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1 Business Opportunity

My business idea is to open up a shop and Internet service providing services such as home delivery in order to ensure a pleasurable experience for the customer, hopefully giving them reasons to return.

I enjoy following the latest fashions and therefore feel that a business selling items of clothing and accessories would be a good option for me. As there is generally a lot of competition when it comes to garments such as skirts, trousers, tops etc. I have come to the conclusion that it may be wise to open a shop that sells coats/ jackets as well as accessories such as hats, scarves, sunglasses etc. There is not too much competition in the market for a shop that specialises in such things and I feel that my enthusiasm in this particular area will work well to my benefit.

In order to make this business a success, certain skills are required. I have experience of working in a shop and dealing with customers. Good communication skills are a necessity if a business is going to survive and customers are going to return. If you appear rude or are unable to sell your products to individual customers, this will not happen. I also have experience of taking deliveries, ordering stock and many of the skills required in order to run a shop successfully.

My aims are to investigate a business opportunity in my local area, carry out research and predict its financial outcome in order to make a decision as to whether my business idea would be worth carrying out.

I want my business to survive whilst being pleasurable to run. The reason why I have chosen to open a shop based on items of clothing is that I am enthusiastic about fashion and feel that I will enjoy this line of work due to my good people skills.

I will use promotion and advertising to tell people about my business. Promotion is a means of communication between businesses and customers. It tells customers about the product and how it will serve their needs, therefore acting as a way in which to persuade people to buy the products that you are offering. I will advertise through the media, using the Internet via a website dedicated to my business, and posters highlighting important information about my business and the products which are available.

My competition will be High Street shops such as H&M, New Look, Top Shop, Miss Selfridge, Debenhams, Marks and Spencer, Oasis etc. These are all shops that sell items of clothing at reasonable prices. However, I feel confident that these shops will not pose too much of a threat to my business. This is because I will only sell coats/jackets and accessories whereas these shops also sell different garments. My business will save time for those people who are only interested in purchasing the items that I will provide.

Business Objectives:

- **To question 20 people and analyse the results**
- **To calculate the profit and loss account**
- **To predict whether or not my business will break even**
- **To make a decision as to whether or not my business will be a success**

2 SWOT analysis

SWOT analysis means looking at a business or a business idea within four categories in order to create a valid understanding of what may help or threaten its success. These categories are strengths, weaknesses, opportunities and threats. I will now analyse my business idea:

Strengths

My main strength that I am able to bring to the business is work experience within a shop environment. I worked at a pet shop during the summer holidays and on Saturdays for three months after being offered a job when I worked there during my year 10 work experience. This has given me good customer communication skills. I frequently ordered new stock from the supplier, answered the telephone and did practical work such as cleaning and stocking shelves. These strengths are needed within all shop environments and I could use these skills whilst running my own shop.

I follow fashion trends very closely, meaning that I am aware of what potential customers are looking for. I could incorporate these into the style of the shop in order to make it more appealing to the public.

I am good at Maths, meaning that I should be able to cope with the financial side of the business.

Weaknesses

As I have no contacts within the clothing industry, I could face problems when trying to find a reliable, cheap supplier.

I have to rely on a loan from the bank as I have no start up capital.

Opportunities

There are not shops in the centre of Croydon that only specialise in selling coats/jackets for women.

Therefore there is a gap in the market for my business.

Threats

Threats to the business could come from the high street clothing shops also selling coats/jackets to which I could possibly lose my customers. Also, leather jacket shops may cause a threat as they focus on selling jackets.

3 Marketing Plan

Marketing is a way in which to make a communication about a product or service in order to encourage recipients to purchase or use the product or service. It is important as it can attract and persuade customers to purchase the product on offer.

3.1 Market Research

Market research is the process of gathering information about a certain market in order to gain understanding about the cost of doing business, any competition and potential sales. It is important as it makes decision making easier when it comes to marketing.

There are two general types of market research. The first is primary, or field, research, when new data is obtained for a specific purpose. It is generally gathered by face-to-face interviews, over the telephone or through questionnaires. Sometimes potential consumers are asked to test products, and their responses are recorded. The advantage to this type of research is that that firm has control over

the entire process. The disadvantages are that it can be extremely time consuming and can cost more, resulting in the business losing capital in the long term.

The second is secondary, or desk, research. This is when information is obtained from existing data that has already been collected. This can be taken from sources such as journals, company reports, government statistics, and surveys published by research organisations. The advantage to this type of research is that it is both cheaper and quicker than primary research. Information can be taken from paper-based material, the Internet or from CD-ROMs. The disadvantages are that it is hard to know the accuracy of the previously recorded data, or how relevant the information will be to your business.

I will use primary research to gather information to aid me with my business through the use of a questionnaire. I decided to use a sample of 20 people, as this is a suitable number for me to analyse, being enough to obtain varying views. This means that my results will be more accurate than they would if I asked less people.

My target market will be young to middle-aged women. It is important to have a specific target market due to the fact that it enables you to specialise in a certain range of products. This ensures that the customer is more likely to find what they are interested in. Also, space will not pose so much of an issue as it would if I were attempting to sell my products to customers of all ages and each gender. This is due to the fact that a large area of space would be required in order to hold a wide variety of products. Therefore, having a specific target market could increase the possibility of the business making a profit.

Based on my secondary research, my main competitors are high-street clothing shops who sell coats/jackets as well as ordinary daywear.

3.2 Product

Product is defined as a good or service that is sold either to a commercial customer or an end customer. A customer is somebody who buys the product, a consumer is somebody who uses it.

The products that I hope to offer are coats, hats, gloves and scarves. Therefore the main season for my business will be between the months of September and April. However, during the summer months I will sell things such as summer coats, sunglasses and summer hats in an attempt to keep my business alive.

The tangible, or physical, aspects of my product will vary between summer and winter. In summer, I will aim to sell products of light colours to fit in with the season. During the winter, I will sell products of black, blue and red to give a warming feeling, making them more appealing than, for example, yellow would be to potential customers. I will order my products from a supplier so the style will mainly depend on what I am able to obtain within my price range.

My after sales service will include refunds on unwanted items within 28 days of purchase. This will reassure potential customers that they are of good quality, hopefully giving reason as to why they should buy their desired items.

My unique selling point will be that my business will be the only one within close proximity of the area specialising in selling outdoor clothing such as coats/jackets, hats, scarves, gloves etc. The fact that I will offer a cost effective option that cannot be found within most large businesses as well as more expensive, fashionable items will hopefully attract a wide range of potential customers to the shop. Myself and others working in the shop will offer advice to those who desire it, hopefully giving customers reason to return.

3.3 Price

It is important to choose the right pricing strategy when selling your product to ensure that you get the highest possible turnover. There are a number of different pricing strategies. A company selling luxury products will generally use skim pricing or premium pricing initially, in order to maximise its profits and help to recover expensive research and development costs quickly. A company selling fast moving consumable goods will set a low price in order to improve its market share. This is called penetration pricing. A small profit is settled for with each item yet in the long term they hope that the turnover will be high, increasing their profits. Another method is cost-plus pricing, where each products unit price has a mark-up added. This is a percentage of the purchase price or the manufacturing costs. The total of this becomes the selling price.

As there is a fair amount of competition when it comes to selling coats/jackets and outdoor clothing accessories, I will use penetration pricing in an attempt to improve my market share. I feel that that is the best option for me and hope that, in the long-term, will prove to be a good choice for my business.

Based on my secondary research, my main competitors are high-street clothing shops who sell coats/jackets as well as ordinary daywear. These include:

H&M – the average price for coats at H&M is around £40.00

Top shop - the average price for coats at Top shop is around £35.00

Debenhams - the average price for coats at Debenhams is around £50.00

New Look - the average price for coats at New Look is around £25.00

Marks and Spencer - the average price for coats at Marks and Spencer is around £65.00

After considering this, I have decided that I will charge between £15 and £50 for coats. By offering a cheap option I hope to appeal to people looking for a simple option that I difficult to find in most big shops. The more expensive option will be aimed at those looking for an attractive yet long-lasting, hard wearing option. I hope that this strategy will attract a wide range of potential customers.

3.4 Promotion

The main aims of promotion are to persuade, inform and make people more aware of a brand, as well as improving sales figures. It works as a form of communication between businesses and their customers. It helps to inform customers of the sale of the product, explaining what it is. It works in an attempt to persuade potential customers to purchase the product.

I need to promote my product so that potential customers are aware that it exists. I am promoting the fact that my product is fashionable yet affordable and long-lasting. There are a number of different forms of promotion, each effective in different ways depending on factors such as your target market. One such form is above the line promotion, through use of the media. This can include advertisements

on the TV, on the radio or in the cinema. This is likely to be successful as it provides easy targeting of market segments and has a large audience, yet it is expensive.

Another form is below the line promotion, using other such methods. Advertising promotions can be sent directly to the home of potential customers', called direct mail. An effective way in which to do this is via e-mail on the Internet, though there is a possibility that such things could be dismissed as 'junk mail'. Packaging is also a form of promotion. If it attracts the attention of potential buyers you are one step closer to making a sale. This type of promotion is cheaper than above the line promotion, yet can still be effective.

It is possible to evaluate promotion by analysing sales figures before and after it is put into effect. If sales increase, it is more than likely that it had been effective. However, if they stay the same, the promotion has obviously had no impact and is a waste of money. If this is the case, that form of promotion should be stopped or replaced by a new form. Another way in which to evaluate promotion is to ask customers where they heard about your product or business. If the answer is through promotion, you know that it has been successful.

I will promote my product in the form of posters within the area in which I hope to open up my shop, making people aware of my business. I chose this form of promotion because they have a big impact and are viewed by many people. In order to minimize costs, this is the only form of promotion I will use. If it is not successful, I will abandon it and try a different form of promotion such as radio advertising, leaflets or television broadcasting. Although these forms of promotion may prove to be

more expensive, if effective they could result in a larger amount of customers and therefore a higher turnover.

3.5 Distribution

My after sales service will include refunds on unwanted items within 28 days of purchase. This will reassure potential customers that they are of good quality, hopefully giving reason as to why they should buy their desired items.

The main strategy of my competitors in reaching their customers is to hold regular sales on certain products. As this approach seems to be successful, I will consider holding similar sales in an attempt to attract customers to my shop. I may hold an opening sale to give my business a better chance of starting up and getting onto the market. This will work well with my plan to use penetration pricing.

3.6 Packaging

As the products that I will be selling are items of clothing, the packaging will be in the form of bags in which the products will be carried after purchase. These will be of high quality with the name of the shop clearly on display so as to act as a form of promotion, attracting the attention of potential buyers. Factors such as the colour, shape and design can affect the originality and effectiveness, therefore effecting sales.

I want my shop to have a professional image, giving an impression of high quality, in order for it to reach out to customers who are looking for products that will be both attractive and practical, without a large price tag. I also want to attract customers looking for a cheap alternative that most large clothing shops don't offer. Therefore, I want to create an image of my products being both fashionable and affordable. I think that this strategy will be cost effective as people are more likely to buy the product if they feel that they are getting more for their money.

4 Ownership

Ownership is the act of having and controlling a business or property. There are a number of different options when considering what type of ownership my business should have. One such option is a partnership. This is when a business organization is owned between 1 and 20 partners. There are both advantages and disadvantages to this particular type of ownership.

The advantages to a partnership are that there is shared responsibility within the business, allowing for specialisation. This means that certain tasks will be performed to a higher standard by one of the partners due to specialisation. As more than one person contributes capital, there is less pressure on individual partners and there is someone to consult over business decisions.

The disadvantages are that there can be disagreements over decisions and a partnership has unlimited liability, meaning that the owners are personally liable for all debts.

The other option for me would be a sole-trader. This is any business that is owned and controlled by one person, although they may employ workers.

The owners are personally responsible for the business's debts, and may have to pay them with their own money. This is called unlimited liability. There are both advantages and disadvantages to this type of ownership.

The advantages are that only a small amount of capital may need to be invested, which can reduce the initial start-up cost, the cost of wages are usually small as there are a few or no employees and it is easy for the owner to keep control as they can make important decisions without consulting anybody else.

The disadvantages are that the sole trader has no one to share the responsibility of running the business with, they often work long hours and find it difficult to take holidays, or time off if they are ill, development of the business is limited by the amount of capital the owner is able to access personally and there is the risk of unlimited liability.

After considering the different options, I have decided to enter into a partnership. This is because the personal risks are not as great and there will be less responsibility on my part as the pressure of the business will be shared between two people. It will also allow me to take time off and consult a partner about important decisions within the business so that the best decision can be made.

5 Location

Location is important as it determines accessibility to the premises. I will set up my business in Croydon High Street. I chose this area as it is regularly filled with people all year round, providing potential customers. Also, there is a gap in the market for a shop that specialises in coats and outdoor accessories, meaning that my business is more likely to be successful. The area consists of many shops including shoe shops, clothing shops, music shops, food shops, bookshops, phone shops, etc. attracting shoppers from a number of different areas.

There are many transport links into Croydon. There is a train station in both East Croydon and West Croydon, either end of the main High Street. There are numerous bus stops in close proximity to the main shops as well as tram stops. These will affect my business in a positive way as they ensure easy access to the area in which my business will be situated. This means that I will not lose customers due to difficult accessibility.

6 Human resources

I will need between one and two workers. The fact that I am working in a partnership means that there will be two owners on site constantly to handle the bulk of the work. Any additional employees will be used for serving customers and putting stock out on the shelves. I will begin by employing just one person, increasing this number once the business is financially able to spend money on employing staff.

One of the legalities of employing staff is that they are entitled to the minimum wage. After researching the minimum wage, I have come to the decision to pay £5.50 an hour. The minimum wage for people over 22 is £5.05.

I will advertise for staff by placing an announcement in the shop window before the shop is opened. This will be cost-effective for the business and I believe that it will be efficient. However, if this is not successful, I will advertise for an employee in newspapers and magazines, stating working hours and wages. I will select a suitable candidate by asking for a C.V. and arranging an interview to ensure that

they are suitable for the job. If possible, I would like to employ somebody who has previous experience of working in a retail environment so as to minimize the cost of training.

6.1 Motivation

Motivation is when employees are encouraged to work hard by financial or other rewards. Motivated staff are more productive, usually resulting in higher profits. They provide a better level of customer service. They are more likely to stay with the business and gain experience, reducing the cost of recruiting and training new staff. Therefore, it is in a businesses best interests to keep their staff motivated.

There are two different considerations about of staff motivation. These are financial and non-financial. I will use both of these to motivate my employees.

Financial:

The financial motivation that I will use will include a loyalty bonus. This is used to persuade workers to stay with their employer for a long period of time, cutting down on the cost of recruiting. I will also offer the perk of discounted products.

Non-financial:

The non-financial motivation that I will use consider are based upon Abraham Maslow's hierarchy of needs. He suggested that there were 5 levels of need that influence a person's behaviour.

1. **Basic needs**
2. **Safety needs**

3. **Social needs**
4. **Self-esteem needs**
5. **Self-actualisation**

I will provide their basic needs by offering a fair wage and rest facilities. I will provide safety needs by providing safe working conditions. I will provide for their social needs by accepting the workers kindly into my business. I will provide self-esteem needs by praising employees when work is done to a high standard. I will try to provide self actualisation by ensuring that there are opportunities for employees to handle certain aspects of the business on their own and use their initiative, even if these are as small as the task of ordering new stock as advised.

6.2 Industrial relations

A trade union is a group of employees in a particular sector, whose aim is to negotiate with employees over pay, job security, working hours, etc, using the collective power of the members. They are funded by subscriptions from members, and often offer legal advice and strike pay during disputes when members refuse to work.

It may affect my business in a negative way if my employees were part of a trade union. If they refused to work over issues such as pay or working hours I would struggle to run my business. However, I would be willing to negotiate such issues to some extent in an attempt to find an arrangement that suited both the business and the employee.

To avoid issues arising, I will communicate with my employees face to face whenever possible. This would probably be the most effective way as it allows information to be both given and received in the

form of a conversation in a short space of time. However, if for one reason or another this is not possible, I would communicate over the phone or via e-mails. This is not an ideal method of communication, yet it allows necessary information to be shared between the employee and employer.