegetables every two days. Panda Express will establish a long-term supplier contract with both the Greenery and Fortuna Vlees B.V. to ensure a sustainable relationship. No supplier contract will be established with Sligro. Instead, Panda Express has a membership contract with Sligro.

5.1.1 International delivery terms

Initially, only one and later two restaurants will have to be provided with Panda Express packaging. As explained in *chapter 5.6*, Panda Express will ship the packaging overseas from the United States. As there will not be a lot of space to stock the packaging in the Panda Express restaurants, packaging will be shipped once a month. The packaging will be shipped in a 20 ft Dry container (19'4 x 7'8 x 7'8 ") Less than Container Load (LCL). The INCOTERMS® 2010 that will be used for the packaging are FOB(Port of Rotterdam). Under FOB conditions, the seller is responsible for the export clearance and pays for the delivery of the goods to the vessel, including the loading (Coscolluela, 2019). The buyer pays the costs of marine freight transportations, insurance, unloading and the transportation cost from the Port of Rotterdam to the restaurants. The risk is transferred from the seller to the buyer when the goods are loaded on the vessel. This INCOTERM® is chosen to decrease costs. For now, a two-year supplier contract is created, see *appendix 10*. Panda Express might later source packaging locally when more restaurants are opened for cost-efficiency and sustainability reasons.

5.1.2 Payment

The average term of payment for the catering industry in the Netherlands is around 40 days (Koenis, 2016). Since restaurants usually do not have an accounts receivable on their balance (and if they do have it, it is often very low), the working capital need will be lower. Therefore, a payment term of 30 days will be agreed on with food suppliers. The packaging will be paid via SWIFT payment because frequent payments will be made (per delivery). A Letter of Credit is drawn up because Panda Express has no financial track record in the Netherlands. The Letter of Credit can be found in *appendix 11*.

5.2 Licenses and registrations

To operate as a restaurant in the Netherlands with the products which Panda Express will offer, several licenses are needed. Every single company in the Netherlands needs to register in the national business register of the Dutch Chamber of Commerce (KVK, 2019). The Dutch

Chamber of Commerce or ‘Kamer van Koophandel’ has a website that allows companies to easily register. Panda Express will be registered as private limited company because of the two main advantages; not being personally liable and having a limited group of shareholders.

Secondly, Panda Express will need an operating license if they set up shop in the Netherlands. This is a special license for catering businesses in most municipalities (including Amsterdam and Rotterdam). It is part of the general local regulation. The permit will serve as protection of public order and safety, as well as for the protection of the environment in the vicinity of the business (Koninklijke Horeca Nederland, 2019a).

When starting to use a building, a ‘notification of use’ is required if more than 50 people will be present in the building at the same time (BRIS, 2019). The notification of use will be submitted at the local municipal office and concerns fire safety. Like the notification of use, Panda Express will also need to make a notification of activities when starting the catering establishment. In the notification of activities, Panda Express will create a report based on the activity decision.

Prior to entering a building in both Amsterdam and Rotterdam, the zoning plan of the building will need to be checked. The zoning plan is legally binding and serves as an assessment framework for building plans and gives an impression of expected spatial developments (Gemeente Amsterdam, 2019). If the zoning plan is not aligned with operating a restaurant in the building, this activity is prohibited.

5.3 Procurement of the equipment

The restaurant equipment will consist of two parts: kitchen equipment and the interior of the restaurants. The kitchen equipment will be bought at ‘Horeca Equipment Holland’. The interior of the restaurant (tables, chairs, cutlery, crockery) will have to be sourced from the same supplier as of all the other Panda Express restaurants because Panda Express wants to create consistency across all of their restaurants. This means increased shipping costs, but this will be partly offset by economies of scale in production. The total costs for the equipment will be €137.100, see *appendix 12* for the breakdown of these costs. Salvia (2018) recommends to depreciate restaurant equipment over 15 years, Panda Express will follow this recommendation.

5.4 Cost of goods sold

Panda Express United States is a private company which does not disclose its financial information. Therefore, an approximation has been carried out to calculate the cost of goods sold and additional expenses, based on benchmarking and industry averages. The cost of goods sold at McDonalds is 50% of revenues (Gurufocus, 2019). However, this chain of restaurants

is extremely standardized and has economies of scale concerning procurement. Therefore it has more leverage on suppliers than Panda Express will have on suppliers. This means the cost of goods sold for Panda Express will be higher than 50% of the revenues. See *appendix 25* for the estimated cost of goods sold per year. The absolute number of cost of goods sold will be higher in Amsterdam than in Rotterdam, as sales are expected to be higher in Amsterdam.

5.5 Location

The location of Panda Express' suppliers will not lead to any problems. The Greenery, Fortuna Vlees B.V. and Sligro are all easily accessible. In *appendix 13*, an overview including the location of the wholesalers and the travel time between the wholesalers and the restaurants (in Amsterdam and Rotterdam) can be found.

Restaurants that deliver via Thuisbezorgd or Deliveroo can choose how far they want their products to be delivered (Thuisbezorgd, 2019a). Panda Express decided to cover 10 kilometers around the Panda Express restaurant, for both Amsterdam and Rotterdam. The reason behind this 10 kilometers is that at this delivery area, Panda Express will be able to cover almost every neighborhood in the city but will still be able to deliver within maximum 60 minutes after the order is made. See *appendix 14* for the maps of Amsterdam and Rotterdam including the delivery area.

5.6 Distribution channels and distribution strategy

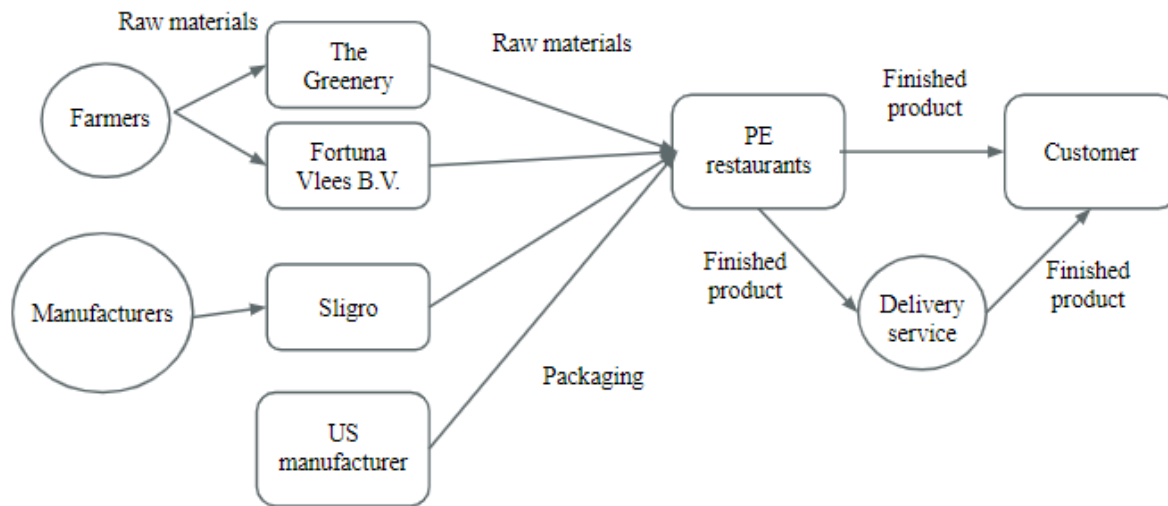
The first years, the distribution strategy of Panda Express in the Netherlands will be more simple than the distribution strategy of Panda Express in the United States. The following distribution channels will be used:

Firstly, Panda Express will reach its customers by personal selling in the Panda Express restaurants. However, instead of multiple versions of restaurants, like campus restaurants, airport outlets, restaurants in malls and casinos, Panda Express in the Netherlands will start with traditional restaurants only. The consumer can go the counter and order the products and consequently choose to either eat-in or take-out. In-store food and beverage purchases will use a direct channel distribution strategy.

Secondly, if the consumer does not want to come to the restaurants to consume the Panda Express products, Panda Express offers the consumer the possibility to stay in their homes and get the products delivered. To realize this service, Panda Express will cooperate with intermediaries Deliveroo and Thuisbezorgd. These are two main players when it comes to food delivery in the Netherlands. Indeed, Panda Express will use 3PL in this part of the supply chain. Consumers can order the products via the Panda Express website/app, the Deliveroo website/app or the Thuisbezorgd website/app or via their phone numbers. Both on the website

and in restaurants impulse purchases will be stimulated. The delivery companies Deliveroo and Thuisbezorgd will pick up the order at the Panda Express restaurant and deliver it to the consumer's home. The costs of this 3PL can be found in *appendix 15*. *Exhibit 2* shows the complete distribution strategy of Panda Express in the Netherlands.

Exhibit 2: Distribution strategy



Source: created by the authors

5.7 Packaging

The packaging and brand will be standardized and aligned with the style which Panda Express applies in the United States. Food will either come in take-away packaging with the Panda Express logo on it (see *appendix 16*), or when eating in, food will come in porcelain plates or bowls. Teas from the Panda Express Tea Bar will come in plastic Panda Express cups which are used for both eating in and take-away orders. Soft drinks will be presented in their original brand packaging and can come with a neutral straw, provided by Panda Express. For meals that are eaten in, cutlery made of bamboo will be used and a special biodegradable plastic will be used for take-away orders. This will contribute to the global combat against plastic pollution and thus sustainability, which is aligned with the values of Panda Express.

Take-away packaging and Tea Bar cups will be imported from the United States. Although shipping costs increase total costs slightly, large quantity sourcing will decrease packaging costs. When Panda Express opens more stores in the Netherlands and in Europe, it makes more sense to find a more local, European source for the packaging material.

6. HR plan

6.1 Outsourcing HR

The first years, Panda Express will not have its own HR department in the Netherlands. The HR functions will be partly outsourced to a specialized HR company called 'HRM Office', located in the Netherlands. HRM Office will take care of the administration of personnel, salaries and benefits, and absence at a cost of €50 per employee per month (HRM Office, 2019). Panda Express will take care of training and development, and recruitment and selection themselves (in collaboration with the headquarters) because this is seen as one of the core competences of Panda Express. The headquarter will draft job vacancies in collaboration with the restaurant manager and make sure that these are made available in the Netherlands. The restaurant managers will take care of the hiring of their own restaurants: they will carry out the job interviews and make the final decision of who to hire and who not to hire. However, the hiring for the first restaurant in Amsterdam will be outsourced to Randstad because the restaurant manager does not have enough experience to hire a complete new team. Randstad will support the restaurant manager from the beginning to the end: from the creation of a vacancy and functional profile, to an evaluation with the employee and manager after the first week of working (Randstad, 2019). Randstad will support the restaurant manager in this process. However, the restaurant manager will be closely involved in the process and is able to give his input (and make sure that the employees fit in the Panda Express culture) and learn at the same time.

Because the restaurant manager has a crucial role within Panda Express in the Netherlands, he or she will go to the United States for three months before the opening of the restaurant and will receive a lot of training and on-the-job experience to make him/her familiar with the Panda Express culture. The costs of this training will be paid by Panda Express United States. The purpose of this training is twofold; get ready to lead as a Panda Express restaurant manager and at the same time to be prepared to become country manager for the Netherlands when more restaurants will open.

At first, Panda Express will only offer restaurant careers in the Netherlands because there will not be a corporate office in the Netherlands. When more restaurants will open in the Netherlands and in other countries in Europe, a European corporate office will be opened. However, for now the focus only lies on restaurant careers.

6.2 Salaries and benefits

The combination of salaries and benefits which employees can enjoy in Panda Express in the Netherlands will be based on a combination of how Panda Express in the United States treats its employees (complying with Panda Express' values) and conventional approaches of treating employees in the Dutch market.

Panda Express likes to treat employees like family and therefore compensates its employees appropriately. Panda Express believes in a "whole person" approach to health, which entails physical, mental, and emotional well-being (Panda Restaurant Group, 2019a). Wages are thus above minimum wage. This system will be implemented at Panda Express in the Netherlands as well. Also, Panda Express will apply these salary values to the Dutch market, so the salaries in the Netherlands are based both on these values and on benchmarks in the Dutch market. According to the efficiency wage theory, an increase in wages can lead to an increase in labor productivity (Economicshelp.org, 2019). However, Panda Express has to make sure to keep its food and beverages priced competitively to remain profitable.

Furthermore, the frequency of salary payout will be monthly. Obviously, different positions within the restaurant will obtain different salaries per hour. Annual increases of the salaries are linked to performance appraisal ratings for the team leaders and restaurant managers. The positions whom enjoy merit pay also get a minimum per hour. It depends on the position of the employee which benefits it can enjoy, like profit sharing or tips, see *appendix 17*. Other benefits, such as paid time off, are taken care of by the collective labor agreement of the Dutch restaurant industry.

6.3 HR policies

Panda Express will adopt the HR policies of Panda Express United States. On top of the competitive salaries and benefits that Panda Express offers, Panda Express has additional HR policies that even made them 'America's best employer' in 2015 (Panda Careers, 2019b). Central to the HR policy of Panda Express is personal and professional development of the employee (Panda Careers, 2019a). To achieve this, Panda Express offers their employees various programs, for instance one-on-one coaching, mentorship programs and they even have the 'University of Panda' in the United States (Panda Careers, 2019a). The focus on learning and development will definitely be used at Panda Express in the Netherlands. But since Panda Express will start with only one restaurant and as projected, there will only be two restaurants in the first five years, the learning support programs will be mainly online. However, the one-on-one coaching programs will be implemented in the Netherlands and some educational events will be organized to make sure the personal and professional development of the employees is being emphasized.

7. Financials

7.1 Cost structure

The main costs of Panda Express will consist of cost of goods sold (see *chapter 5.3*), wages, HR outsourcing costs and rent. Although they are not the most sizeable, promotional expenses and other expenses like insurance and taxes will be part of the cost structure as well. An overview of all additional expenses is shown in *appendix 18*.

Wages will be based on the salary rules explained in *chapter 6.1*. The total amount of wages is specified in *appendix 19* and the opening hours can be found in *appendix 20*. Cooks will work extra hours as they will do food preparations prior to opening hours. Salary costs mentioned in the cashflow are including (mandatory) benefits which Panda Express pays for its employees.

Rent is based on the average rent per square meter per month in the city centers of Amsterdam and Rotterdam. In the city center of Amsterdam, the rental prices are €21,01 per m² and in the city center of Rotterdam, the rental prices are €14,14 per m² (Pararius, 2009). The amount of square meters needed is based on the average size of Chinese restaurants and café restaurants (Energievergelijken.nl, n.d.). Panda Express' size will be in between those two with approximately 200 square meters. Specifics can be found in *appendix 21*. Panda Express will look for a location to rent, with an option in the contract to buy the property after five years.

Promotional expenses will be relatively cheap as promotions will only be present locally in Amsterdam and Rotterdam. Therefore, expensive TV promotions are being avoided. The majority of costs will come from flyers, posters and outdoor advertising in bus shelters (see *appendix 22*). Other expenses will consist of costs like the basic membership of Koninklijke Horeca Nederland, which is the royal Dutch association of hotels, restaurants and cafes. This membership includes advice concerning contracts, terms and conditions of employment, catering legislation and regulations and other catering-related topics and business questions (Koninklijke Horeca Nederland, 2019b). The membership also helps to save costs on insurance and energy bills. Moreover, the association stands up for catering company interests and influences catering laws and regulations on behalf of restaurants.

Furthermore, rent of pin devices at the cash desks are included in other expenses. As it is hard to estimate how many pin transactions will lead to the estimated revenues, renting leads to more certainty in costs. Four devices will be rented, two for each restaurant. Monthly rent per device will be €28,95 (CCV, 2019). Also, insurance is included in other expenses. Panda Express in the Netherlands will have liability insurance and legal assistance insurance. Taking into account current estimated revenues and the amount of employees, this will cost €3.385 yearly, for both restaurants together (Logisch Verzekerd, 2019). Lastly, taxes to be paid over profit consist of 25% of net profits.

7.2 Initial investments

The costs for the kitchen equipment and interior of the restaurant are expected to be €137.100 per restaurant (see *chapter 5.2*). On top of this, Panda Express will borrow an extra amount of €20.000 to account for unexpected extra costs and costs that are made before the restaurant will make money during the preparation phase, for instance promotional expenses and rent costs while the restaurant is being renovated. In total Panda Express will thus need about €160.000 to be able to fund the startup of the first restaurant. Panda Express will fund these initial investments for 65% by equity of PE U.S. (€100.000) and 35% by a loan (€60.000) that will be issued from ABN AMRO bank against 5,29% interest. The cost of issuing this loan is €550 (Zakelijk Bankieren, n.d.). PE U.S. will be paid back with dividends, see *chapter 7.5*. In principle, Panda Express could have financed the expansion completely with equity of PE U.S., but decided not to because having debt comes with certain benefits (for instance a tax shield).

A new restaurant in Rotterdam will be opened in the second year. Even though it is partially dependent on the performance of the Panda Express restaurant in Amsterdam in the first year, Panda Express will finance necessary investments via both external and internal financing. Panda Express will use €50.000 external financing: €32.500 of PE U.S. (65%) and €17.500 as a bank loan (35%). The remaining €87.100 will be financed with the spare cash from year 1. In case that Panda Express is not performing as forecasted, the gap in cash will be filled up with more debt. However, as can be seen in *appendix 25*, there is a €40.000 slack.

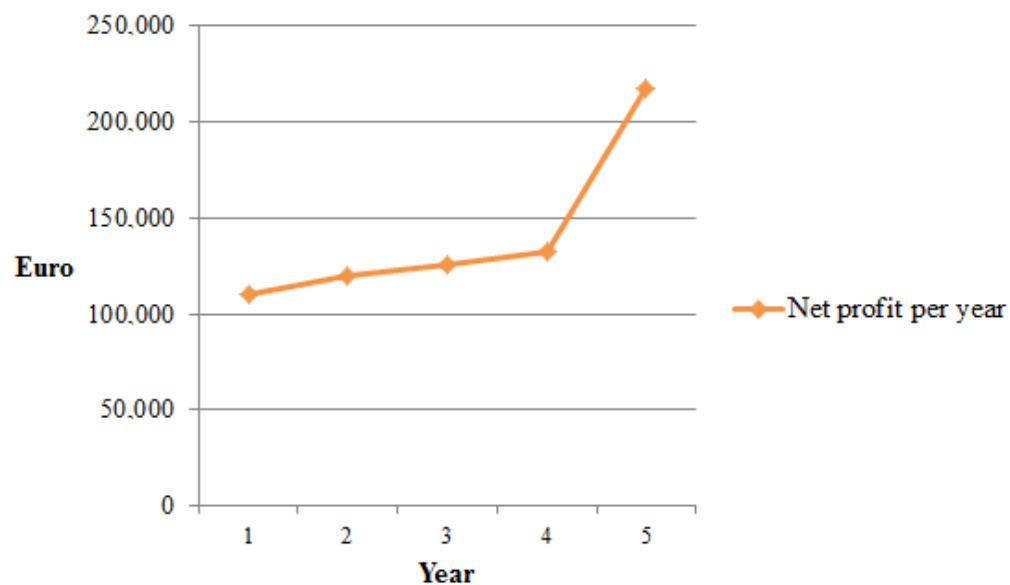
7.3 Sales and net income evolution

The detailed sales forecast with calculations can be found in *appendix 23*. Sales were calculated on the basis of orders per minute during both peak hours and non-peak hours. The peak hours are considered to be between 12.00h and 14.00h for lunch, and between 17.00h and 20.00h for dinner. The remaining seven hours are considered to be non-peak hours. One order per minute will be handled during the peak hours in Amsterdam and 0,6 order per minute in Rotterdam because Rotterdam's market and capacity is smaller than that of Amsterdam. One order per two minutes, so 0,5 order per minute will be handled during non-peak hours in Amsterdam and 0,3 order per minute in Rotterdam. The total capacity of the restaurant in Amsterdam will be 510 orders per day and for Rotterdam 304 orders per day. The average price per meal will be €10,59 (a small menu and a drink) and Panda Express will be opened 365 days a year. However, 100% capacity will not be reached; 80% capacity is more realistic. Therefore, the final sales for Panda Express Amsterdam are calculated to be €1.577.063, and €940.053 for Panda Express Rotterdam. In year 5, Panda Express will reach a capacity of 85% due to learning curve effects.

As can be seen in *appendix 24*, the forecasted net profits are very positive and progressively increasing. Especially in year 5, the profits will increase a lot (see *exhibit 3*). This is mainly

due to an increased capacity from 80% to 85% of sales, as mentioned above. Moreover, cost of goods sold will decrease due to more efficient use of ingredients thanks to learning and experience curve effects. *Appendix 24* shows that the percentage of net profit (from sales) is 7% in the first year and decreases to 5% in year 2. This can be explained by the opening of the new restaurant in Rotterdam. In year 3 and 4, the net profit percentage is stable and in year 5 it increases as a result of the previously mentioned reasons.

Exhibit 3: Net profit evolution



Source: created by the authors

7.4 Cashflow evolution

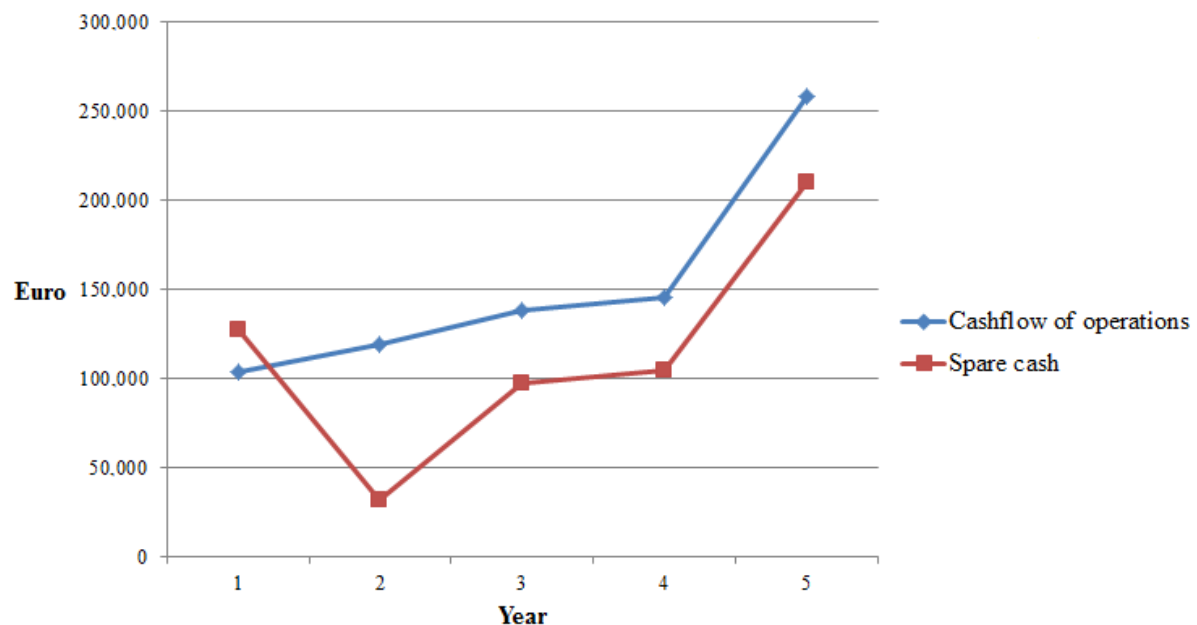
As clarified in *appendix 25*, the spare cash in the first year will be very high thanks to the debt and equity that Panda Express has attracted (€160.000) for the investment in the restaurant in Amsterdam (€137.100). In the second year however, spare cash will drop considerably because the investment in the restaurant in Rotterdam (€137.100) will only partially be financed with newly acquired debt and equity (€50.000), while the remaining part (€87.100) will be financed with the spare cash of year 1. In year 3, 4 and 5, when no new restaurants are opened, the spare cash will show some growth from year to year due to a very positive operations cashflow. The spare cash will be €138.000 in year 3, €146.000 in year 4 and €258.000 in year 5.

Expenses grow yearly with an average of 1,56% because of inflation, and cost of goods sold are estimated to increase with 2% per year (see *appendix 25*). Additionally, it should be observed that the interest decreases from year 3 on because Panda Express starts paying off its debt. Panda Express only works with fresh products, therefore their minimum inventory will be 2 days of products (taken from the cost of goods sold). Lastly, the average working capital in the restaurant industry is 4,4% of sales (Damodaran, 2019). Both the working capital and

inventory double in year 2 because the restaurant in Rotterdam opens, after that they will remain constant. For graphic representation of the cashflow evolution see *exhibit 4*. It should be observed that the spare cash follows the lines of the cashflow of operations except for year 2. This can be explained by the investment that is needed for the opening of the restaurant in Rotterdam.

Starting from year 3, debt will be repaid in chunks of €7.750 for two years. This amount is doubled in year 5 up to a debt repayment of €15.500. Also, the repayment of debt saves interest costs in the future. As a result of the investments needed in year 1 and 2, no dividends will be paid and no repayments of debt will be made. The only cost of capital in these years is 5,29% interest over debt.

Exhibit 4: Cashflow evolution



Source: created by the authors

7.5 Hedging against currency risk

As stated in *chapter 7.2*, PE U.S. will provide Panda Express with 65% of the needed capital for initial investments for the first restaurant in Amsterdam (€100.000). PE U.S. will have to take a loan for this investment, so it does so in the United States (in US dollars) because it will get the best conditions possible since PE U.S. already has a financial track record in the United States. To decrease currency risk exposure, PE U.S. swaps the loan that was obtained in the United States for a loan (and the forthcoming conditions) in Europe (in euros). Panda Express the Netherlands will receive the euros of this swapped loan. The investment in Panda Express will be accounted as equity for PE U.S. (€100.000). In the second year, PE U.S. will make another investment in Panda Express to get the restaurant in Rotterdam off the ground. This

investment will be €32.500 and will be taken from cash reserves of PE U.S. To repay PE U.S., Panda Express will pay dividends. The dividend policy of Panda Express will be 25% of the initial investments made by PE U.S. starting in year 3, the year that Panda Express starts getting positive cashflows (see *appendix 25*). In year 6, PE U.S. reaches the break-even point on its investment, PE U.S. will start getting positive returns out of their investments in year 7 (see *appendix 26*). The internal rate of return of PE U.S. over 10 years will be 6% and the internal rate of return perpetuity will be 25%. The dividends will also be hedged because they will be exposed to transaction risk. Because the cross rate of the euro and the US dollar fluctuates in both ways, it would be clever to buy a put option, so that in case that the euro appreciates, PE U.S. can profit from this situation and is not obligated to exercise the put option. So the hedging instrument that will be used for the dividends is a put option: PE U.S. will buy a put option covering the amount of dividend (€30.000) one year prior to the payment of the dividends.

8. Long-term strategy

On the basis of the identified threats, two main potential negative scenarios can be identified. One being that Panda Express would not be able to make (enough) profit because costs are too high due to expensive labor costs, complexity of the Dutch business culture and the adaptations needed with regards to the food regulations. The second potential negative scenario is that the Dutch population do not enjoy the food of Panda Express and therefore do not consume Panda Express and it would therefore find itself being unable to make profit in the Dutch market.

In the first scenario, Panda Express should try to identify where the high costs are coming from and then to cut those costs and find more efficient ways to work. One possibility would be to reduce headcount or hire more young employees instead of older, more expensive employees. However, this could be at cost of the quality of the food and service that Panda Express offers, which could be even more damaging. A better possibility might be that the Innovation Kitchen would work on more efficient use of ingredients in dishes and more efficient ways to prepare those dishes. Also, Panda Express could decrease the variety in its menu and focus on best-selling dishes. This way, Panda Express would be able to negotiate better prices from suppliers as they purchase larger quantities of the same ingredients. Another option would be to increase sales prices.

In case that the second scenario becomes a reality, Panda Express would clearly be doing something wrong. They should find out why people are not liking the food; either the taste of the food, the prices (which seems unlikely after our survey), or the aesthetics of the food. If it is the taste, the Innovation Kitchen should quickly work with Dutch experts to find out what is wrong with the food and how to improve it. If it turns out not to be the food, it is most likely marketing, which asks for solutions concerning how to change the consumer's perceptions on the Panda Express food.

Firstly, the plan already partly anticipates on these scenarios, for instance the restaurant in Amsterdam will be rented until it is proven that Panda Express is succeeding in the Netherlands. If it turns out that nothing works, Panda Express should consider withdrawing from the Dutch market, evaluating what went wrong, and try another country in Europe that has more favorable characteristics. However, the Dutch population is often seen as the most U.S.-friendly population, so Panda Express should ask themselves if it is not something more fundamental that is going wrong (U.S. Department of Commerce, 2018).

On the other side, the entry into the Dutch market may also turn out to be successful if Panda Express would be able to create an image of healthy, good-quality food with competitive prices. Then, first of all, Panda Express should consider opening more restaurants in other cities in the Netherlands (Utrecht, Eindhoven, Den Haag) and consider opening different kinds of restaurants it also offers in the United States, for instance the drive-thru's and restaurants in theme parks or at universities. On top of this, Panda Express should consider the potential of launching their own delivery service in big cities, this might save costs and increase service levels.

If Panda Express' entry in the Netherlands succeeds, the company should consider expanding to other European countries. Other European countries offer a lot of potential because their market size is often considerably bigger than that of the Netherlands. An extra PESTEL analysis is necessary to determine which country in Europe would be most suitable to target next. The common currency in Europe, the Euro, offers a lot of opportunities. Also, legal systems concerning food and beverages in the European Union are all mainly based on the European law system, so Panda Express would not need to make big investments in R&D and adaptations again. Having restaurants in several countries increases the negotiation power of Panda Express and may lead to more efficient processes because Panda Express would be able to build for instance a corporate office to oversee the European operations more closely. As mentioned in the HR chapter, when more restaurants will open in the Netherlands and in other countries in Europe, a European corporate office will be opened to coordinate HR from Europe instead of the United States (in addition to the outsourcing to HRM Office). In the long run this will be more efficient when more restaurants open in Europe. Also, investments like buying own pin devices could be considered in this positive scenario. Moreover, ingredients can be bought cheaper thanks to the economy of scale and packaging could be bought in Europe, saving overseas transportation costs.

Once Panda Express becomes bigger in the Netherlands, it could consider working on its corporate social responsibility by welcoming the 'Panda Cares' foundation from the United States. This foundation's purpose is to serve the health and education needs of underserved youth and to foster the spirit of giving (Panda Restaurant Group, 2019a).

9. Conclusion

Panda Express' expansion into the Netherlands is viable based on the research conducted in this thesis. The expansion into the Netherlands would be a great next step in the global expansion strategy of Panda Express. The added value of this expansion not only lies in the expansion itself, but also in the future potential that it has; a successful market entry into the Netherlands would facilitate further expansion into other countries in Europe.

Panda Express in the United States has a great concept which suits the demands of Dutch consumers; it is not expensive, it offers fresh food of an excellent quality and follows food trends such as offering healthy food options. Moreover, the concept is unique in the Dutch market. PE U.S. its main competitors, with concepts close to Panda Express' concept, are not present in the Dutch market. Nevertheless, there are other restaurant chains in the Dutch market that could be seen as potential competition.

However, there are some challenges that Panda Express needs to overcome. According to the results of the survey, Panda Express is not well-known in the Netherlands. Moreover, Dutch consumers do not easily change their consumer and buying habits. This means that Panda Express will need to put in considerable effort to educate Dutch consumers about the Panda Express concept.

The financial forecasts of Panda Express support the viability claim. The initial investment of €137.100 will be largely financed by PE U.S. Panda Express experiences a healthy cashflow forecast with a positive cashflow starting in year 3. Starting from this year, Panda Express will start paying dividends and thereby repay PE U.S. Hence, PE U.S. will break-even on its investment in year 6. The internal rate of return will be 6% for the first 10 years, this gives PE U.S. another incentive to support Panda Express the Netherlands.

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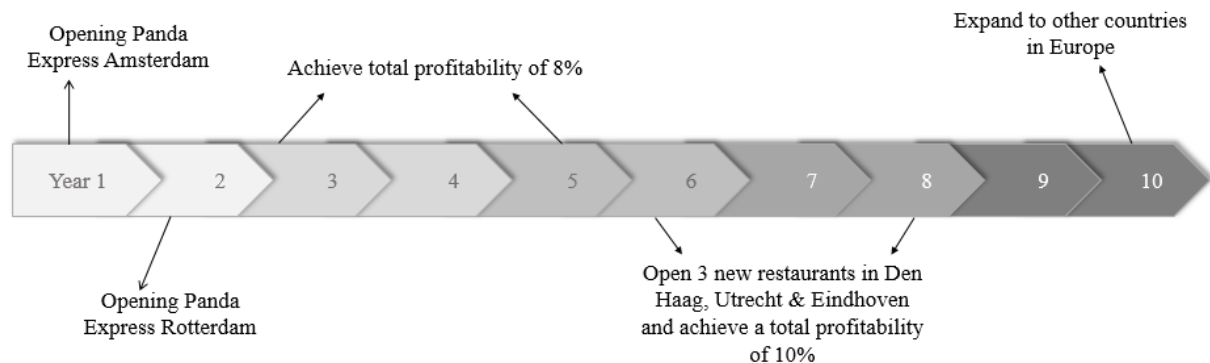
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11. Appendix

Appendix 1: Timeline



Source: created by the authors

Appendix 2: PESTEL Analysis

Political factors in the Netherlands:

- Political Stability Index (PSI): the Netherlands scores 0,92 on a scale of -2,5 (worst) to 2,5 (best). It ranks 37 out of 195 countries (The World Bank, 2017).
- The Netherlands has an excellent infrastructure. According to the information of the U.S. Department of Commerce (2018), the Netherlands is “a country with the best logistics and distribution networks in Europe,” and it is “a country with the strong links to the rest of Europe and beyond.”
- The Netherlands has “a complex business culture in which companies, trade unions, government bodies, and industry associations engage in constant and close consultations” (U.S. Department of Commerce, 2018).
- There is a 9% tax on all food and drinks that are sold in restaurants of any kind (Belastingdienst, 2018).
- The Netherlands has some elaborate labor laws, which are generally more strict and more generous for the employees than those in the United States (Expatica, 2019).

Economic factors in the Netherlands:

- The GDP Growth rate has been steady between 0% and 1% for the past fifteen years (Trading Economics, 2018b). Only two exceptions can be found: during the 2007 crisis and the Euro crisis of 2012-2014.
- GDP in the Netherlands was worth 826,20 billion US dollars in 2017. This represents 1,33% of the world economy (Trading Economics, 2018a). By far the most comes from services (80%), then industry (18%) and agriculture (2%). GDP per Capita is expected to be 53.597 US dollars this year (Trading Economics, 2018c).
- 58% of the Dutch population are in the middle income class (16.625 – 49.875 US dollar); 16% are in the upper income class (Pew Research, 2018).

- The currency in the Netherlands is the Euro, as the country participates in the monetary union in Europe. The Euro belongs to the strongest currencies in the world.
- The inflation rate in the country increased a bit this year to 2,1%
- Wages for low skilled employees in the Netherlands increased to €1.760 per month in 2018 (Trading Economics, 2018d). The minimum wage per month for a full-time employee is €1.594,20 (Trading Economics, 2018d). The average of high skilled employees in the Netherlands is €2.920 per month. The minimum wages in the Netherlands are higher than in the United States (€1.022).
- The current unemployment rate is 3.7%, which comes down to 337.000 individuals (Trading Economics, 2018e). The labor force participation now stands at 70,8%.

Social factors in the Netherlands:

- The Netherlands is a relatively small market: it has 17.200.000 citizens with a very low growth rate (0,39%). The Netherlands is among the most densely populated countries in the world (ranking 27th). The Dutch population is relatively old: 53% of the population is 40 years or older with almost 20% being older than 65 years (CBS, 2018a).
- The Dutch population is “an affluent, U.S.-friendly population with a high regard for U.S. products and the highest level of English-language fluency on the continent” (U.S. Department of Commerce, 2018).
- According to the U.S. Department of Commerce (2018), “Dutch buyers appreciate quality and service, but price is the most important element for market entry. They also find it very important that after-sales service is available.”
- “Launching products requires vigorous and sustained promotion, as it takes time for consumers to change their buying habits. Products must be adapted to both technical requirements and consumer preferences” (U.S. Department of Commerce, 2018).
- Within working relationships: “Friendship and mutual trust are highly valued, and once trust has been earned a productive working relationship will follow” (U.S. Department of Commerce, 2018).

Technical factors in the Netherlands:

- 14,2 million people use mobile phones (Statista, 2018). This number is expected to increase in 2019.
- Individuals not only access the internet through their mobile phones, but also through other devices. 55% of the individuals have access to internet via their PC or desktop, 81,9% via their laptop, nearly 69% via their tablet, 90% via their mobile phones, 32% via their game consoles and 53% via their TV with set-top box.
- There are several main fields of technological development in the Netherlands (Joosten, 2018). The ‘internet of things’ is one of them (Joosten, 2018). All kinds of devices are attached to the internet, like photo cameras, printers or devices to take orders in

restaurants. Another example is a fridge that communicates with the supermarket when you run out of milk. In the restaurant industry the ‘internet of things’ can be used to suppress costs.

- The increase of sensors and the power of calculation are the causes of ‘big data’ (Joosten, 2018). In the restaurant industry, this could help in gathering data or analyzing data in order to find a suitable marketing strategy for the future.

Environmental factors in the Netherlands:

- About 80% of the Dutch Environmental Management Act is derived from EU legislation (Government of the Netherlands, 2019b.). These are especially focusing on climate change and sustainable consumption and production (Government of the Netherlands, 2019b).
- Companies in the Netherlands must apply the Best Available Techniques (BAT) when combating air emissions to achieve a high level of protection. This follows from article 5.4 of the Environmental Law Decree (Besluit Omgevingsrecht BOR). Various laws and regulations contain regulations that are important when determining Best Available Techniques.
- Panda Express is a catering company in the Netherlands. For every hospitality companies in the Netherlands it is mandatory to make a notification at the Activities Decree for Environmental Management (Activiteitenbesluit Milieubeheer). According to the General Environmental Regulations of the Environmental Activities Decree, companies are subdivided into different types: Type A burden the environment the least, type C the most. Catering companies fall under type B. Type B companies must make a notification to the Activities Decree for the business activities. The report includes information about noise, waste (water) and preparation of food (Horeca Nederland, 2018). The environmental standards that a catering entrepreneur must comply with, are described in the Activities Decree for the Hotel and Catering Industry.

Legal factors in the Netherlands:

- According to the U.S. Department of Commerce (2018), “there are no limitations restricting access to the market for U.S. firms. Franchise systems are subject to national competition regulations and fair-trading laws.” Also, there are no (big) restrictions to open a wholly owned subsidiary: “the Netherlands’ legal environment allows non-resident companies and individuals to open a subsidiary/office and there is no legal differentiation between local- and foreign-owned companies“ (U.S. Department of Commerce, 2018).
- “U.S. trademark and patent registrations will not provide Intellectual Property protection in the Netherlands” (U.S. Department of Commerce, 2018).
- In the Netherlands, there are some strict rules concerning the food safety, hygiene, quality etc. of the restaurant- and catering industry, these are very closely monitored by

the Netherlands Food and Consumer Safety Authority (Netherlands Food and Consumer Safety Authority, 2018). On top of this, the EU has some strict regulations about the so-called E-numbers (additives to food), this is in control of the European Food Safety Authority, who has to approve every E-number before they can be used. There are some additives that are accepted in the United States, but not in Europe (Voedingscentrum, 2018). There are also extensive European laws on labelling (European Commission, 2018).

- With regards to advertising, the Stichting Reclame Code together with the Dutch Consumer Association sets up the rules and monitors the compliance (Stichting Reclame Code, 2019). “SRC is a member of the European Advertising Standards Alliance (EASA) ... and promotes responsible advertising by providing detailed guidance on how to go about advertising self-regulation for the benefit of consumers and businesses, ” (Stichting Reclame Code, 2019).
- The Netherlands has elaborative regulations with regards to equal opportunities (Government of the Netherlands, 2019a).

Source: created by the authors

Appendix 3: Focus Group

U.S. focus group consisted of 5 participants:

- 1 male, 4 females
- 23 years old, 23 years old, 24 years old, 25 years old, 28 years old
- Student, student, student, student and young professional, student and young professional

Dutch focus group consisted of 5 participants:

- 3 males, 2 females
- 26 years old, 28 years old, 31 years old, 59 years old, 62 years old
- Student, student, young professional, senior professional, senior professional

Topics:

Food habits

- Eating habits - regular times to eat & number of times to eat
- Variation in food
- Warm/cold food

Dealing with new food

- Openness to new food

Restaurant industry

- Frequency of going out for dinner
- Reasons to go out for dinner
- Benefits sought
- Variety of restaurants in the country

Chinese Industry

- Frequency
- Attitude towards Chinese food/restaurants
- Benefits sought

Express

- Familiarity
- Comparison with other Chinese food
- Attitude towards Panda Express

Main outcomes:

U.S focus group:

- Food is adjusted to American taste
- Warm food for every meal
- Very open to different kinds of foods
- Mostly go out for dinner in the weekends to socialize; other reasons are special occasions and laziness/rush
- Lot of variation in the type of restaurants
- Reviews and word-to-mouth is important when choosing a restaurant
- Chinese food often for take-out, it is cheap, but not the best quality and not the cleanest environment (restaurants)
- Panda Express is cleaner, more standardized, 'Americanized', fast food

Dutch focus group:

- Food should ideally be healthy, cheap and varied
- Warm food once or sometimes twice a day
- Open to different kinds of food; not too extreme
- Mostly go out for dinner for work or because of convenience/laziness
- Lot of variation in restaurants; but less fast food than in for instance the U.S.; Sushi is an upcoming industry in NL
- Taste is important when choosing a restaurant; at a certain moment you have one Chinese restaurant that you always go to

- A lot of choice at the Chinese restaurant, however not a lot of variety in what the people order (people often order the same), big portions, shady and old-fashioned restaurant, not a nice atmosphere to eat in
- Panda Express is known but not a lot have visited Panda Express; if it comes to the Netherlands, a drive-through would be desirable; smaller portions; confusion on whether it is fast food

Source: created by the authors

Appendix 4: Supplier selection and KPIs

Supplier of	Key Performance Indicators	Most suitable Supplier
Food - vegetables and fruit	<ul style="list-style-type: none"> - Freshness: delivered one day after farmers harvest - Delivery time: within one day after harvest - Availability of needed assortment all year long - ERP system for orders - Supplier works with certified farmers to guarantee quality level - Works with fixed shipping costs 	The Greenery

Food - meat	<ul style="list-style-type: none"> - Availability of needed assortment all year long - Freshness: delivery on same day as meat cut - Delivery time: within one day - Delivery of meat in desired cut and weight - ERP system for orders - H.A.C.C.P. (Hazard Analysis Critical Control Points) certified to guarantee quality and hygiene. - Works with fixed shipping costs 	Fortuna Vlees B.V.
Food - rest of ingredients	<ul style="list-style-type: none"> - Availability of needed assortment all year long - Delivery time: within two days - Quality complies with Dutch Food & Safety regulations - Works with fixed shipping costs 	Sligro
Beverages - standard	<ul style="list-style-type: none"> - Availability of needed assortment all year long - Delivery time: within two days - Works with fixed shipping costs 	Sligro Food Group

Source: created by the authors

Appendix 5: SWOT analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Its size (sales & restaurants) • Strong heritage • Competitive prices • Fast service • Take-out option • Healthy menu options • CSR policy • Strategically located (in the U.S.) • Excellent employee policies • Successful track record of accessing the mass market 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Restricted to one cuisine • Special, specific ingredients • Mainly located and known in the U.S. • No experience in and with Europe • Reputation of Chinese food in general • Associated with fast food (unhealthy) • Relatively easy replicable concept
<p>Opportunities</p> <ul style="list-style-type: none"> • New market (first mover advantage) • Excellent links to the rest of Europe • Relatively high income of the Dutch population • The currency, the Euro • U.S. friendly population • Dutch consumers make decisions based on prices • High use of mobile phones and internet • Increased emphasis on health 	<p>Threats</p> <ul style="list-style-type: none"> • Complexity of the business culture • Labor costs • Relatively small market • Dutch people don't easily change their consuming and buying habits • Dutch and EU regulations often being more strict (on labelling, food safety, advertising etc.) • Increased emphasis on health

Source: created by the authors

Appendix 6: Stakeholder map

Stakeholder	Contribution	Legitimacy	Willingness to engage	Influence	Necessity of involvement
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Owners

1 Panda Express United States	high	High	high	high	high
2 Banks	medium	High	high	high	high
3 Landlord	low	High	high	high	high

Customers

4 Customers	high	High	high	high	high
5 Potential customers	high	medium	low	high	high

Employees

6 Employees	high	high	high	high	high
7 Potential employees	low	low	low	medium	medium
8 Families of employees	low	medium	medium	low	low
9 Trade unions	medium	medium	medium	medium	medium

Industry

10 Suppliers	high	high	high	high	high
11 Competitors	high	high	high	high	high

12 HRM Office	high	high	high	low	low
13 Koninklijke Horeca Nederland	high	medium	medium	low	low
14 Delivery organizations (Thuisbezorgd and Deliveroo)	high	medium	medium	medium	medium

Community

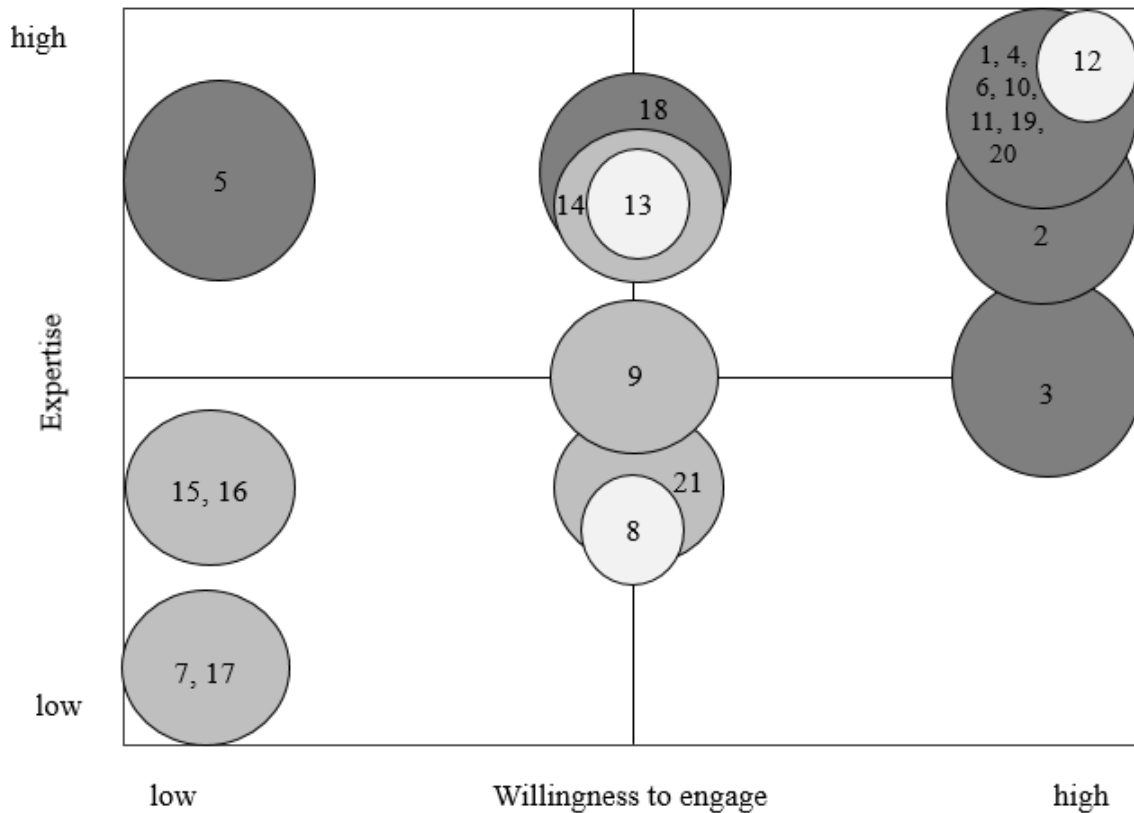
15 Community	low	medium	low	medium	medium
16 Neighborhood	low	medium	low	medium	medium

Environment

17 Nature and natural resources	irrelevant	medium	irrelevant	medium	medium
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Legislative institutions

18 National government	High	medium	medium	high	high
19 Local policy makers	High	high	high	high	high
20 Food and Consumer Safety Authority	High	high	high	high	high
21 Stichting Reclame Code	medium	low	medium	medium	medium



Source: created by the authors

Appendix 7: Menu and pricing list

Build Your Own

<i>Product</i>	<i>US price</i>	<i>Dutch price</i>
Family Feast (2 large sides + 3 large entrees)	Starts at \$37	Starts at €37,99
Plate (1 side + 2 entrees)	Starts at \$8,40	Starts at €8,59
Bigger Plate (1 side + 3 entrees)	Starts at \$9,90	Starts at €9,99
Bowl (1 side + 1 entree)	Starts at \$7,10	Starts at €7,19
Kids Meal (1 jr side + 1 jr entrée + 12 oz drink + cookie)	Starts at \$6,40	Starts at €6,49

Recommended Meals

<i>Product</i>	<i>US price</i>	<i>Dutch price</i>
Orange Chicken with fried rice	\$7,10	€7,19
Grilled teriyaki chicken with white steamed rice and mixed vegetables	\$7,10	€7,19
String bean chicken breast with brown steamed rice	\$7,10	€7,19
Kung pao chicken with fried rice	\$7,10	€7,19
Broccoli beef with chow mein	\$7,10	€7,19
Honey walnut shrimp with chow mein	\$7,10	€7,19
Double orange chicken with fried rice and chow mein	\$8,40	€8,49
String bean chicken breast and broccoli beef with brown steamed rice and mixed vegetables	\$8,40	€8,49
Shanghai Angus steak and honey walnut shrimp with chow mein	\$8,40	€8,49
Orange chicken and broccoli beef with fried rice and chow mein	\$8,40	€8,49
Honey walnut shrimp and grilled teriyaki chicken with white steamed rice and chow mein	\$8,40	€8,49

Grilled teriyaki chicken and kung pao chicken with fried rice	\$8,40	€8,49
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Appetizers

<i>Product</i>	<i>US price</i>	<i>Dutch price</i>
Chicken Egg Roll	\$1,95	€1,99
Veggie Spring Roll	\$1,95	€1,99
Cream Cheese Rangoon	\$1,95	€1,99

A La Carte

<i>Product</i>	<i>US price</i>	<i>Dutch price</i>
Chow Mein	\$3,40	€3,49
Fried Rice	\$3,40	€3,49
White Steamed Rice	\$3,40	€3,49
Brown Steamed Rice	\$3,40	€3,49
Super Greens	\$3,40	€3,49

Drinks

<i>Product</i>	<i>US price</i>	<i>Dutch price</i>
Coca Cola Original	\$2	€1,99
Coca Cola Light	\$2	€1,99
Coca Cola Zero	\$2	€1,99
Fanta Orange	\$2	€1,99

Minute Maid	\$2	€1,99
Sprite	\$2	€1,99
Still Water	\$1.90	€1,99
Sparkling Water	n.a.	€1,99
Sparkling Water Lemon	n.a.	€1,99
Ice Tea Original	n.a.	€2,09
Ice Tea Green	n.a.	€2,09

Source: Menu and dollar prices by Panda Restaurant Group (2018b), Dutch prices established by the authors

Appendix 8: Comparison of Amsterdam and Rotterdam

Indicator	Amsterdam	Rotterdam
<i>Number of citizens</i>	854.000 ¹	639.000 ¹
<i>Number of citizens with a migration background</i>	53,4% ¹	50,9% ¹
<i>Number of tourists (per year)</i>	5.340.000 (1st) ²	1.100.000 (2nd) ³
<i>Size of middle & higher income class</i>	370.000 citizens (\approx 42%) ⁴	168.500 citizens (\approx 55%) ⁵
<i>Size of food service industry</i>	2.078 restaurants/cafes/hotels ²	2.625 restaurants/cafes/hotels ⁶
<i>Number of Chinese restaurants</i>	80-85 ⁷	45-50 ⁷
<i>Other advantages</i>	- Schiphol Airport - University of Amsterdam & Vrije Universiteit	- Port of Rotterdam & Rotterdam The Hague Airport - Lower rent prices than Amsterdam - Erasmus University

Source: ¹ CBS (2018c) ² Amsterdam.org (2018) ³ Pieters (2018) ⁴ CBS (2018d) ⁵ CBS (2015) ⁶ CBS (2018e) ⁷ Google Maps (2018)

Appendix 9: Action plan

Action?	Responsibility?	When?
Creating a Dutch version of U.S. Panda Express food	PE U.S.	1 year prior to the opening
Issuing debt and equity	PE U.S.	9 months prior to the opening
Find location for the first restaurant in Amsterdam, start the rebuilding and buy interior of the restaurant	PE U.S.	6 months prior to the opening
Create the Dutch version of the website and App	PE U.S.	6 months prior to the opening
Create promotion until and including the opening day of the restaurant	PE U.S.	6 months prior to the opening
Restaurant manager hired and on a 3-month training trip to the United States	PE U.S.	6 to 3 months prior to the opening
Negotiate contracts with the Greenery and Fortuna Vlees B.V. and get a membership of the Sligro	PE U.S.	5 months prior to the opening
Hire employees and provide training	HRM Office, restaurant manager	2 months prior to the opening

Set up a collaboration with Deliveroo and Thuisbezorgd	PE U.S. & restaurant manager	2 months prior to the opening
Startup social media	PE U.S.	2 months prior to the opening
Establish relationships with tourist attractions and universities	Restaurant manager	2 months prior to the opening

Source: created by the authors

Appendix 10: International long-term supplier contract

PARTIES:

Supplier

Name (name of company)

Solia, Inc

Legal form (e.g. limited liability company)

Incorporated

Country of incorporation and (if appropriate) trade register number

United States - RN136406

Address (address of place of business of the Supplier, phone, fax, e-mail)

4118 N. Nashville, Chicago, IL 60634, United States

1-800-405-7050

(773)-754-3271

contact@solia-usa.com

Represented by (surname and first name, address, position, legal title of representation)

Fabre, Philippe

231 N Pine Ave, Chicago, IL 60644, United States

Manager of Solia, INC

Country representative of Solia, INC

Customer

Name (name of company)

Panda Express the Netherlands

Legal form (e.g. limited liability company)

Limited liability company

Country of incorporation and (if appropriate) trade register number

The Netherlands - KVK 98765432

Address (address of place of business of the Customer, phone, fax, e-mail)

Vondelstraat 4, 1054 GD, Amsterdam, the Netherlands

+31201234567

info@pandaexpress.nl

Represented by (surname and first name, address, position, legal title of representation)

van Dijk, Linez

Leidsekruisstraat 27, 1017 RG Amsterdam

Restaurant manager of Panda Express Amsterdam

Country representative of Panda Express the Netherlands

Collectively “the parties”

VAT number Panda Express the Netherlands: NL00123457B01

Background

A. The Supplier carries on business in the supply of plastic cups including lids and takeaway packaging boxes.

B. The Customer wishes to purchase certain of the Goods supplied by the Supplier, details of which are set out in schedule 1 (the “Goods”) and the Supplier is willing to sell such Goods to the Customer, on the Terms of this contract.

Operative provisions

1. Supply of the Goods

1.1 During the period of this contract (the “Term”) the Supplier shall sell and the Customer shall purchase the Goods ordered by the Customer, subject to the following provisions.

1.2 The specification of the Goods shall be as set out in schedule 1, but the Supplier reserves the right to make any change in the specification of the Goods that is necessary in order for them to conform with any applicable laws, provided the Supplier promptly informs the Customer in writing of any such change that it proposes to make.

1.3 The Customer shall promptly inform the Supplier of any proposed change in the specification of the Goods which is necessary in order for them to conform with any applicable laws in the territory of the Customer, in which event the Supplier shall promptly notify the Customer in writing whether it is willing to change the specification and (if so) any resulting change in the price of the Goods. If the Supplier does not notify the Customer in writing within

a reasonable time (*not exceeding thirty (30) days*) that it agrees to the change in the specification, or if it does do so but the Customer does not notify the Supplier in writing within a reasonable time (*not exceeding thirty (30) days*) that it agrees any change in the price of the Goods proposed by the Supplier, the Goods in question shall cease to be subject to this contract, and where the Goods in question form all or a substantial proportion of the Goods covered by this contract, either party may terminate this contract by giving written notice to the other party.

1.4 In each *month* during the Term the Customer shall order from the Supplier not less than *seventy-five (75) %* of the Customer's requirements of the Goods (or other Goods of the same description) calculated by reference to the total quantities of the Goods (and any other Goods of the same description) of which the Customer takes delivery from any person in that *month*. If the Supplier fails by reason of force majeure or otherwise to supply the Customer with any quantity of the Goods so ordered, the minimum quantity for the *month* in question that the Customer would otherwise be required to purchase shall be reduced by the quantity that the Supplier fails to supply.

1.5 The Supplier shall provide the Customer with any instructions concerning the use of the Goods which are reasonably required or which the Supplier may reasonably specify, in which case the Customer undertakes to comply with those instructions.

1.6 Subject to the provisions of this contract, the supply of the Goods shall be made on the basis of the Terms of sale set out in schedule 4. In the event of any conflict between those Terms and the Terms of this contract, the Terms of this contract shall prevail.

2. Procedure for ordering and delivering the Goods

2.1 The Customer shall, not less than *thirty (30) days* before the beginning of each *month*, give the Supplier its written order for the Goods to be delivered to the Customer during that *month*.

2.2 Each order for the Goods must be given in writing and shall be subject to confirmation in writing by the Supplier. The Supplier shall confirm the order in writing to the Customer within *three (3) days* after it is given unless the Supplier has a valid reason not to do so. Upon confirmation by the Supplier each order shall be final, but the Supplier may at its discretion accept an amendment to an order within *seven (7) days* after it is given.

2.3 Each order for the Goods shall upon confirmation by the Supplier be deemed to constitute a separate contract, and accordingly any breach by the Supplier in relation to any one order shall not entitle the Customer to terminate this contract as a whole.

2.4 The Customer shall notify the Supplier in writing of:

2.4.1 Its estimated orders for the Goods for each *year* during the Term, within *two (2) months* prior to that *year* and

2.4.2 Any revisions to those estimates, as soon as practicable after they are made.

- 2.5 The Customer shall be responsible to the Supplier for:
- 2.5.1 Ensuring the accuracy of each order for the Goods given by the Customer;
 - 2.5.2 Promptly giving the Supplier all necessary information relating to the Goods which is reasonably requested by the Supplier to enable the Supplier to fulfil each order in accordance with its Terms; and
 - 2.5.3 Obtaining any necessary import licenses or other requisite documents (except those agreed to be provided by the Supplier in accordance with schedule 4), and otherwise complying with any applicable laws or regulations concerning the importation of the Goods, and for paying all applicable customs duties, taxes and charges in respect of the importation of the Goods and their resale (unless they are exempt).
- 2.6 Upon confirmation of each order the Supplier shall as soon as is practicable *and in any event within seven (7) days* inform the Customer of the Supplier's estimated delivery date for the Goods.
- 2.7 The Supplier shall deliver the Goods on *or within seven (7) days of* the estimated delivery date for each order.
- 2.8 Liquidated damages for delay: If there is any delay in the delivery of the Goods *of more than seven (7) days after the estimated delivery date* then, unless the delay is due to force majeure, the price of the Goods shall be reduced by 2.5% for a delay of 7 to 14 days, 5% for 14 to 21 days, 10% for 21 to 28 days and 40% in case of more than 28 days of delay.
- 2.9 The Supplier shall use its reasonable commercial endeavors to manufacture and maintain sufficient stocks of the Goods to fulfil its obligations under this contract, but may *after consultation with the Customer* discontinue the manufacture of all or any of the Goods, in which case the Supplier will give the Customer *ninety (90) days* notice in writing of the discontinuation, and the Supplier shall fulfil all outstanding orders for the Goods in question which are placed by the Customer before the date of the notice.
- 2.10 If the Customer's orders for the Goods exceed (or if it appears from any estimate or revised estimate given by the Customer that they will exceed) the output capacity or available stocks of the Supplier:
- 2.10.1 The Supplier shall as soon as practicable notify the Customer;
 - 2.10.2 The Customer shall be entitled to obtain from any other person such quantity of the Goods as the Supplier is unable to supply in accordance with the Customer's orders until such time as the Supplier has given the Customer written notice (together with such supporting evidence as the Customer may reasonably require) that it is able and willing to resume the supply of the Goods in accordance with the Customer's orders and the Customer has had a reasonable time to terminate any alternative supply arrangements which it may have made with any other person; and
 - 2.10.3 That quantity shall be deemed for the purposes of Article 1.4 to have been ordered from the Supplier.

2.11 Within *sixty (60)* days after the end of each *year* during the Term the Customer shall submit to the Supplier a written report showing:

2.11.1 The total quantity of the Goods (or any other Goods of the same description) of which the Customer has taken delivery from any person (including the Supplier) in that year, and

2.11.2 The percentage of that total quantity which in that year was ordered by the Customer from the Supplier.

3. Price of the Goods

3.1 Except as otherwise agreed in writing between the Supplier and the Customer, the prices for all Goods to be supplied under this contract shall be the Supplier's *FOB* list prices from time to time.

3.2 The Supplier shall:

3.2.1 Supply the Customer with copies of the Supplier's *FOB* price lists for the Goods in force from time to time; and

3.2.2 Give the Customer not less than *ninety (90)* days notice in writing of any alteration in those prices, and the prices as so altered shall apply to all Goods ordered after the applicable date of the increase.

3.3 If pursuant to Article 3.2 the Supplier increases or proposes to increase the price of the Goods more than *once per six (6) months*, the Customer may terminate this contract by giving not less than *three (3)* months written notice to the Supplier.

3.4 If at any time the Customer can establish that the price charged by the Supplier for any of the Goods exceeds the price at which a bona fide third party is supplying Goods of a similar specification in commercially significant quantities and on a regular basis in the territory of the Customer, the price of the Goods shall, at the request of the Customer in writing, be reduced so as to match that other price. If the Supplier does not agree in writing to such a request within a reasonable time (not exceeding *thirty (30)* days), the Goods in question shall cease to be subject to this contract, and where the Goods in question form all or a substantial proportion of the Goods covered by this contract, either party may terminate this contract by giving written notice to the other party.

3.5 The prices of the Goods are *inclusive* of any value added tax or similar sales tax, for which the Customer shall be liable in addition to the price.

3.6 If the Supplier agrees to deliver the Goods otherwise than on a *FOB* basis, the price is exclusive of the Supplier's charges for transport, packaging and insurance up to the point of delivery, for which the Customer shall be liable in addition to the price.

4. Payment

4.1 The price of the Goods shall be payable within *thirty (30) days* of the Supplier's invoice (which may be submitted at any time after the Goods are dispatched) or as otherwise agreed in writing between the Parties.

4.2 All payments shall be made by transfer to a bank account specified by the Supplier in writing, without any set-off, deduction or withholding except for any tax which the Customer is required by law to deduct or withhold.

4.3 The Supplier may require the Customer to pay the price of any Goods by payment by *documentary collection*.

4.4 If the Customer fails to pay the price for any Goods in accordance with this contract the Supplier may (without limiting any other right or remedy):

4.4.1 Cancel or suspend any further delivery to the Customer under any order;

4.4.2 Sell or otherwise dispose of any Goods which are the subject of any order by the Customer, whether or not appropriated to the order, and apply the proceeds of sale to the overdue payment; and

4.4.3 Charge the Customer interest on the outstanding amount (both before and after any judgment) at the rate of *two (2) %* from the due date until the outstanding amount is paid in full.

5. Warranties relating to the Goods

5.1 Subject to the following provisions, the Supplier warrants to the Customer that:

5.1.1 The Supplier will have good title to the Goods supplied under this contract;

5.1.2 Subject to Article 5.2, the Goods supplied under this contract will comply with any specification agreed for them and be free from defects in material and workmanship for a period of *sixty (60) days* from delivery to the Customer.

5.2 The Supplier shall be under no liability in respect of any defect in the Goods arising from fair wear and tear, or any willful damage, negligence, subjection to abnormal working conditions, failure to follow the Supplier's written instructions, misuse or alteration or repair of the Goods without the Supplier's approval, or any other act or omission on the part of the Customer, its employees or agents or any third party.

5.3 In the event of any breach of the Supplier's warranty under Article 5.1.2 the Supplier's liability shall be limited to:

5.3.1 Repayment of any part of the price for the Goods in question which has been paid.

6. Confidentiality

6.1 Both parties understand and acknowledge that, by virtue of this contract, they may both receive or become aware of information belonging or relating to the other party, its business, business plans, affairs or activities, which information is confidential and proprietary to the other party and/or its Suppliers and/or Customers and in respect of which they are bound by a strict duty of confidence (“Confidential Information”).

6.2 In consideration of such Confidential Information being disclosed or otherwise made available to either party for the purposes of the performance of this contract, both parties hereby undertake that they will not at any time, either before or after the termination of this contract, and either directly or indirectly, disclose, divulge or make unauthorized use of any Confidential Information, except to the extent to which such Confidential Information:

6.2.1 Is publicly known at the time of its disclosure or being made available to them;

6.2.2 After such disclosure or being made available to them, becomes publicly known otherwise than through a breach of this provision;

6.2.3 Is required by law, regulation or order of a competent authority (including any regulatory or governmental body or securities exchange) to be disclosed by one of the Parties, provided that, where practicable, the other party is given reasonable advance notice of the intended disclosure.

6.3 Upon the earlier of a request from the other party or the termination of this contract, each party shall return to the other or destroy all documents or records in any medium or format containing any Confidential Information that are in its possession or control and will not retain any copies of them.

6.4 The provisions of this Article 6 will continue without limit of time, notwithstanding the termination of this contract for any reason.

7. Liability

Except in respect of death or personal injury caused by the Supplier’s negligence, the Supplier shall not be liable to the Customer by reason of any representation (unless fraudulent), or any implied warranty, condition or other Term, for any loss of profit or any indirect, special or consequential loss or damage (whether caused by the negligence of the Supplier, its servants or agents or otherwise) in relation to the supply of the Goods (or any failure to supply them) or their resale by the Customer, or otherwise arising out of or in connection with this contract.

8. Duration, termination and consequences of termination

8.1 This contract will take effect on the date of its signature by both parties or, if signatures do not occur simultaneously, when the latest signature is given. Unless sooner terminated pursuant to Articles 8.2, 8.3 or 8.4, this contract shall continue for a period of *two (2) years*.

8.2 Either party shall be entitled to terminate this contract at any time by giving not less than *four (4) months* written notice to the other.

8.3 The Supplier may (without limiting its rights under Article 4.5) terminate this contract with immediate effect by giving written notice to the Customer, if the latter fails to pay any sum payable by it under this contract within *thirty (30) days* of the due date for payment.

8.4 Either party may (without limiting any other remedy) at any time terminate this contract by giving written notice to the other if:

8.4.1 The other party commits any breach of this contract and (if capable of remedy) fails to remedy the breach within *thirty (30) days* after being required by written notice to do so; or

8.4.2 The other party goes into liquidation, becomes bankrupt, makes a voluntary arrangement with its creditors or has a receiver or administrator appointed.

8.5 For the purposes of Article 8.4.1, a breach of any provision of this contract shall be considered capable of remedy if the Party in breach can comply with the provision in question in all respects other than as to the time of performance.

8.6 The termination of this contract for any reason shall not affect:

8.6.1 Either party's accrued rights, remedies or liabilities including payments due at the effective date of termination; or

8.6.2 The coming into force or the continuance in force of any provision of this contract that is expressly or by implication intended to come into or continue in force on or after termination.

9. Change of circumstances (hardship)

9.1 Where the performance of this contract becomes more onerous for one of the Parties, that party is nevertheless bound to perform its obligations subject to the following provisions on change of circumstances (hardship).

9.2 If, however, after the time of conclusion of this contract, events occur which have not been contemplated by the Parties and which fundamentally alter the equilibrium of the present contract, thereby placing an excessive burden on one of the Parties in the performance of its contractual obligations (hardship), that party shall be entitled to request revision of this contract provided that:

9.2.1 The events could not reasonably have been taken into account by the affected party at the time of conclusion of this contract;

9.2.2 The events are beyond the control of the affected party; and

9.2.3 The risk of the events is not one that, according to this contract, the Party affected should be required to bear.

9.3 Each party shall in good faith consider any proposed revision seriously put forward by the other party in the interests of the relationship between the Parties.

10. Force majeure

10.1 “Force majeure” means war, emergency, accident, fire, earthquake, flood, storm, industrial strike or other impediment which the affected party proves was beyond its control and that it could not reasonably be expected to have taken the impediment into account at the time of the conclusion of this contract, or to have avoided or overcome it or its consequences.

10.2 A party affected by force majeure shall not be deemed to be in breach of this contract, or otherwise be liable to the other, by reason of any delay in performance, or the non-performance, of any of its obligations under this contract to the extent that the delay or non-performance is due to any force majeure of which it has notified the other party in accordance with Article 10.3. The time for performance of that obligation shall be extended accordingly, subject to Article 10.4.

10.3 If any force majeure occurs in relation to either party which affects or is likely to affect the performance of any of its obligations under this contract, it shall notify the other party within a reasonable time as to the nature and extent of the circumstances in question and their effect on its ability to perform.

10.4 If the performance by either party of any of its obligations under this contract is prevented or delayed by force majeure for a continuous period in excess of *thirty (30) days*, the Parties shall negotiate in good faith, and use their best endeavors to agree upon such amendments to this contract or alternative arrangements as may be fair and reasonable with a view to alleviating its effects, but if they do not agree upon such amendments or arrangements within a further period of *thirty (30) days*, the other party shall be entitled to terminate this contract by giving written notice to the party affected by the force majeure.

11. General warranties

11.1 Each party warrants to the other that:

11.1.1 It has the authority to enter into this contract;

11.1.2 The signatory to this contract for and on behalf of that party is authorized and fully empowered to execute this contract on that party’s behalf;

11.1.3 The entry into and performance of this contract by that party will not breach any contractual or other obligation owed by that party to any other person, any rights of any other person or any other legal provision;

11.1.4 The entry into and performance of this contract by that party require no governmental or other approvals or, if any such approval is required, it has been obtained; and

11.1.5 It will at all times during the Term of this contract comply with the Terms of and maintain in force any necessary governmental or other approvals, consents, notifications, registrations or other legal requirements for the performance by that party of its obligations under this contract.

12. Entire agreement

12.1 This contract sets out the entire agreement between the Parties. Neither party has entered into this contract in reliance upon any representation, warranty or undertaking of the other party that is not expressly set out or referred to in this contract. This Article shall not exclude any liability for fraudulent misrepresentation.

12.2 This contract may not be varied except by an agreement of the Parties in writing (which may include e-mail).

13. Notices and writing

13.1 Any notice under this contract shall be in writing (which may include e-mail) and may be served by leaving it or sending it to the address of the other party as specified in Article 13.2 below, in a manner that ensures receipt of the notice can be proved.

13.2 For the purposes of Article 13.1, notification details are the following, unless other details have been duly notified in accordance with this Article:

13.2.1 For the Supplier:

4118 N. Nashville, Chicago, IL 60634, United States

contact@solia-usa.com

13.2.2 For the Customer:

Vondelstraat 4, 1054 GD, Amsterdam, the Netherlands

info@pandaexpress.nl

14. No partnership or agency

Nothing in this contract shall (i) be deemed to constitute a partnership in law between the Parties, (ii) constitute either party the agent of the other for any purpose or (iii) entitle either party to commit or bind the other (or any member of its respective group) in any manner.

15. Assignment and subcontracting

15.1 This contract is personal to the Parties and, except to the extent necessary for the collection of outstanding bills through a factoring agent, neither party shall without the prior written approval of the other:

15.1.1 Assign, mortgage, charge or otherwise transfer or deal in, or create any trust over, any of its rights; or

15.1.2 Subcontract or otherwise delegate the whole or any part of its rights or obligations under this contract to another person.

16. Effect of invalid or unenforceable Articles

16.1 If any provision of this contract is held by any court or other competent authority to be invalid or unenforceable in whole or in part, this contract shall continue to be valid as to its other provisions and the remainder of the affected provision, unless it can be concluded from the circumstances that, in the absence of the provision found to be null and void, the Parties would not have concluded this contract.

16.2 The Parties shall use all reasonable efforts to replace all provisions found to be null and void by provisions that are valid under the applicable law and come closest to their original intention.

17. Authorizations

17.1 This contract is conditional upon the following authorizations first being obtained, EU-approved quality certificates of plastics and cardboards.

17.2 The relevant party shall use all reasonable efforts on its part to obtain such authorizations and shall notify the other party promptly of any difficulty encountered.

18. Dispute resolution procedure

Any dispute, controversy or claim arising out of or relating to this contract, in particular its conclusion, interpretation, performance, breach, termination or invalidity, shall be finally settled by the courts of *Amsterdam, the Netherlands* which will have exclusive jurisdiction.

19. Language of contract

This contract has been negotiated and concluded in *English*. It may be translated into any other language for practical purposes, but the *English* version shall prevail in the event of any doubt.

20. Applicable law

Questions relating to this contract which are not settled by the provisions contained in this contract itself shall be governed by the United Nations Convention on Contracts for the International Sale of Goods (Vienna Sales Convention of 1980, hereafter referred to as CISG) as well as the UNIDROIT Principles of International Commercial Contracts, and to the extent that such questions are not covered by CISG or the UNIDROIT principles, by reference to the *Dutch law*.

Schedule 1: The Goods

Good	Specification
<p>SOLIA TRANSPARENT PLASTIC LID 8.5oz CUP MATCH (CASE OF 500)</p>	<p>Solia Transparent Plastic Lid for plastic cup 8.5oz. Lids that will perfectly match the Serving Cups & hermetically cover them for Takeaway.</p> <p>SKU: LID8GV Case Pack: 500 Material: PS Heat Tolerance: 0°F 158°F Recyclable: Yes Price: \$150 per case pack</p>
<p>SOLIA TRANSPARENT PLASTIC CUP 8.5oz WITH SPECIFIED PANDA EXPRESS TEA BAR LOGO (CASE OF 500)</p>	<p>Solia Transparent Plastic cup 8.5oz with specified Panda Express Tea Bar Logo. Cups that will perfectly match the lids & hermetically cover them for Takeaway. Guaranteed usable and safe for drinks up until 70 degrees Celsius.</p> <p>SKU: CUP7GV Case Pack: 500 Material: PS Heat Tolerance: 0°F 158°F Recyclable: Yes Price: \$180 per case pack</p>
<p>CARDBOARD PUNNET NANO-KRAFT WITH PANDA EXPRESS LOGO 175X90X85MM (CASE OF 200)</p>	<p>Solia Cardboard punnet with logo of Panda Express on top; Nano-kraft Snacking Carrier (Case of 200). Recyclable and microwavable, Ideal for Takeaway & Snacking. Guaranteed usable and safe for food of all kinds.</p> <p>SKU: ES31001 Case Pack: 200 Dimensions: 6.9 Inch L x 3.5 Inch W x 3.4 Inch H Material: Cardboard Recyclable: Yes Price: \$104 per case pack</p>

Schedule 2: Minimum purchase quantities (75% of total amount needed, see Article 1.4)

Good	Amount (in case packs)
lids	6
Cups	6
Cardboard boxes	38

Schedule 3: Minimum annual volume

Good	Amount (in case packs)
lids	60
Cups	60
Cardboard boxes	228

Schedule 4: Terms of supply

1. Quantity

1.1 Subject to Article 1.4 of this contract, the quantity of the Goods to be supplied by the Supplier shall be as set out in each order submitted by the Customer (if confirmed by the Supplier).

1.2 Each order shall be subject to the minimum quantity specified in schedule 2.

2. Delivery of the Goods

2.1 The Goods shall be delivered to the Supplier on the following INCOTERMS 2010: FOB(Port of Rotterdam).

3. Inspection of the Goods

3.1 The Supplier shall at its own cost arrange for testing and inspection of the Goods at the Supplier's premises before shipment by Pro QC International. The Supplier shall have no liability for any claim in respect of any defect in the Goods that would be apparent on inspection and which is made after shipment.

4. Documents

The Supplier shall make available to the Customer (or shall present to the bank specified by the Customer) the following documents: commercial invoice / packing list / bill of lading / certificate of origin / certificate of inspection.

5. Transfer of risk

5.1 Risk of damage to or loss of the Goods shall pass to the Customer in accordance with the relevant Incoterms or otherwise at the time of delivery of the Goods.

DATE AND SIGNATURE OF THE PARTIES

Supplier signature

signature

Date: 24/05/2019

Name Philippe Fabre

Customer signature

Signature

Date 24/05/2019

Name Linez van Dijk

Source: created by the authors

Appendix 11: Letter of Credit

Irrevocable Deferred Payment Letter of Credit

24 May 2019 Friday

15:03:31

----- **Instance Type and Transmission** -----

Original received from SWIFT

Priority/Delivery : Normal

Message Output Reference : 1225 121016XXXXXXXXXX5657939061

Correspondent Input Reference : 1225 121016XXXXXXXXXX1178375172

----- **Message Header** -----

Swift OUTPUT FIN 700 Issue of a Documentary Credit

Sender : INGBANKXXX

ING BANK

(HEAD OFFICE)

AMSTERDAM NL

Receiver : BANKOFAMERICAXXX

BANK OF AMERICA

(ALL AMERICAN OFFICES)

CHARLOTTE US

----- **Message Text** -----

27: Sequence of Total

1/1

40A: Form of Documentary Credit

IRREVOCABLE

20: Documentary Credit Number

DC46492

31C: Date of Issue

052419

40E: Applicable Rules

UCP600

31D: Date and Place of Expiry

120119CHARLOTTE

50: Applicant

PANDA EXPRESS THE NETHERLANDS, VONDELSTRAAT 4 - AMSTERDAM - THE
NETHERLANDS

59: Beneficiary

SOLIA, INC, 4118 N. NASHVILLE - CHICAGO - UNITED STATES

32B: Currency Code / Amount

USD7,840

39B: Maximum Credit Amount

NOT EXCEEDING

41A: Available With ... By ...

INGBANKXXX

BY DEF PAYMENT

42P: Deferred Payment Details

30 DAYS AFTER SHIPMENT DATE

43P: Partial Shipments

PARTIAL SHIPMENTS ARE NOT ALLOWED

43T: Transshipment

TRANSSHIPMENTS ARE ALLOWED

44E: Port of Loading / Airport of Departure

ANY PORT IN THE UNITED STATES

44F: Port of Discharge / Airport of Destination

PORT OF ROTTERDAM - THE NETHERLANDS

44C: Latest Date of Shipment

090119

45A: Description of Goods and/or Services

8 SOLIA TRANSPARENT PLASTIC LIT 8.5oz CUP MATCH (CASE OF 500) AND 8 SOLIA TRANSPARENT PLASTIC CUP 8.5oz WITH SPECIFIED PANDA EXPRESS TEA BAR LOGO (CASE OF 500) AND 50 CARDBOARD PUNNET NANO-KRAFT WITH PANDA EXPRESS LOGO 175X90X85MM (CASE OF 200). AS PER PROFORMA INVOICES NRS. 940412 DATED MAY 01, 2019. INCOTERMS: FOB.

46A: Documents Required

03 ORIGINALS PLUS 03 COPIES OF SIGNED COMMERCIAL INVOICE SPECIFYING FOB AMOUNT SEPARATELY, SHOWING DESCRIPTION OF GOODS AND PAYMENT TERMS OF THIS L/C.

03 ORIGINALS PLUS 03 COPIES OF OCEAN BILL OF LADING, CONSIGNED TO THE ORDER OF SOLIA, INC, 4118 N. NASHVILLE - CHICAGO - UNITED STATES,

NOTIFY THE SAME AS CONSIGNEE, MARKED TOTAL FREIGHT COLLECT, SHOWING ITS VALUE IN FIGURES.

03 ORIGINAL OF PACKING LIST.

01 ORIGINAL OF CERTIFICATE OF ORIGIN.

01 CERTIFICATE OF INSPECTION.

47A: Additional Conditions

NUMBER OF THIS LETTER OF CREDIT MUST BE STATED IN COMMERCIAL INVOICE AND B/L. USD.50,00 FEE WILL BE DEDUCTED FROM PAYMENT FOR EACH SET OF DISCREPANT DOCUMENTS PRESENTED.

IN CASE OF LATE SHIPMENT (7 DAYS AFTER THE ESTIMATED DELIVERY DATE), THE BENEFICIARY WILL HAVE TO GRANT A 2.5% DISCOUNT ON THE COMPLETE ORDER IN CASE OF 7 TO 14 DAYS DELAY, 5% DISCOUNT FOR 14 TO 21 DAYS, 10% DISCOUNT FOR 21 TO 28 DAYS AND 40% DISCOUNT FOR MORE THAN 28 DAYS

71B: Charges

ALL BANKING CHARGES OUTSIDE THE UNITED STATES ARE FOR BENEFICIARY'S ACCOUNT.

48: Period for Presentation

DOCUMENTS MUST BE PRESENTED WITHIN 21 DAYS AFTER ISSUANCE OF THE TRANSPORT DOCUMENT BUT WITHIN THE VALIDITY OF THIS CREDIT.

49: Confirmation Instructions

CONFIRM

53A: Reimbursing Bank

PNBPUS3NNYC WELLS FARGO BANK, N.A.

78: Instructions to the Paying / Accepting / Negotiating Bank

WHETHER ALL TERMS AND CONDITIONS ARE COMPLIED WITH, PLEASE CLAIM REIMBURSEMENT AT MATURITY DATE.

AT NEGOTIATION OF SHIPPING DOCUMENTS, PLEASE INFORM US THRU TESTED MESSAGE THE AMOUNT OF DOCUMENTS, SHIPMENT, PRESENTATION AND MATURITY DATES, COMMERCIAL INVOICE AND B/L NUMBERS, AND CONFIRMING THAT NEGOTIATED DOCUMENTS ARE BEING REMITTED TO US BY SPECIAL COURIER TO THE PANDA EXPRESS THE NETHERLANDS, VONDELSTRAAT 4 - AMSTERDAM - THE NETHERLANDS, ALSO INFORMING COURIER'S COMPANY AND NUMBER.

----- **Message Trailer** -----

Source: created by the authors

Appendix 12: Breakdown of total equipment costs

What	Costs
Kitchen equipment	€ 100.000
Furniture	€ 35.000
Porcelain bowls	€ 400
Cutlery	€ 1.700
Total	€ 137.100

Source: Disablediscouter, (n.d.), MonoUso, (n.d.), Shopkeep, (2018), WebrestaurantStore, (n.d.)

Appendix 13: Distance to suppliers

Company	Location	Distance to AMS	Distance to ROT
<i>The Greenery</i>	Barendrecht, NL	100 km - 90 minutes	25 km - 25 minutes
<i>Fortune Vlees B.V.</i>	Oss, NL	110 km - 75 minutes	115 km - 75 minutes
<i>Sligro</i>	Multiple locations, amongst others in Amsterdam and Rotterdam, NL	10 km - 15 minutes	5 km - 10 minutes

Source: created by the authors with help of Google Maps

Note: travel time is an estimation with optimal circumstances (with no traffic jam etc.)

Appendix 14: Delivery areas Amsterdam and Rotterdam

Amsterdam:



Rotterdam:



Source: created by the authors with help of Google Maps

Appendix 15: Third party delivery costs

Company	Costs per delivery
<i>Deliveroo</i>	€2.50 + 20-25% of the sales
<i>Thuisbezorgd</i>	€0.19 + delivery costs + 13% of the sales

Source: Luijkks, (2018)

Appendix 16: Packaging

Take-away packaging



Porcelain bowls



Tea bar packaging



Source: Panda Restaurant Group (2019c)

Appendix 17: Pay structure, benefits and salaries per position

Position	Pay structure	Benefits	Salary per hour
Restaurant manager	Merit pay	Profit sharing	€ 15,20
Team leader	Merit pay	Tips	€ 13,58
Cook	Paid per hour	Tips	€ 11,00
Cashier	Paid per hour	Tips	€ 8,00
Cleaning person	Paid per hour	-	€ 11,00

Source: created by the authors

Appendix 18: Yearly expenses on top of costs of goods sold

Additional expenses	Amsterdam	Amsterdam + Rotterdam
Wages	€ 456.854	€ 797.736
HR outsourcing costs	€ 11.400	€ 19.800
Rent	€ 50.424	€ 84.360
Utilities	€ 9.720	€ 19.440
Promotional expenses	€ 2.413	€ 3.946
Pin device rent	€ 695	€ 1.390
Membership Koninklijke Horeca Nederland	€ 579	€ 579
Insurance	€ 1.693	€ 3.385
Taxes	€ 39.750	€ 38.197
Total	€ 573.528	€ 968.833

Source: created by the authors

Appendix 19: Wages

Amsterdam:

Employee type	In restaurant	Salary per hour	Needed hours per year	Total costs (€)	Incl benefits
Restaurant manager	1	15,20	2.080	31.800	41.340
Team leader	1	13,58	4.380	59.480	77.325
Cooks	3	11,00	14.774	162.509	211.261
Cashier	2,5	8,00	10.950	87.600	113.880
Cleaner	1	11,00	913	10.038	13.049
Total	9	58,78	33.096	351.426	456.854

Rotterdam:

Employee type	In restaurant	Salary per hour	Needed hours per year	Total costs (€)	Incl benefits
Restaurant manager	1	15,20	2.080	31.800	41.340
Team leader	1	13,58	4.380	59.480	77.325
Cooks	2	11,00	9.849	108.339	140.841
Cashier	2	8,00	6.570	52.560	68.328
Cleaner	1	11,00	913	10.038	13.049
Total	7	58,78	23.792	262.217	340.882

Source: created by the authors

Appendix 20: Opening hours

Daily opening hours	Open	12:00
	Close	0:00
	Hours	12
Days per year	Open	365
Open hours per year		4380
Extra hours for cooks		544,5
Total hours per year for cooks		4924,5

Source: created by the authors

Appendix 21: Utility cost calculation

Utilities	Average use	Price per kWh/m ³	Utilities per restaurant
Electricity - kWh/m ²	120	€ 0,20	€ 4.800
Gas - m ³ /m ²	20	€ 0,67	€ 2.680
Water - m ³ /restaurant	2800	€ 0,80	€ 2.240

Source: Energievergelijken.nl, (n.d.), Murakawa, Takata, & Nishina, (2004), Pricewise, (n.d.), Waternet, (2019)

Appendix 22: Promotion cost calculation

Promotional expenses	Price AMS	Price ROT	Per	Amount AMS	Cost AMS	Amount ROT	Cost ROT	Total cost AMS	Total cost AMS & ROT
Flyers	€ 120	€ 120	10.000 units	50.000	€ 600	30.000	€ 360	€ 600	€ 960
Posters	€ 213	€ 213	250 units	250	€ 213	250	€ 213	€ 213	€ 426
Outdoor advertising (bus shelters etc.)	€ 80	€ 48	1 unit	20	€ 1.600	20	€ 960	€ 1.600	€ 2.560
Social media	*				-		-	-	€0
							Total costs	€ 2.413	€ 3.946

* there will be no expenses for Panda Express since PE U.S. will take care and pay of this

Source: created by the authors ¹ (Centercom, 2018) ² (Drukwerkdeal, 2018)

Appendix 23: Sales forecast

Amsterdam:

Peak hours: 12.00-14.00 & 17.00-20.00 (5 hours)
During peak hours: 1 order per minute
Orders during peak hours (60 minutes * 1 order/minute) * 5 hours = 300 orders
Non-peak hours: 14.00-17.00 & 20.00-00.00 (7 hours)
Non-peak hours: 0.5 order per minute
Orders during non-peak hours: $0.5 * 7 * 60 = 210$
Total orders = $300 + 210 = 510$

Full capacity meals per day	510
Average price per meal options in €	10,59
Days per year	365
Full capacity	1.971.329
80% capacity	1.577.063
85% capacity	1.675.629

Rotterdam:

Peak hours: 12.00-14.00 & 17.00-20.00 (5 hours)
During peak hours: 0.6 order per minute
Orders during peak hours (60 minutes * 0.6 order/minute) * 5 hours = 180 orders
Non-peak hours: 14.00-17.00 & 20.00-00.00 (7 hours)
Non-peak hours: 0.3 order per minute
Orders during non-peak hours: $0.3 * 7 * 60 = 126$
Total orders = $180 + 126 = 304$ orders

Full capacity meals per day	304
Average price per meal options in €	10,59
Days per year	365
Full capacity	1.175.066
80% capacity	940.053
85% capacity	998.806

Source: created by the authors

Appendix 24: Income statement

	Year 1	%	Year 2	%	Year 3	%	Year 4	%	Year 5	%
Net sales	€ 1.577.063	100%	€ 2.548.657	100%	€ 2.599.630	100%	€ 2.651.623	100%	€ 2.808.943	100%
Costs of sales	€ 884.284	56%	€ 1.436.032	56%	€ 1.464.753	56%	€ 1.494.048	56%	€ 1.523.929	54%
Gross margin	€ 692.779	44%	€ 1.112.625	44%	€ 1.134.878	44%	€ 1.157.575	44%	€ 1.285.014	46%
Wages	€ 456.854	29%	€ 797.736	31%	€ 810.181	31%	€ 822.820	31%	€ 835.656	30%
Rent	€ 50.424	3%	€ 84.360	3%	€ 85.676	3%	€ 87.013	3%	€ 88.370	3%
Marketing expenses	€ 2.413	0%	€ 3.946	0%	€ 4.008	0%	€ 4.070	0%	€ 4.134	0%
Utilities expenses	€ 9.720	1%	€ 19.440	1%	€ 19.743	1%	€ 20.051	1%	€ 20.364	1%
HR outsourcing costs	€ 11.400	1%	€ 19.800	1%	€ 20.109	1%	€ 20.423	1%	€ 20.741	1%
Additional expenses	€ 2.966	1%	€ 5.354	0%	€ 5.437	0%	€ 5.522	0%	€ 5.608	0%
EBITDA	€ 159.001	10%	€ 181.989	7%	€ 189.724	7%	€ 197.677	7%	€ 310.141	11%
Depreciation	€ 9.140	1%	€ 18.280	1%	€ 18.280	1%	€ 18.280	1%	€ 18.280	1%
EBIT	€ 149.861	10%	€ 163.709	6%	€ 171.444	7%	€ 179.397	7%	€ 291.861	10%
Financial revenues	€ 0	0%	€ 0	0%	€ 0	0%	€ 0	0%	€ 0	0%
Financial expenses	€ 3.174	0%	€ 4.100	0%	€ 3.690	0%	€ 3.280	0%	€ 2.460	0%
EBT	€ 146.687	9%	€ 159.609	6%	€ 167.754	6%	€ 176.117	7%	€ 289.401	10%
Taxes	€ 36.672	2%	€ 39.902	2%	€ 41.938	2%	€ 44.029	2%	€ 72.350	3%
Net profit	€ 110.015	7%	€ 119.707	5%	€ 125.815	5%	€ 132.088	5%	€ 217.051	8%

Source: created by the authors

Appendix 25: Cashflow forecast

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	€ 1.577.063	€ 2.548.657	€ 2.599.630	€ 2.651.623	€ 2.808.943
COGS	€ 884.284	€ 1.436.032	€ 1.464.753	€ 1.494.048	€ 1.523.929
Margin	€ 692.779	€ 1.112.625	€ 1.134.878	€ 1.157.575	€ 1.285.014
Expenses	€ 573.528	€ 977.780	€ 993.033	€ 1.008.524	€ 1.024.257
Interest	€ 3.174	€ 4.100	€ 3.690	€ 3.280	€ 2.460
(Net profit + depreciation)	€ 116.077	€ 130.746	€ 138.155	€ 145.771	€ 258.297
WC	€ 6.939	€ 6.939	€ 0	€ 0	€ 0
Inventory	€ 4.845	€ 4.845	€ 0	€ 0	€ 0
CFO	€ 104.292	€ 118.961	€ 138.155	€ 145.771	€ 258.297
Investment	€ 137.100	€ 137.100	€ 0	€ 0	€ 0
Total	-€ 32.808	-€ 18.139	€ 138.155	€ 145.771	€ 258.297
Equity	€ 100.000	€ 32.500	€ 0	€ 0	€ 0
Debt	€ 60.000	€ 17.500	€ 0	€ 0	€ 0
Repayment of debt	€ 0	€ 0	-€ 7.750	-€ 7.750	-€ 15.500
Dividends	€ 0	€ 0	-€ 33.125	-€ 33.125	-€ 33.125
Spare cash	€ 127.192	€ 31.861	€ 97.280	€ 104.896	€ 209.672

Source: created by the authors

Appendix 26: Cashflow of PE U.S. and internal rate of return (IRR)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Cash flow of PE U.S.	-€ 100.000	-€ 32.500	€ 33.125	€ 33.125	€ 33.125	€ 33.125	€ 33.125
Accumulated cash flow of PE U.S.	-€ 100.000	-€ 132.500	-€ 99.375	-€ 66.250	-€ 33.125	€ 0	€ 33.125

IRR of investment PE U.S.	
IRR (10 years)	6%
IRR perpetuity	25,00%

Source: created by the authors

Appendix 27: Survey

As sampling method, non-probability sampling and snowball sampling were used. The outcome of this sampling was $N = 176$.

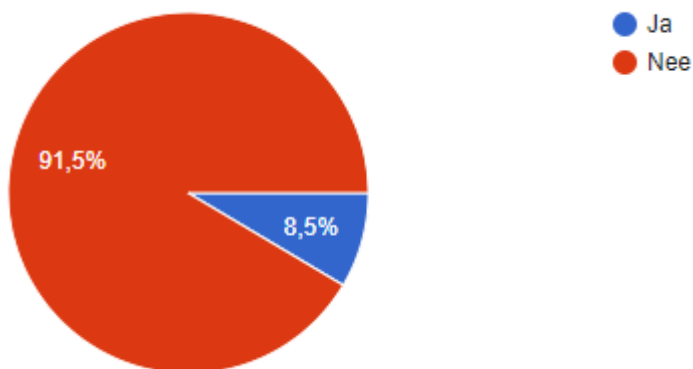
Translated version - Original is in Dutch

If perceived as necessary, the translated, Dutch answer possibility that corresponds with the graphs is indicated in light purple: (=...)

Do you know Panda Express?

Yes (= Ja) -> next question

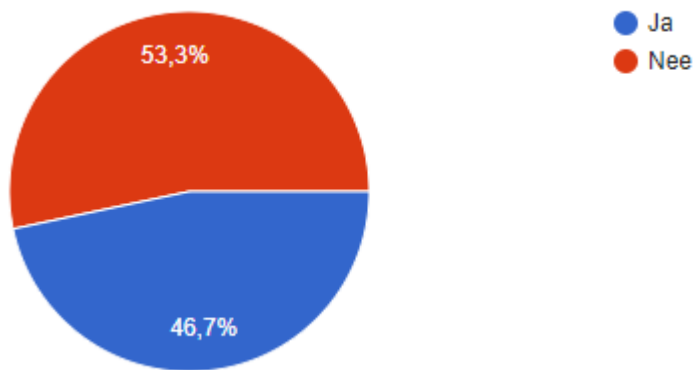
No (= Nee) -> question 7



Did you ever eat at Panda Express?

Yes (= Ja) -> next question

No (= Nee) -> question 7



Which type of food do you consider to be as an alternative for food from Panda Express? (More answers allowed)

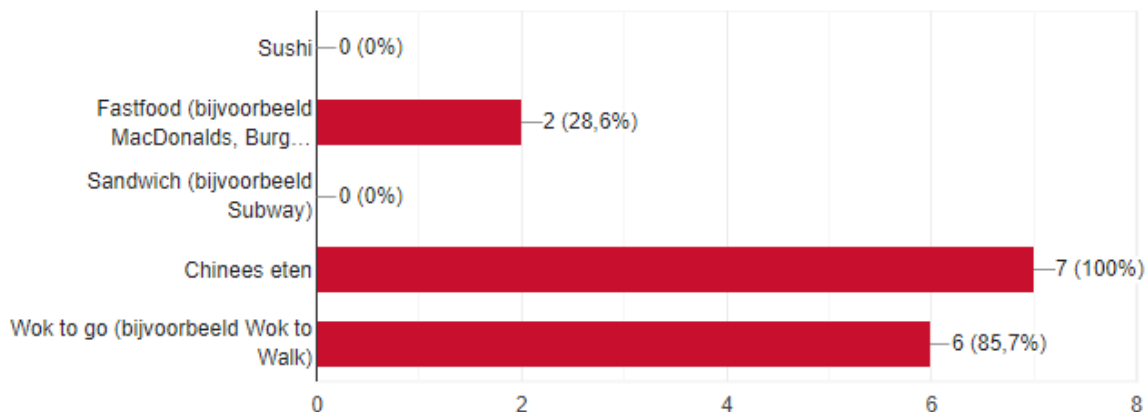
Sushi

Fastfood (f.i. McDonalds, KFC, Burgerking)

Sandwich (f.i. Subway)

Chinese food (= *Chinees eten*)

Wok-To-Go (f.i. Wok-To-Walk)



How would you score the food of Panda Express compared to Chinese restaurants in the Netherlands?

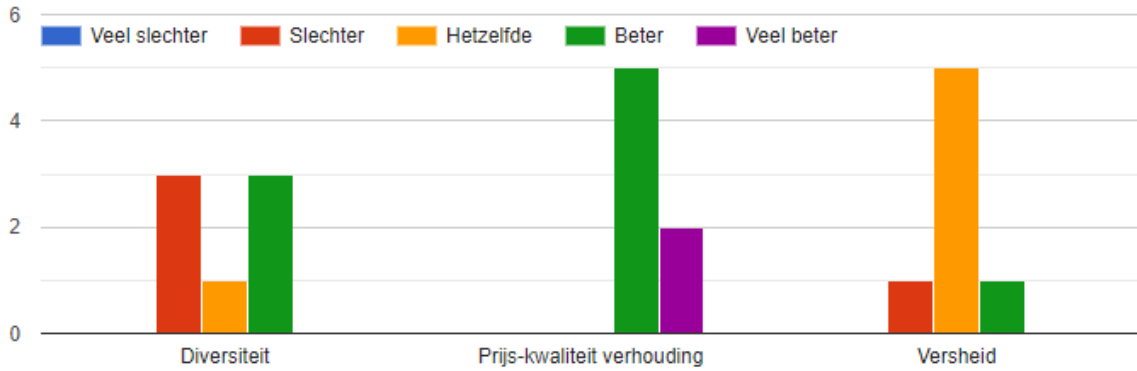
Diversity (= *Diversiteit*)

Price/Quality ratio (= *Prijs-kwaliteit verhouding*)

Freshness (= *Versheid*)

Answer possibilities:

*A lot worse (= **Veel slechter**) - Worse (= **Slechter**) - Neutral (= **Hetzelfde**) - Better (= **Beter**) - A lot better (= **Veel beter**)*



If you compare Panda Express with Chinese restaurants in the Netherlands, how would you score the following features?

Hygiene (= Hygiëne)

Entourage (= Entourage)

Variety in drinks (= Variëteit in dranken)

Packaging (= Verpakking)

Reputation (= Reputatie)

Portions (= Porties)

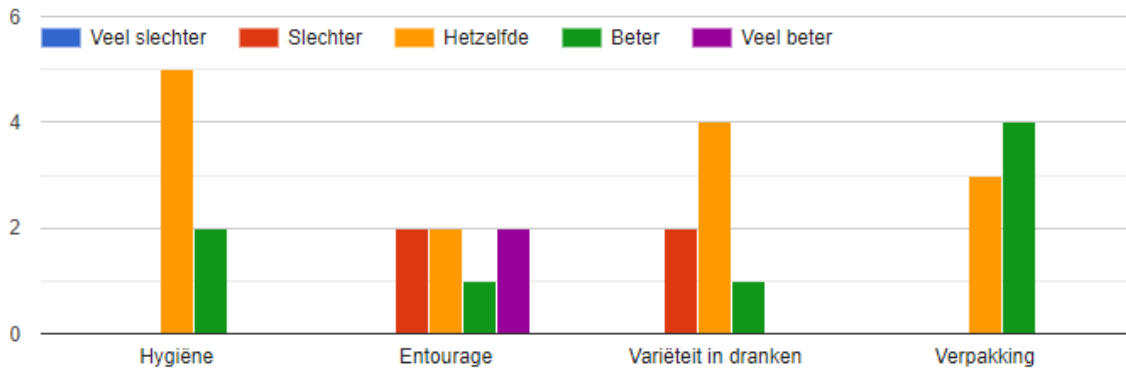
Atmosphere (= Sfeer)

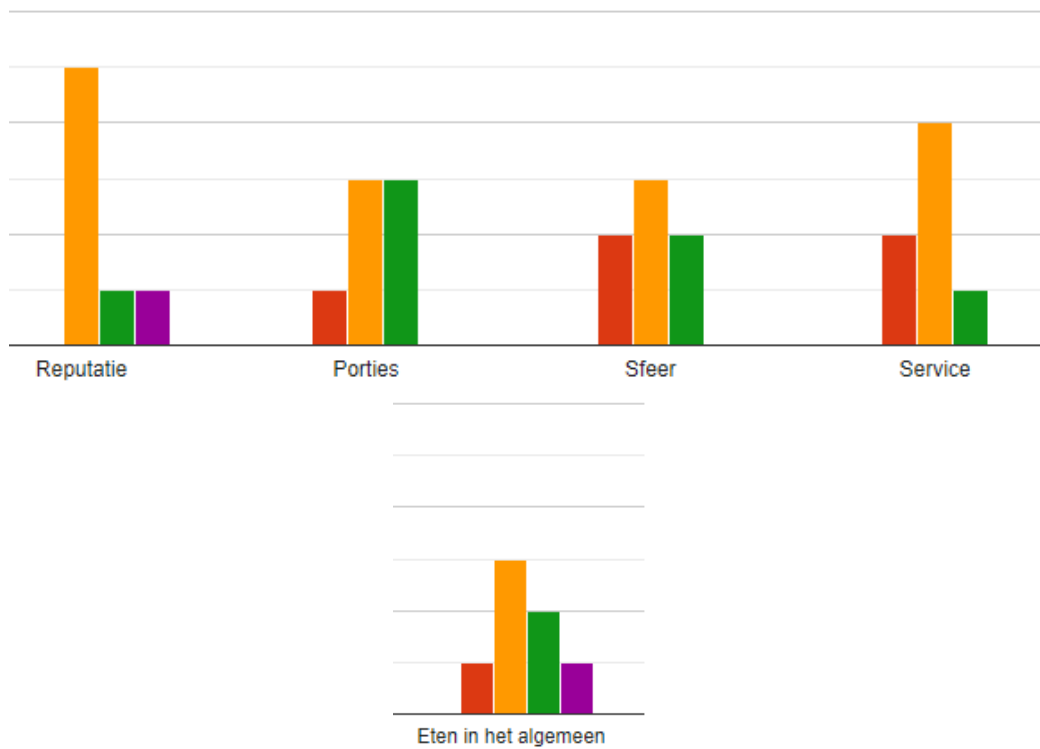
Service level (= Service)

Food in general (= Eten in het algemeen)

Answer possibilities:

A lot worse (= Veel slechter) - Worse (= Slechter) - Neutral (= Hetzelfde) - Better (= Beter) - A lot better (= Veel beter)





The current price for this dish of Panda Express is approximately €6. What do you think about this price?



This dish consists of Shanghai Angus Steak, Honey Walnut Shrimp and Chow Mein.

The nutritional values of this dish are:

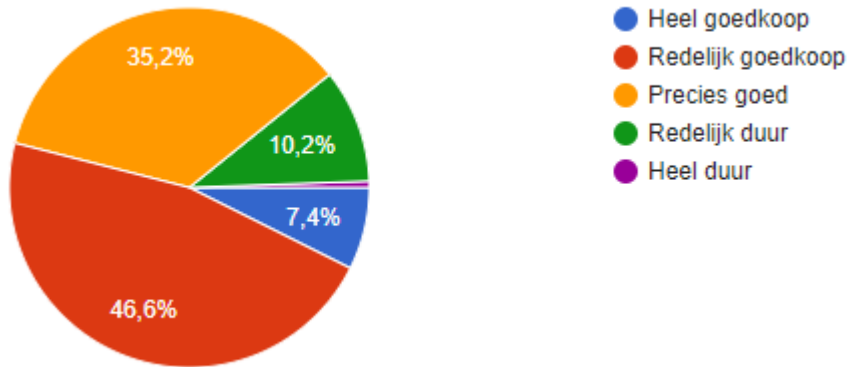
Calories: 1180

Protein: 45 gram

Saturated fat: 11 gram

Carbs: 132 gram

Very cheap (= Heel goedkoop)
Quite cheap (= Redelijk goedkoop)
Exactly the right price (= Precies goed)
Expensive (= Redelijk duur)
Quite expensive (= Heel duur)



The next dish is part of the 'Wok Smart' line of Panda Express, which is focused on offering healthy alternatives. The current price of this dish is approximately €6, what do you think about this price?



This dish consists of String Bean Chicken Breast, Broccoli Beef, Brown Steamed Rice and Super Greens. The nutritional values of this dish are:

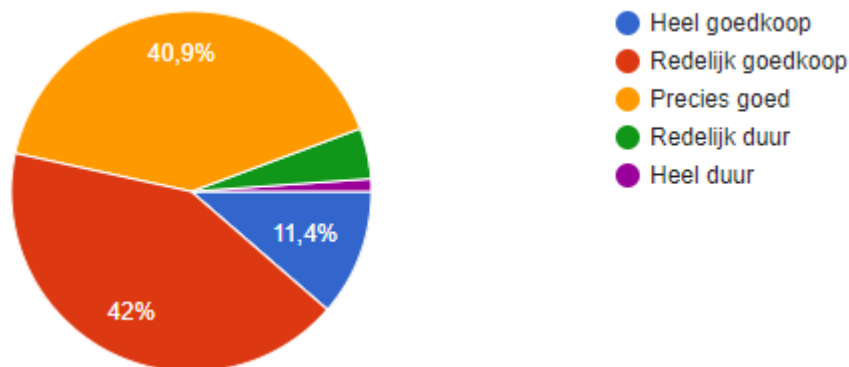
Calories: 590
Protein: 29 gram
Saturated fat: 3,5 gram
Carbs: 77 gram

Very cheap (= Heel goedkoop)
Quite cheap (= Redelijk goedkoop)

Exactly the right price (= Precies goed)

Expensive (= Redelijk duur)

Quite expensive (= Heel duur)



During which meal(s) do you prefer warm food? (More answers allowed)

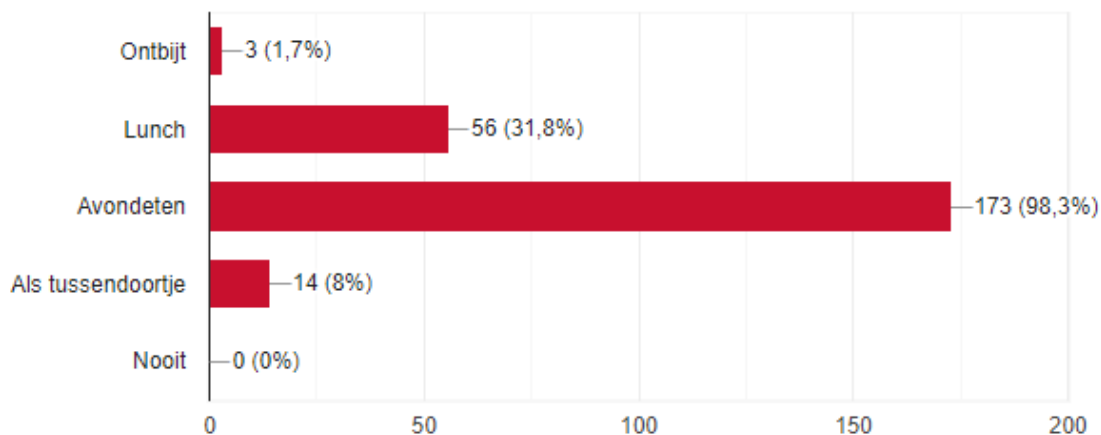
Breakfast (= Ontbijt)

Lunch (= Lunch)

Dinner (= Avondeten)

Between the main meals (= Als tussendoortje)

Never (= Nooit)

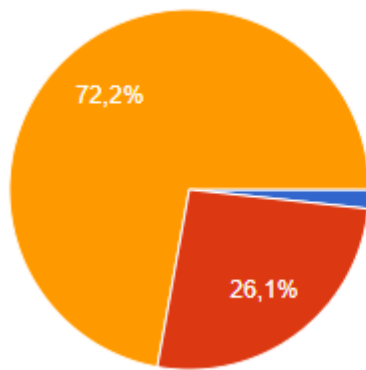


Do you consider yourself to be open when it comes to trying new food?

No, I would never try new food. (= Nee, ik zou nooit nieuw eten uitproberen)

Partially, I would try new food, but only if it doesn't deviate too much from my regular diet. (= Deels, ik sta wel open voor nieuw eten dat niet te veel verschilt van mijn reguliere dieet)

Yes, I am open to try new food, no matter how much it deviates from my regular diet. (= Ja, ik sta wel open voor nieuw eten, ook al verschilt het enorm van mijn reguliere dieet)



- Nee, ik zou nooit nieuw eten uitproberen
- Deels, ik sta wel open voor nieuw eten dat niet te veel verschilt van mijn reguliere dieet
- Ja, ik sta wel open voor nieuw eten, ook al verschilt het enorm van mijn reguliere dieet

How often do you go out for food in a period of 14 days? (For breakfast, lunch and dinner)

Never (= Nooit)

1-3 times

4-6 times

7-9 times

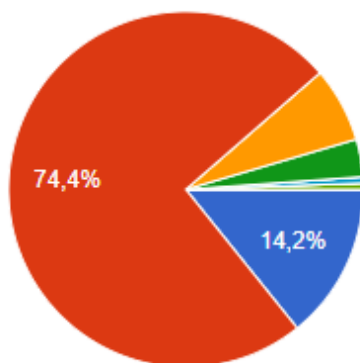
10-12 times

13-15 times

16-18 times

19-21 times

more than 21 times (= Vaker dan 21 keer)



- Nooit
- 1 - 3 keer
- 4 - 6 keer
- 7 - 9 keer
- 10 - 12 keer
- 13 - 15 keer
- 16 - 18 keer
- 19 - 21 keer
- Vaker dan 21 keer

What is the reason that you go out for food? (More answers possible)

Convenience

-> 51 (29%)

To save time

-> 16 (9,1%)

I don't like cooking/I can't cook

-> 4 (2,3%)

For work-related reasons (f.i. a businesslunch)

-> 32 (18,2%)

To socialize

-> 131 (74,4%)

Special occasions

-> 89 (50,6%)

I never go out for dinner

-> 3 (1,7%)

Other, namely ...

When you decide to go out for dinner, which factors will determine the choice of the restaurant? (10 = very important)

Price

-> average 6.56

Quality of the food

-> average 7.94

Type of food

-> average 7.13

Atmosphere in the restaurant

-> average 7.33

Accessibility of the restaurant

-> average 6.53

Service level

-> average 7.36

Possibility to take out

-> average 4.09

Answer possibilities 1 to 10 (10 = most important)

How would you score Chinese restaurants in the Netherlands on the following factors?

Price

-> average 6.74

Quality of the food

-> average 6.38

Type of food

-> average 6.42

Atmosphere in the restaurant

-> average 5.74

Accessibility of the restaurant

-> average 6.88

Service level

-> average 6.68

Possibility to take out
-> average 7.63

Answer possibilities 1 to 10 (10 = most important)

What is your age?

18 - 25 years

26 - 35 years

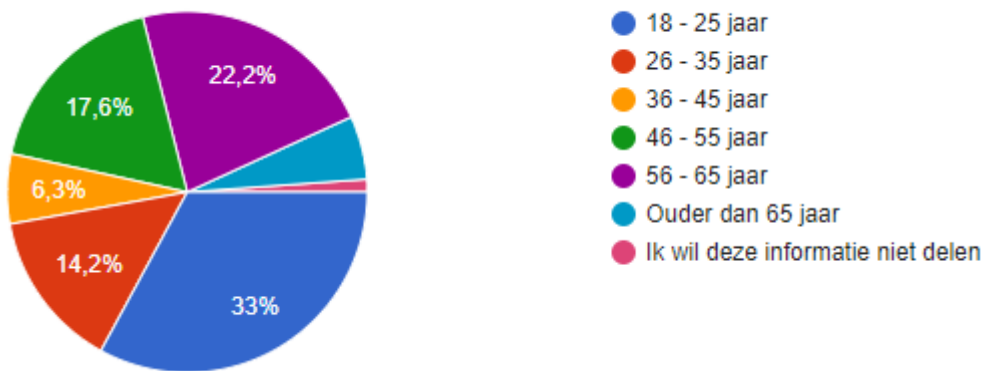
36 - 45 years

46 - 55 years

56 - 65 years

Older than 65 years (= Ouder dan 65 jaar)

I don't want to share this information (= Ik wil deze informatie niet delen)



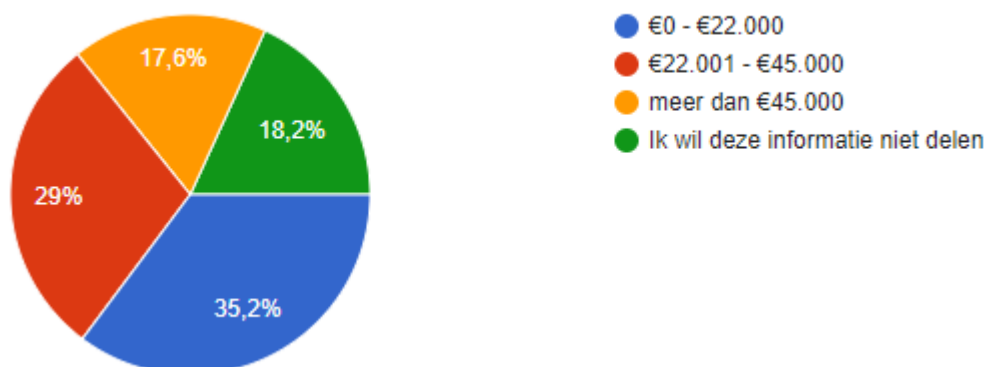
What is your gross income?

€0 - €22.000

€22.001 - €45.000

More than €45.000

I don't want to share this information (= Ik wil deze informatie niet delen)



Source: created by the authors