

Student 2 was a member of a business group called Earswise

Product:	Headphones/earbuds
Phases:	Selling in T block quad one school day, followed by three weeks on TradeMe
Community focus:	Raise \$60 for an afternoon tea (with school entertainers) at local retirement village
Business plan components:	Executive summary, introduction, business goals, mission and values, marketing, corporate philanthropy, people, finance and operations.
Business aims:	<ol style="list-style-type: none"> 1 To satisfy our customers by getting only good feedback about our product 2 To have good corporate citizenship by being ethical in all of our practices 3 To be able to donate \$60 of our profit to the local retirement village

CYCLE 1 – group work

The group's business plan was approved by the assessor prior to the activity being carried out.

The activity was carried out at a stall in the quad.

Group's review of Cycle 1

What worked well when carrying out cycle 1?

- The questionnaire results showed exactly what the target market (students at our school) wanted – cheap, colourful, comfortable headphones – and we applied that to our product.
- The directors' roles suited each members' strengths which overall made Earswise more efficient and easier to work in.
- We only intended to sell 20 pairs of headphones on the day but we sold 41 pairs, exceeding sales expectations.

What did not work well when carrying out cycle 1?

- The quality of some pairs of headphones was not up to standard and they were returned to us over the next few days. We had to refund money and write off this inventory. Because of this we did not meet our first business objective.
- Advertising was not as coherent and effective compared to other groups. The target market was confused about when and where we were selling our product as most other groups were outside the café but we were near our classroom. (In hindsight, this was a silly decision on our part.)
- Reduction in sales due to having limited colours (three) left after our selling day, and having to sell headphones with damaged packaging to our friends at the discounted price of \$5.

What changes are necessary to improve your group's business activity for cycle 2?

- Find a new supplier with higher quality headphones that will not be as fragile. (We are left with 19 pairs of the old style.)
- Find a new style of headphone that will have stronger appeal to the target market.
- Come up with a price that is not too high for the target market but will ensure Earswise can still make a profit.

Justify how some of the refinements you will make for cycle 2 will improve the business activity.

- Feedback from our cycle 1 customers told us that the headphones were not up to standard. This could have been because of our supplier or because of the style. By changing both of these possible problems, it could give Earwise a whole new style of high quality headphones that will have greater appeal to the target market and even expand the target market.
- We will have two sets of stock to sell on TradeMe. There are still 19 pairs of the old headphones left. We don't know for sure that these will be faulty so we will just sell them at a reduced price of \$6. We considered whether doing this will go against our second business aim as it could be unethical, however the faulty headphones in cycle 1 may just have been from a bad batch.
- We have placed an order (using Raj's contact) for 40 pairs of earbuds (8 of five different colours). We will sell these for \$12 each which is a really good price. As soon as the stock arrives, Lily will take photos of both lots of stock and Jono will draft the wording for the ads. Expanding the target market would maximise profit and expand sales from just our school's students. We have decided that we will tell students at our school that they can buy from us from TradeMe.

CYCLE 2 – group work

The group refined the business plan, with revisions clearly evident from Google Docs. Changes were made to operations, people, marketing mix (product and price sections), breakeven and forecast income statement

The group's plan was then submitted for assessment.

The second cycle was then undertaken, three weeks on TradeMe.

Student 2's review of Cycle 2

What worked well when carrying out cycle 2?

- a We got positive feedback from TradeMe customers about the new in-ear style of earbuds compared to the small headphone style in cycle 1. We managed to sell 11 of the older style headphones and (so far?) have only had positive feedback about them too. Therefore, we feel we have met our first business objective.
- b It was wise to pay slightly extra for our listings so they were in the featured section in the electronics category. Also, in our listings we said we were selling for a Business Studies assessment and we got good comments about this. We are thinking that we might carry on as a group doing something like this.
- c Holding meetings for 10 minutes every Business Studies period made sure everyone was on the same page and knew what was happening. This was necessary as our second selling cycle was quite different from the first.
- d We made enough profit to spend \$60 on shouting the retirement home folk an afternoon tea.

What did not work well when carrying out cycle 2?

- a Our finance director wasn't very organised in terms of planning how we would receive the funds from buyers. In the end we emailed buyers his mum's bank account number and their delivery address and his mum kept a tally of how much money was deposited. (This was quite useful as when we had to pay for the stock of new ear pods his mum paid from her account using internet banking.)
 - b We had no idea what postage would cost as we have never posted anything before. When we were designing the ad (in a rush) we decided to charge \$5.00. The earphones were in a box and they cost \$3.00 to post but we just wrapped the pods in a piece of A4 paper and put them in a normal envelope and they only cost \$2.00 to post. This was quite unethical really. Two people did comment on the high postage in the questions and answers section but they didn't end up buying from us. If anyone had complained after sale we would have offered to refund some postage.
 - c We only sold 35 pairs of earbuds online when our objective was to sell all 40 pairs. Therefore we did not meet our TradeMe sales goal. We did get rid of the other five pairs, and the other 8 pairs of headphones by selling them at school or to our family members.
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