

REPORT

TO: Business Studies Department

FROM: Bradley Jones

DATE: 16/04/2008

SUBJECT: **Setting up my own business**

This report is about setting up my own business in Werrington. I will be demonstrating my business studies knowledge throughout and applying this to setting up my Café business, "Brad's Café". I will collect research and show how this affects the development of a marketing strategy for my business.

Section 1 - Introduction to my business

1.1 Type of business

I would like to set up a café. This would be a successful business because it would give people of all ages a place to hang out relax, and sip a nice cup of coffee. It would also be successful because there is no immediate competition in the area, only in nearby towns such as Hanley or Bucknall. A final reason my business would be successful is because I would not only serve tea, coffee and hot chocolate. I would also have a selection of sandwiches, snacks such as chips, jacket potatoes and desserts such as dairy ice cream, tempting donuts or even delicious Belgian waffles.

My business would help to support the local community because it would give them somewhere to sit in peace. It would also be a place where people could meet friends and catch up with old times or just have a random chat as good friends do. Another thing that I would do to help the community is give it disabled access and large gangways so wheelchairs would have no problem whatsoever. This would be expensive but it is the law. It would give teenagers a place to go and this would drag them off the street. Meaning that kids would be safe and all elderly people would have no reason to feel unsafe in and around their own homes.

The immediate competition in Werrington is very low. This is because I wouldn't be challenged for serving drinks and snacks but I would be concerned by the chip shop and the red onion because they are established food services that people may prefer to my café food. Although I shouldn't have a problem with immediate competition, the competition from Hanley (a neighbouring town) would be a threat to my business. Hanley has popular cafés such as Starbucks, Costa Coffee, Café Nero and La Pasteria and with it only being a ten minute drive away people may decide to go there instead of coming to a little café in Werrington.

Positioning of my business is very important. I would like to set up my business next to the post office. I would like to place it on this location because it is on a main road in the town centre and anyone driving past might just stop by for a break. I would also locate here because it would boost my reputation and my sales with the nearby shops being so popular already.

My café would provide hot drinks, soft drinks and still drinks such as orange juice. It will be an alcohol free zone. I would offer a variety of snacks rising from a packet of crisps and biscuits to a delicious homemade dessert. Finally I would give the public well cooked and fresh hot food such as sausage rolls, chips, burgers etc. Anything that I do not provide what the public want, I will try my utmost to start serving what they desire.

The name of my business will be Brad's Café. This is because it is simple, straight to the point and people can tell exactly what it is. Another reason I would call it this is because "café" is the type of business it is and it is my name used in the business' name.

1.2 Ownership

Two different types of ownership are as partnership and a sole trader. A sole trader business is a business that is owned by one person. A partnership is a business with unlimited liability, which means that the owners are responsible for all debts etc. and it has two or more owners.

Advantages of a Sole Trader are:

- There are few legal requirements
- The owner works for himself
- The owner has full control of the business and keeps all of the profits

Disadvantages of a Sole Trader are:

- There are few sources of finance
- This usually involves hard work and long hours
- Unlimited liability for the owner.

Advantages of a Partnership are:

- If one partner is absent then the remaining partners can cover for them
- Have more access to funds because there are more owners to contribute capital
- Individual partners can specialise in an area of the business in which they have special skills

Disadvantages of a Partnership are:

- A lack of finance means there would be limited opportunity for growth
- Unlimited liability means that partners are liable for all debts
- Disagreements between partners may arise, leading to the end of a partnership

For all of the above information I have used – **GCSE Business Studies, Chris J. Nuttall, pages 81-91**

I would prefer to set up a sole trader business because I would have full control over the business meaning that I would keep all of the profits and the business would not collapse because no disagreements could occur. I also have enough capital to keep the business running and therefore I do not need any help with money. The final reason I would do this is because I would not have to complete many legal requirements.

1.3 Sector of Industry

There are three types of industry in today's world. The primary sector, secondary sector and the tertiary sector.

Primary Sector – This is the sector of industry that produces unrefined raw materials.

Example – Farming

Secondary Sector – This is the sector of industry that produces finished or part-finished goods.

Example – The Butchers

Tertiary Sector – This sector of industry is the one that provides a service.

Example – Petrol Station

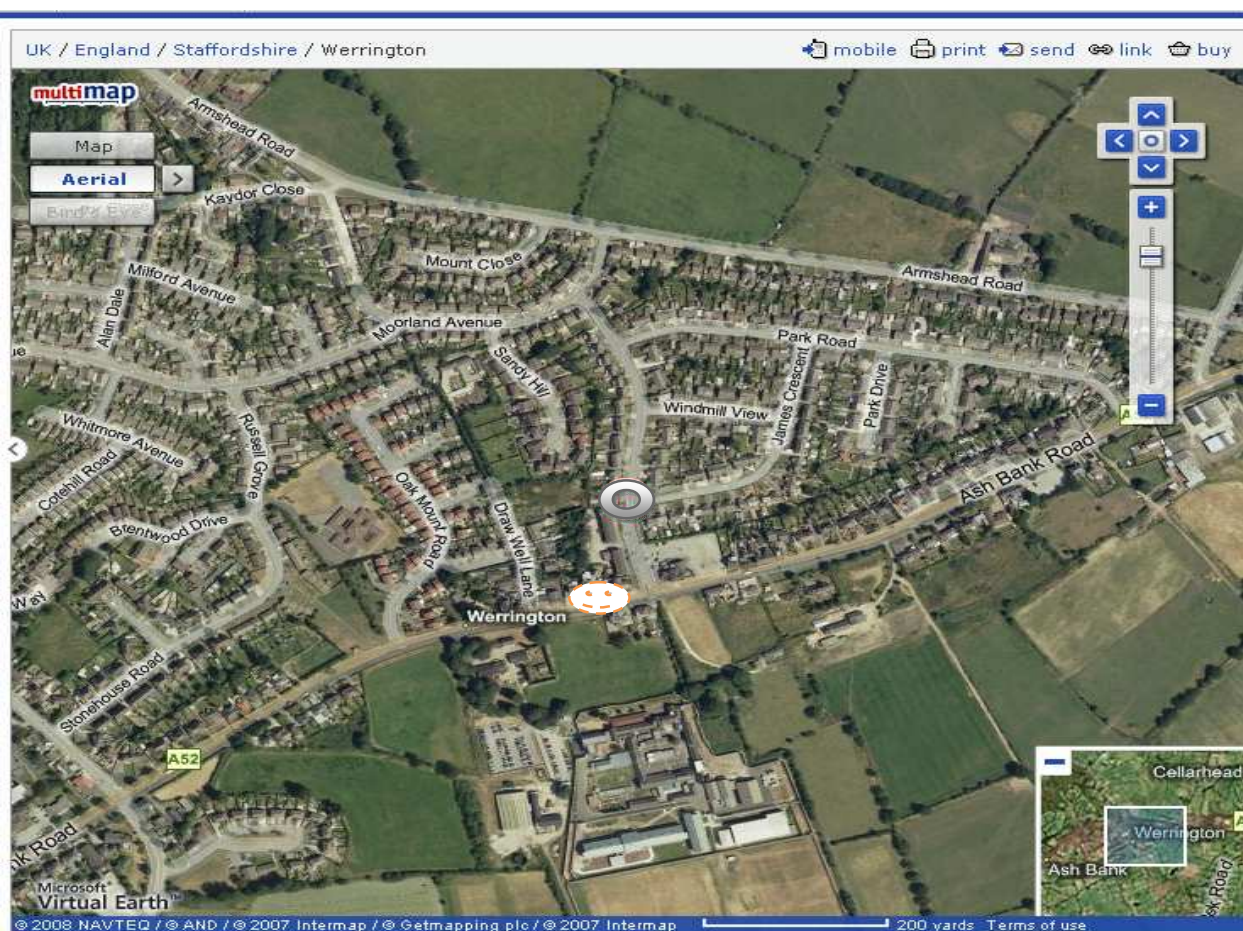
My business would be operating in the tertiary sector of industry. I would be in this sector because my business would provide a service. It would not be in the other two sectors because I wouldn't plant my own coffee beans, for example, and I would not make my own bread. This means everything is done for me all I have to do is serve it to the customer.

1.4 Location

The factors you must consider when locating a business are:

- Infrastructure – the transport systems that link to my business
- Cost – how much it will cost to locate in that position
- Customers – how many customers you would get when locating in that area to see if you make enough money
- Suppliers – the possible suppliers that would be able to serve the business
- History and Tradition – the history and tradition of the place where you are locating
- Competition – any rival business that would give you cause for concern
- The Environment – will I damage the environment and will pressure groups hassle me
- Legalisation – the legal documents that may stop you gaining planning permission and/ or where you locate the business
- Available Workforce – the workers that would be available for hire

Location	Advantages	Disadvantages
Town Centre	<ol style="list-style-type: none"> 1. Available Workforce 2. Legalisation 3. Customers 	<ol style="list-style-type: none"> 1. Competition 2. Cost 3. Suppliers
Outskirts	<ol style="list-style-type: none"> 1. Cost 2. Competition 3. Suppliers 	<ol style="list-style-type: none"> 1. Environment 2. Legalisation 3. Infrastructure



This map of Werrington was searched on www.multimap.com. The smiley circle is the place where I would like to like to locate my business. I would like to set up my business in the to wn centre. This is because I would get a lot of custom all of the time as the town centre is always very busy. Infrastructure is good meaning that suppliers and customers alike could easily get to my café. Another reason the infrastructure has to be good is because my workers, if any are hired, would have to have an easy access

route to get to my business otherwise they may want more money to pay for the travel costs and that is something that I cannot afford to be doing. The legalisation should not be a problem as there is plenty of room for building, I am a sole trader and there are already many established legal businesses around me.

1.5 Target Market

Target Market is the specific group of customers that a company aims to capture. They have been identified as people with needs or wants that can be met with the products or services from this company. (Source - <http://www.learnthat.com/define/view.asp?id=15>)

Segmenting the Market – This is when you split the market up into an identifiable selection that consists of customers with similar characteristics.

Business Segment their market in many different ways. Three of these are:

- 1) **Age** – this is when something is aimed at a certain range.
- 2) **Gender** – When males, females or both are targeted.
- 3) **Income** – When you target people that own a specific amount of money.

I think that my customers will be of all ages. This is because I serve a bit of everything. I will target people who live locally because I want to be just a local café. I would mainly cater for the older generation because they have a low income, which means they cannot afford much, and they have a lifestyle that is probably relaxed and they do not want the hassle of a modern café in Hanley. Their lifestyle is supposedly boring so this café will give them somewhere to go and either relax or enjoy themselves.

1.6 Product Portfolio

My business is a service to the local community that will offer people food and drink at good value for money. I would sell hot drinks for £1 each and any snacks for their recommended retail price. I would serve home-made cakes and biscuits to the customers also, this way I can be congratulated on my work and feel that my customers are happy. I would set up a loyalty system so that for every five hot drinks bought, you get your next one free.

1.7 Aims and Objectives

A business objective is a specific target that the business aims to achieve. It is something to aim towards or it can be a strategic position it is working to obtain. Businesses set objectives because they need a reason to set up and they need something to aim for or it is pointless carrying on the business.

In the first year my objectives would be to:

Meet the locals and get to know them, surviving and definitely not going bust.

In the second year my objectives would be to:

Start to make profits and have the word about my café spread around nearby towns.

In the long term my objective would be to:

Expand and open other shops elsewhere to try and make my business an established café nationwide.

Section 2 – My initial thoughts for a Marketing Strategy

2.1 The Marketing Mix

Marketing Mix – The balance or mix of the four P’s in a whole package that is indented to appeal to customers. (Source – GCSE Business Studies, Chris J. Nuttall, pg 252)

The four P’s

1. **Price** – How much the product(s) will cost
2. **Product** – This is what the business is going to sell to the customer
3. **Promotion** – This is how the product gets into the public eye
4. **Place** – This is where the product is sold

	My initial ideas	Why I think this will help my business
My target market	Young and old	Maximum Profits
My products or services	<ul style="list-style-type: none"> • Cakes • Drinks • Sandwiches • Snacks 	A variety of products for different kinds of people
My pricing method(s)	<ul style="list-style-type: none"> • Cost-plus pricing • Promotional pricing 	Help me to get onto the market
My promotional methods	Buy 5 hot drinks and you get your next one free	It will attract more customers
Where I will locate	Next to the post office in Werrington town centre	It is already a popular location

2.2 Product

The service that I will be providing is a food and drink service which is going to be named Brad’s Café. It will provide hot and cold food & hot and cold drinks, a variety of snacks such as crisps, muffins, chocolate. Not forgetting the delicious array of home-made desserts. My service will benefit my customers by bringing a warm welcome to all customers, whilst providing them with a place to meet up with friends and relax, whilst offering a variety of refreshments to excite their taste buds. The unique selling point of my service over other competitors in the area is that I am a local man, with a local service in the community that is friendly and gives the customers what they want. Other competitors can’t always provide customers with what they want and not all competitors serve the customers with a smile on their face and a friendly attitude towards them. I am providing healthy and maybe not so healthy food and snacks because different people will prefer different things. Hot and cold drinks apply to this as well because by doing this I can easily cater for everyone and maximise profits. The variety of hot and cold food, drinks and desserts will mean that there will be something to suit almost everyone.

2.3 Price

There are 5 different pricing strategies, these are:

	Definition	Advantages	Disadvantages	Example Of Business
Competitive Pricing	Setting prices similar to fellow competitors so that profits are ok and customers will choose you over a wide choice of suppliers	More customers will choose the product A profit will be made	Profits may not always be big	KFC
Cost-Plus Pricing	This method means that you cover your costs and make an acceptable amount of profit	All costs will be covered Profit will be made	Not much profit will be made	New businesses
Penetration Pricing	When you aim to capture a share of the market by putting prices low	Gain a share of the market	You can lose money	Cadbury's
Price Skimming	This is where the price is high because customers want the product so much they will be prepared to pay the high price	By using this method you can ensure that you will make a large profit	Could make less profit or even a loss if customers aren't prepared to pay the high price	Sony Playstation 3
Promotion Pricing	Special offers are used here to attract customers.	More customers	Could lose money because of the offers	McDonalds (Coffee)

(Source – GCSE Business Studies, Chris J. Nuttall, pg 267)

In my business I would consider using two of these pricing strategies:

- 1) **Cost- Plus** – I would use cost-plus pricing because I will cover my costs meaning that I will not go bust and I would still manage to make a substantial, acceptable amount of profit.
- 2) **Promotional Pricing** – I could also use promotional pricing. This is because as I am a new business then I want to attract as many customers as possible and the easiest and best way to do this would be to offer special discounts such as buy one get one free.

After considering both pricing strategies I have decided to use cost-plus pricing. This is because I want to cover my costs and make an acceptable amount of profit that I would be happy with.

2.4 Promotion

Above the line – This is when a business uses the media for promotion. However, using this promotion method gives the business little control over the advertisement.

Below the line – This is when a business uses their own resources for promotion. Using this promotional method is not as well publicised but they is a higher level of control.

Method	Advantages	Disadvantages	Why I would/wouldn't use it.
Magazine/ Newspaper	A lot of people read these	Some people ignore the advertisements	Yes. Only in a local magazine or paper
Direct Mail	Cheap A lot of advertising	Most are thrown away as junk mail	I would use it because it is cheap and gets to a lot of people
Radio	There is always listeners	Has to be a well-known radio station	Only a local radio station could be used
Television	A lot of people watch T.V	Costs a lot and has to be on at a good time	No. This is because I am only a local business and don't need a lot of advertising
Branding	Get in with a well established brand e.g. Starbucks	Has to be a popular brand so it will be expensive	No because my own business needs its own logo and slogan

I would like to promote my business using a local newspaper, either The Sentinel or The Leek Post & Times. I would do this because I would only want to advertise for locals with it only being a small café meant for local people from Werrington and not everybody in Stoke-On-Trent. I would not use TV or radio because I do not need all of this advertising because it is too expensive and a bit extraordinary for a small café business like mine. I would also use direct mail. This is because I want to post leaflets to every house within the local community and this is a cheap and good way to promote my business.

2.5 Place

A good location is important for a business for several reasons. It is important because it needs to be in a good position so that it will gain as many customers as possible in order to make a good profit. Another reason it is important is because it should try and follow the history and tradition of the town and/or what was there before it. Finally, the business' location is important because it needs to have a good infrastructure so that supplies and customers can easily get there.

	Advantages	Disadvantages	Why I would/wouldn't use it
On the High Street	There are a lot of customers and its always busy	Costs a lot of money to buy or rent	It is too expensive and not what I want
On the Town Outskirts	It is cheaper and still has a decent amount of custom	Only customers travelling back this way would visit	No because there will always be busy roads
In a Village	Local customers and loyal customers.	There is less custom	Yes because I am only a small business
On an out-of-town retail park	There are visitors every day	Competition is high	No because there is competition

Footfall - a measure of the number of people who walk past a store. My footfall would be of quite a high number, definitely in hundreds or even a low thousand, because people will come to the post office next door and just walk past my café. Also people will walk past when they are going to 'The Tool Box' or the local newsagents. Another reason my footfall will enter its hundreds is because many of the children who go to the high school will have to pass my café when going to and returning home from school.

(Source - <http://dictionary.bnet.com/definition/footfall.html>)

Section 3 - Market Research

3.1 Definition of market research

Marketing – The procedures for ensuring that the products of a business meet the requirements of the market, that the market is aware of them, and wants to buy them.

(Source – GCSE Business Studies, Chris J. Nuttall, pg 234)

Market Research – The collection and analysis of information about consumers, competitors and the effectiveness of marketing programs.

(Source – <http://sbinfocanada.about.com/od/marketing/g/marketresearch.htm>)

Primary Research – This is research conducted by the researcher to obtain original information.

(Source – GCSE Business Studies, Chris J. Nuttall, pg 245)

Secondary Research – Secondary research uses outside information assembled by government agencies, industry and trade associations, labour unions, media sources, chambers of commerce, and so on. It's usually published in pamphlets, newsletters, trade publications, magazines, and newspapers. It is research using information already available in the organisation's existing records or in published form.

(Source – <http://www.entrepreneur.com/encyclopedia/term/82616.html>) + (Source – GCSE Business Studies, Chris J. Nuttall, pg 245)

It is important for a business to carry out market research because it will provide the business with information that is vital to them in the market. The idea of market research is mainly to find out exactly what the consumers want. It helps the business to develop new products, get rid of old products, and keep existing favourite products going.

3.2 Types of market research

Different types of primary research are:

- **Interviews** – An advantage of using interviews is that the person may be subject to a face to face interview, which means that the interviewer can ask the interviewee a wide range of questions. A disadvantage is that they are subject to bias from the interviewer who may misinterpret or misunderstand the interviewee's responses.
- **Questionnaires** – Advantages of this include that you can gather information without misinterpretations. Disadvantages are that you cannot see the people's reaction to a question and there is not much description given in the answer.
- **Observation** - Advantages are, for example, if a market researcher wants to see if people in a supermarket prefer one type of gravy to another, they could watch from a distance or on CCTV to find out. However your vision may be blocked and you cannot hear them say anything.
- **Experiments** – Advantages of this are that you can keep trying and trying to make it right. A disadvantage of this is that it could cost you more money if you continue to get it wrong.
- **Consumer Panels** – These are good because everybody can be advised about a product to make them like it. The disadvantage of using these is that not everybody agrees and no progress is made.

Different types of secondary research are:

- **Internet** – The internet is good because it can provide you with a lot of information at a high speed. However the internet is not always reliable and you have to trust your sources before you use it.
- **Libraries** – A library is good because it has a lot of information all in one room. Disadvantages of a library are that it takes a long time to seek out all relevant information and it may be outdated.

3.3 Types of questions to use

Closed Questions – can be answered by one word or phrase. It is a conversation stopper. This means that it is very useful and important. This is also known as a yes or no question because you have to answer it straight.

Open Questions – questions that cannot be answered by a single word or phrase, and invite the other to talk, starting a discussion and possibly finding out more information than you originally needed.

Qualitative Data – 'Soft' data that approximates but does not measure the attributes, characteristics, properties, etc., of a thing or phenomenon. Qualitative data describes whereas quantitative data defines. (Source – <http://www.businessdictionary.com/definition/qualitative-data.html>)

Quantitative Data – 'Hard,' measurable (through a suitable measure such as dollars, degrees, inches, millimetres) and verifiable data amenable to statistical manipulation. Quantitative data defines whereas qualitative data describes.

(Source – <http://www.businessdictionary.com/definition/quantitative-data.html>)

Strengths and Weaknesses:

Qualitative data

Strength – the data is rich and detailed and gives a good insight into the person's experiences and behaviour. Or it does not reduce complex human experiences down into numerical form.

Weakness – it is difficult to analyse, compare or to draw concise conclusions from qualitative data i.e. using inferential statistics, test significance or present graphically. Or there may be a risk of bias in the interpretation of qualitative data.

(Source - <http://www.colchsf.ac.uk/psychology/QUALITATIVE%20AND%20QUANTITATIVE%20DATA.htm>)

Quantitative Data

Strength – Because quantitative data is in a numerical form it allows us to analyse it more easily i.e. test significance, present graphically, compare measures of dispersion and central tendency between groups

Weakness – Quantitative data lacks the richness of detail of qualitative data as it is reduced to a numerical form. E.g. in Milligrams study of obedience the number of electric shocks given was counted but we need more descriptive data (like what the subjects said or did to get a full picture of events)

(Source - <http://www.colchsf.ac.uk/psychology/QUALITATIVE%20AND%20QUANTITATIVE%20DATA.htm>)

I feel that I should ask about 10 questions because I can easily receive enough information for my purpose and I can make sure that I keep most of the questions closed so that I get a straight forward answer that is easy for me to interpret. I will use closed questions when I need an answer such as – would you be interested in eating home-made desserts. However I would also use open questions when I am looking for more of a description of what the customers want. Things like – what is your favourite cake? I would also have to ask questions such as how much would you be willing to pay for a certain product and what would you like to see served at the café. It would give me a good idea of what customers around the local area had a taste for and how much they would be prepared to pay for it – within reason.

3.4 Sampling Methods

Types of Sampling

There are many different types of sampling technique. The most popular are below:

Sampling Method	Definition	Uses	Limitations
Cluster Sampling	Units in the population can often be found in certain geographic groups or "clusters" (e.g. primary school children in Derbyshire. A random sample of clusters is taken, then all units within the cluster are examined	Quick & easy; does not require complete population information; good for face-to-face surveys	Expensive if the clusters are large; greater risk of sampling error
Stratified Sampling	In a stratified sample the sampling frame is divided into non-overlapping groups or strata, e.g. geographical areas, age-groups, genders.	Stratification will always achieve greater precision provided that the strata have been chosen so that members of the same stratum are as similar as possible in respect of the characteristic of interest.	Difficulty in identifying appropriate strata and it is more complex to organise and analyse results
Convenience Sampling	Uses those who are willing to volunteer	Readily available; large amount of information can be gathered quickly	Cannot extrapolate from sample to infer about the population; prone to volunteer bias
Judgement Sampling	A deliberate choice of a sample - the opposite of random	Good for providing illustrative examples or case studies	Very prone to bias; samples often small; cannot extrapolate from sample
Quota Sampling	Aim is to obtain a sample that is "representative" of the overall population; the population is divided ("stratified") by the most important variables (e.g. income, age, location) and a required quota sample is drawn from each stratum	Quick & easy way of obtaining a sample	Not random, so still some risk of bias; need to understand the population to be able to identify the basis of stratification
Simple Random Sampling	Ensures that every member of the population has an equal chance of selection	Simple to design and interpret; can calculate estimate of the population and the sampling error	Need a complete and accurate population listing; may not be practical if the sample requires lots of small visits all over the country
Systematic Sampling	After randomly selecting a starting point from the population, between 1 and "n", every <i>n</i> th unit is selected, where <i>n</i> equals the population size divided by the sample size	Easier to extract the sample than via simple random; ensures sample is spread across the population	Can be costly and time-consuming if the sample is not conveniently located

(Table Source – http://tutor2u.net/business/marketing/research_sampling.asp)
 (Stratified Sampling Source - <http://www.coventry.ac.uk/ec/~nhunt/meths/strati.html>)

The sampling method that I will use is random sampling. I would use random sampling because it would not be biased because I could not choose who completes the questionnaire it would just be completely random people. I will hopefully get a wide variety of ages and types of people so that I can see what everybody will comply with. The sample size I will use is 20 because it will give me enough information to find out what I need to do but it is not too much that I will have too many options available to me.

3.5 Questionnaire

See Appendix 1 for the uncompleted questionnaire & Appendix 2 for a completed questionnaire.

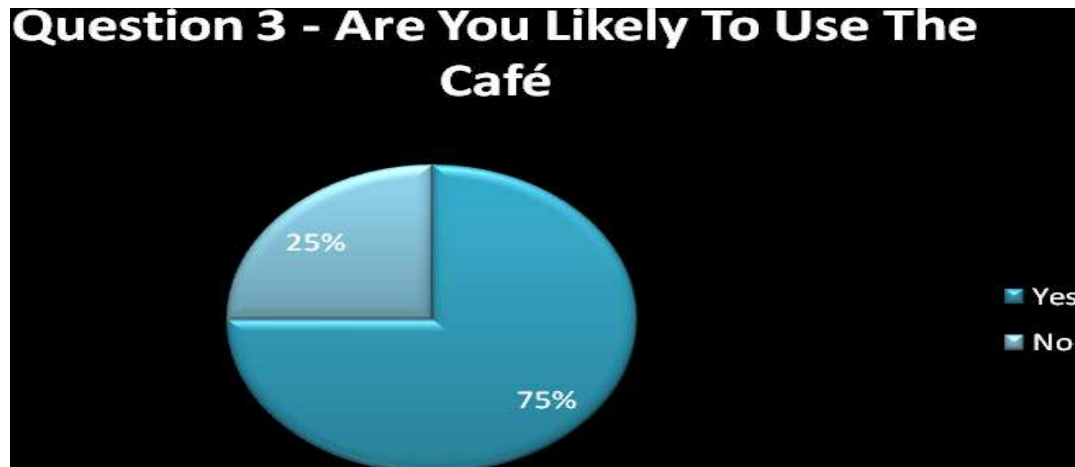
3.6 Tally Chart

See Appendix 3 for the print out of my results in a tally chart

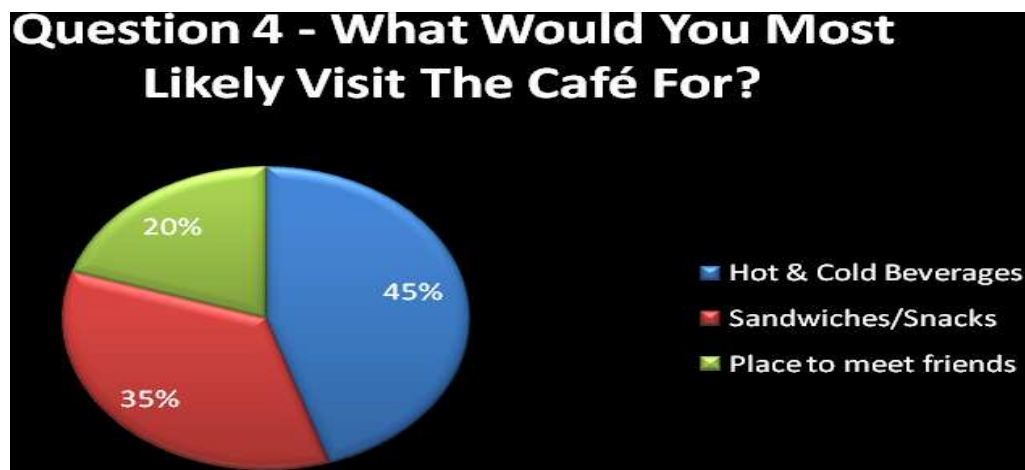
Section 4 - Market Research Analysis

4.1 Analysis of my Research

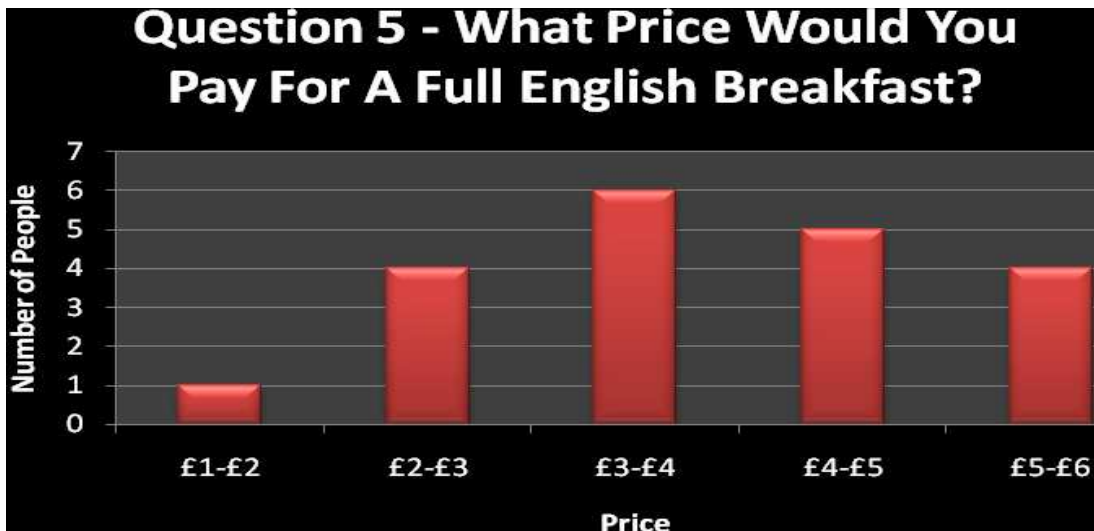
I think that my survey went quite well. It provided me with sufficient information to know if my business would be successful or not. It also gave me an indication of what I should sell and do to my business, whilst at the same time giving me an idea of what prices I should use. Another good point about my survey is that I found out, in general, what time I should open and what time I should close, and whether I should include a car park and an outdoor area. I had no problem getting my questionnaires filled in and they were filled in by a variety of ages. I wouldn't make any improvements to my current questions but I would add some more questions and would defiantly use a bigger sample size because it would give me a more reliable and a better, general, overall opinion.



This pie chart shows the amount of people who would and wouldn't use the café. On the whole, my feedback was positive because only 25% of the people asked wouldn't use the café meaning that three quarters would, this would mean that I can open the café with a guarantee of customers.



This pie chart shows what people would most likely visit my café for. It was pleasing to see that the majority of people would visit my café to buy products from me and not to meet with friends. However people meeting friends could be an advantage because it may prove to be better because they would also buy products.



This bar chart shows what price people would be prepared to pay for a Full English Breakfast. Although prices are varied it seems people think that a fair price for a breakfast would be between three and four pounds. I think that the people only willing to pay £1 -£2 did not take the questionnaire seriously.



This question asks whether people would be interested on a buffet on Saturdays and quite pleasingly, you can see from the pie chart, 90% of the replies indicated that a buffet on Saturdays would be a good idea

Question 1 – This question just confirmed how many male and female questionnaires were completed.

Question 2 – This question showed me the age of people filling in my questionnaire and it would show me whether just one group of people wanted a certain product or whether it was in the interest of everyone.

Question 6 – The feedback from this question was very pleasing as at least one fifth of the results show that people would be prepared to travel 2 miles or more to get to my café.

Question 7 – Question 7 asked whether a car park would mean that people travelled further and it tipped the balance slightly towards that owning a car park would mean that people would travel from further away.

Question 8 – This one told me that the majority of people would prefer to sit in with their purchases so I need to provide quite a large café to make sure there is enough room for everyone, who wants, to sit down.

Question 9 – The feedback from this question showed that 75% of people would like an outdoor area for the café meaning I will have to provide one to please more of my customers and I will have to decide whether to put the outdoor bit at the front or the back of the café.

Question 11 – This question asked what time people would like the café to open and close. Although responses were very mixed I found that I should open at either 6AM or 7AM and I should close the café at 7PM.

Product – There were only a couple of questions related to products and it wasn't aimed at all products that would be sold. It mainly told me whether people would prefer to buy drinks or snacks and the majority of people said they would use the café for drinks, meaning that I would need to sell a wider variety of drinks.

Price – This has given me a good idea of what kind of prices to offer, how to make them competitive with companies like Starbucks or Costa Coffee and what people would be prepared to pay for them.

Place – Only one question was direct to this and it showed me that most people would use the café meaning that it is well situated.

Promotion – None of my questions were related to promotion as I didn't want potential customers to give me an idea of how to advertise and promote my business.

Section 5 - Constraints

5.1 Constraints

A constraint is an element, factor, or subsystem that works as a bottleneck, meaning that it is a restriction. It restricts a project or system, from achieving its potential with reference to its goal.

(Source – <http://www.businessdictionary.com/definition/constraint.html>)

Different types of constraint are:

- Legal – Do you need permission to set up your business and how will you get this?
- Financial – How much capital do you have, how much do you need for your plans, is it affordable?
- Competition – Needs to be structured in a way that will limit competition so you have a better chance of success.
- Social & Environmental – Will you need to do certain things to keep the local community happy to make your business more of a success?
- Employee Protection – Health and Safety at Work Act. See section 5.3 for more information.

5.2 Competition

The most established business around me is Starbucks®. It is located in The Potteries Shopping Centre in Hanley which is a major bonus everyday of the week because of the amount of custom is phenomenal. However the location is bad because people cannot sit outside they have to just buy a drink to take out in a polystyrene cup. The design of the shop is quite good as it is an odd shape and its trademark logo and attractive colours bring in customers because it catches their eye. Its name and products are well known and because it is either owned by Starbucks or it is a franchise then the products are all the official products of Starbucks. This means that they have special ingredients and special drinks to give a unique and good quality service that provides a wide variety to please the majority of people. Starbucks' target market is absolutely anyone as they give a variety of products so that they get more customers and this means that they can maximize profits. They use the four P's to their advantage as their placement is very good, their products are of the highest quality, the price of the products are reasonable but still make profit and their promotion is national and sometimes even worldwide. All of the four P's give this establishment business and if I really want to succeed then I will have to aim to do the same. My business will be different and therefore able to compete with them because:

- a) I will provide an outdoor seating area.
- b) I will give customers cheaper products of a similar quality.
- c) I will do special offers each month to boost my income and sales, whilst enhancing my reputation through customers who have used the offers.

5.3 Legal Constraints

One Act of Law that I will have to impose is the Health and Safety at work Act 1974. This places responsibilities on employers to provide a healthy and safe working environment. It covers factors such as ventilation, fire escapes, toilets / washing facilities, heating, lighting and illness. Employees must take reasonable care and look after their own safety guards on machinery, toilets and washing facilities. Another Act that will have to be included is the Sale of Goods Act because I will have to sell things as described so I couldn't sell a coffee when a cup of tea is described, also I could not under weigh things as I would be prosecuted for not selling as described. I would have to gain an entertainment license because I will want music to be played throughout the café so that my customers can sit on their own and just listen to music, instead of being bored. And if enough money is left then a television would also be installed that could bring in more customers because of football matches on sky television. The key legal constraint of my business is the fact that I will need planning permission to either add on or just build a wall to separate the post office from my café, even though there will be an entry to the café from the post office. To get this permission I would have to go before the local council and put my case

forward but not obeying these laws would result in the closing of my business and no money would be given back. Not only that, but I could be charged with a hefty fine or even a prison sentence because it is a criminal and therefore illegal offence.

5.4 Financial Constraints

I will need around £10,000 to set up my business and I will get this money from my own savings account, family and friends or the bank. However I still may not have enough capital because the bank may reject my loan offer, with me being an amateur in the business region, which would result in me having to find a different way of getting the money for my business. One way of raising this money would be to sell my house and move into a small flat or apartment for a short while until my business establishes itself and starts taking profits. This would be a big blow to me but it may be necessary if my business is to even get started. Or another way would be to go to a few banks and loan smaller amounts from each bank which could potentially be the best idea; however I would have to pay interest three times as much.

5.5 Social and Environmental Constraints

There are some social constraints which I will have to deal with such as behaviour issues from teenagers at night time. This means vandals damaging my business or even keeping the customers away from visiting my café because they may get abuse when entering or exiting the café. However, this would not be as much of a problem as it could potentially be because my business closes at 7 o'clock in the evening just as it goes dark which reduces the chance of anti social behaviour because most cases of vandalism and juvenile behaviour, which is all it is, happen at night time. I will definitely ensure that there is at least two bins inside the café for people to dispose of their waste. As for places to park, for people that drive to the café there are a couple of spots directly outside which will be for disabled access only, and just a one minute walk away there is a pub car park which is free to use and spaces are always available. Noise will not be a problem as it is a very friendly neighbourhood and people around Werrington are not loud, in general. Due to the friendly reputation of Werrington I will only employ friendly and helpful people who want to earn their keep and feel a passion for the customers and business alike. Keeping customers happy is essential because this way it gives me an increased chance of improving my turnover.

Section 6 - Final Decisions for my Marketing Strategy

6.1 Target market alterations

As a result of my feedback from my questionnaires I have decided not to alter my target market to a lower or more specific group. As first stated my target market is local people of all ages. This is because I need to ensure that everyone can feel welcome in my café. My results show that 40% of my customers would be 30 or under meaning that there isn't much difference in the age groups as both would use my café. My customers also appear to be of an even gender because 55% were male and 45% were female. So no preference to men or women will be given in terms of the television.

6.2 Impact of competition

With there being no major competitors in Werrington I shouldn't really have to worry too much as it is only a small local café for the time being and no threat is posed to me. Despite this fact I have still done some research into Starbucks Coffee which is situated at the Potteries Shopping Centre in Hanley. I have found out their products, prices, and ways of promotion. I have seen that friendly employees and a nice close environment inside the café means that everybody feels welcome. I will use this to my advantage and try to create a duplicate of this atmosphere. As for prices it has had a huge impact on me. I feel that they are committing daylight robbery because £2 for a mug of tea is just absurd. I will defiantly put my prices lower than this because I appreciate that not everyone has that kind of money for one cup of tea and I also feel that it is not appreciating the customer at all because Starbucks are making more money than is needed and it is losing their customers because of it, I will not let this happen to me. One thing I was worried about is the quality of their products as they are absolutely fantastic and therefore I will do my utmost to try and copy or provide similar products at cheaper prices.

6.3 Product

My café service will offer the widest possible variety of drinks and snacks, hot and cold for both. On my survey I found that 45%, the majority of the votes, would use the café for hot and cold drinks meaning that I will always have to be on top with the amount of coffee, hot chocolate, tea bags, cans of pop and bottled water that is in stock. A huge choice of products will be available for purchase but I will make sure that I have enough things to put on offer as part of the buffet because I can see that 90% of the feedback indicated that a buffet would be very much enjoyed on a Saturday. Savouries such as sandwiches, pies, pasties, hot baps and filled hot or cold baguettes will be available and sweets such as cup cakes, iced fingers, cookies and donuts. The main fillings I will be offering for my sandwiches and baps are chicken, beef, ham, bacon/lettuce/tomato and cheese. I will also continue to do research to find out other preferred fillings and may even consider adding a counter where fillings can be mixed and chosen by request as this will also be a popular service because people will be getting the products they specifically want. The most popular price for a Full English Breakfast, based on my research, was £3-£4 and it had a 30% majority. Although this doesn't seem like a large percentage of the vote, people completing the feedback had the choice of five prices so 30% is actually a decent share of the votes. I will probably price the breakfast at £3.25 because it is relatively cheap and will still make a decent amount of profit on them because of its price. The cheaper it is the more that will be sold meaning a probable increase of profits. All products sold would be originally bought by me using the method of bulk buying to make them cheaper for me to buy, also meaning a better chance of success.

6.4 Price

The pricing structure I will use is cost-plus pricing because there isn't any close competition, only ones that are located in Hanley, but also because I am a new business that has failed with a previous owner in the past and the owner of that café was even committing a crime by being a tax cheat because he wasn't making any money. This means that I will aim to make a small amount of profit in the first year whilst ensuring that I definitely do not go bust. Despite the fact that I am using the cost-plus pricing method, I will add elements of promotional pricing into my pricing strategy. This idea is to invent a loyalty card

where once 5 hot or cold drinks have been purchased, over any amount of time, then the next one you ask for will be free. The reason for continuing with my choice on this offer is because most of the people, 45%, said on my questionnaire that they would use the café for drinks. This offer will be on all of the time and will not be closed unless a new and improved one for customers is in place. Another reason to use these pricing strategies is because they will mean that the prices of my products are a lot cheaper than those of Starbucks and Costa Coffee meaning I should get more business and customers will get value for money.