



PŪTAKE

Helping Papatūānuku one sip at a time.

- Keeping our environment clean.
- Reducing plastic waste.
- Ensuring our customers stay hydrated and happy.
- 50% of the profit goes to organisations that help clean the environment.

- BPA FREE
- 100% LEAK PROOF
- KEEPS CONTENTS WARM OR COLD 24 H
- STYLISH SLEEK FINISH
- FITS INTO MOST CUP HOLDERS



ABOUT OUR

PRODUCT

Our reusable cup is the perfect way to hold a hot or cold drink of your choice.

They keep your drink to the perfect temperature and is 100% leak proof. This means you can tip and drop our cup without losing your favourite beverage.

Our cups help the environment by reducing single used plastic. Over the lifetime of a reusable cup 10.3kg of CO₂e could be saved compared to using single-use cups instead.

Zero waste Scotland

		
<p>STAKEHOLDERS</p> <ul style="list-style-type: none"> • Manufacturers • Packaging suppliers • Transportation • Customers • Environment organisations 	<p>WHANAUNGATANGA</p> <p>In our business, we strive to be socially and environmentally responsible. We value family and the importance of beneficial partnerships. This means we care about our customers and suppliers. Our product is made with love and care. This ensures our customers enjoy high-quality, well-made products that will reduce landfill waste.</p>	<p>STAKEHOLDER + WHANAUNGATANGA</p> <p>It is crucial that we keep healthy relationships and connections with all our stakeholders. We demonstrate this by ensuring our payments are on time and we stick to our promises. For example, we make sure 50% of our profits go towards organisations that remove plastic waste from our environment, including coastlines and waterways. We also support organisations that are actively replanting our native bush, such as Tāne's Tree Trust. Maintaining these healthy relationships is crucial for our business because it strengthens trust and credibility within our business community.</p>

SETTING A PRICE

FINANCIAL

Shipping

The cost of shipping is a cost I will need to allow while calculating the price of my product. I will need to consider if the shipping cost changes how much the price will be. Because it will need to be accounted for in the production cost.

Production cost

The production cost is the amount that is spent manufacturing your product. The production cost will be important to ensure you are gaining a profit because your cost will have to pay for that cost and more to make a profit.

Packaging

The packaging of the product is important to attract customers. Packing will need to be accounted for when considering the production cost.

Price of Competitors

The price of other online competitors is important. If I want to attract more customers, the price should be similar to my competitors. This will ensure good customer demand.

NON-FINANCIAL

Demand

The demand is important because it will help me to determine the quantity of products to make available to sell. It will also help me determine the equilibrium price, which my product will sell for.

Shortages

Identifying possible shortages from my suppliers will help me determine how many cups I will be able to start selling. This will then guide me to the appropriate price of my product.

Natural Disaster

A natural disaster could affect the decision of my price. I would need to watch the market and see notice changes in demand.

Substitute and Complementary

The pricing of substitute goods will be helpful to consider because I will want my product to be of good value in comparison to other similar products. I will also review complementary goods because their pricing could either attract or repel my consumers.



CALCULATING SELLING PRICE

MANUFACTURING = \$4,723.50 FOR 150 CUPS

WITHOUT BUYING IN BULK DISCOUNT \$34.99 PER CUP
 $34.99 \times 0.10 = 3.50$
 $34.99 - 3.50 = 31.49$ PER CUP
 $31.49 \times 150 = 4,723.50$ TOTAL CUPS COST

PACKAGING = \$305.43 FOR 150
 \$2.04 PER CUP

SHIPPING = \$375
 $\$2.5 \times 150 = \375

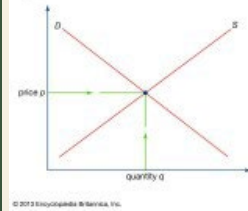
COSTS AND PROFIT CALCULATION

	A	B	C
1		Per Cup	Total x150cups
2	\$ 31.49	Cost of cup	\$ 4,723.50
3	\$ 2.04	Packaging	\$ 306.00
4	\$ 2.00	Shipping	\$ 300.00
5	\$ 0.50	Advertising	\$ 75.00
6	\$ 36.03	Total cost	\$ 5,404.50
7			
8	\$ 49.99	Selling price	\$ 7,498.50
9			
10	\$ 13.96	Profit	\$ 2,094.00

WHY THIS PRICE?

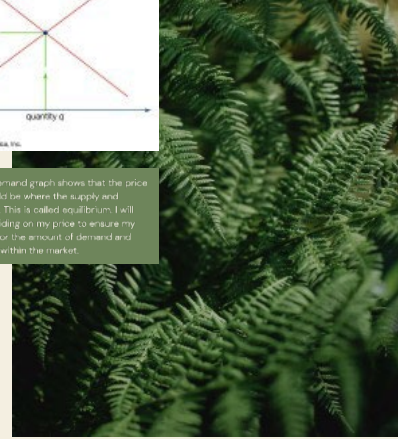
While deciding my price I considered my packaging manufacturing and shipping costs. These three things helped me to ensure I was making a profit. I also considered a number of external factors. These included the climate, competitor products, and consumer preferences. I reviewed how I would create demand for my product. For example, if I am promoting it online, how big my online audience will be. Competitors were an external factor I considered. I researched the pricing of their product and the difference between my product. For example, Frank Green sells reusable cups, the price is also \$49.99. However, their cups only hold 295ml whereas my cups can contain 350ml.

Supply and demand



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This supply and demand graph shows that the price and quantity should be where the supply and demand intersect. This is called equilibrium. I will use this when deciding on my price to ensure my pricing is perfect for the amount of demand and supply happening within the market.



Packaging website

<https://www.100percent.com.au/>
<https://www.100percent.com.au/100percent-reusable-cups/>
<https://www.100percent.com.au/100percent-reusable-cups/100percent-reusable-cups/>
<https://www.100percent.com.au/100percent-reusable-cups/100percent-reusable-cups/>

Product website

<https://www.frankgreen.co.nz/>
<https://www.frankgreen.co.nz/products/350ml-reusable-cup/>
<https://www.frankgreen.co.nz/products/350ml-reusable-cup/>



INTERNAL & EXTERNAL FACTORS

INTERNAL EXTERNAL

<p>Staffing</p> <p>If my business increased in size, and I needed to employ a staff member. My product price would need to increase to accommodate for the cost of staff. For example, to cover the cost of a staff wage I would increase my selling price from 49.99 to 59.99.</p>	<p>Legislation changes</p> <p>A legislative change is important to keep in mind, as it can affect my product price. For example, a change in Government could result in new legislation being implemented. These could affect my online business. Such as a change in tax rates or the NZ Fair Trading Act.</p>
<p>Pūtake</p> <p>The pūtake is an important factor of a business. If something changes and it contradicts my pūtake I would need to reconsider my selling price accordingly. For example, if my packaging supplier changed their product to plastic, I would need to find another company that has biodegradable packaging. This could affect my total costs because my packaging price could alter.</p>	<p>Transport delays</p> <p>Transport delays would negatively affect my online business. This could make it longer for my supply, or increase the time it would take for my product to reach the customers. This could result in unhappy customers. For example, I may consider reducing my price to compensate my customers for a longer wait.</p>
<p>Technology changes</p> <p>Technology changes could either increase the speed of manufacturing my product or for a short term while adjusting to new tech noldy it could decrease the speed of delivering my product to customers. For example, if I needed to change my computer system or my website it could increase the time taken for my product in the short term, while I learnt the new technology. I could consider changing my pricing; however, I doubt I would make a change in this scenario.</p>	<p>Changing Consumer Preferences</p> <p>If I notice there is a change in consumer preferences, this will change the demand for my product. For example, if there was a new study about the harmful effects of drinking from metal, this could decrease the demand for my product. There are many options I could consider. I could decrease my price, increase advertising and promotion or change cup suppliers. Any of these changes could affect the pricing of my product.</p>
<p>Policies and procedures</p> <p>If a new policy was introduced, costs might change to enforce it. If there was a change to my health and safety policy, for example, it could result in additional costs. Purchasing additional first aid kits, fire exits or a fire extinguisher are examples of costs I may need to allow for. I would need to consider increasing my price to allow for these additional costs.</p>	<p>Natural environment</p> <p>If there was an extremely cold winter it may increase the demand for customers wanting hot drinks to stay warm. Because an attribute of my product is that it keeps the contents inside warm, this could increase my demand. I would need to increase my product price because my costs may increase as I will have to supply more.</p>

CHANGING MY PRICE

Identify the internal or external factor you are going to consider	What are the strengths and weaknesses if changing the product price because of this factor?	What are the strengths and weaknesses of keeping the product price the same?	What pricing decision have you made?
The external factor of natural environment - A significant decrease in temperature	Strengths <ul style="list-style-type: none"> I would take advantage of the situation. If I decrease my price I could increase my demand further. If I increase my price I could increase my profit. Therefore I could have more money to increase my supply to meet the demand. Weaknesses <ul style="list-style-type: none"> I don't predict the demand accurately and my business runs at a loss. People won't be able to afford my product if I increase the price. Increasing the price could repel some customers and decrease the demand. 	Strengths <ul style="list-style-type: none"> I don't risk repelling my consumers. Less possible change in the demand for my product. No need to change prices on my online website. Weaknesses <ul style="list-style-type: none"> Won't make the most out of the opportunity. Less opportunity to increase my profit. There could be a shortage due to more demand and not enough supply. 	I have made the decision to change my price from \$49.99 to \$51.99.

The impact of not changing my price

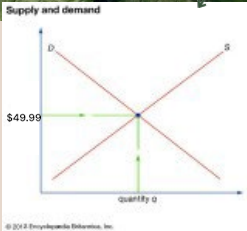
- I might gain more customers by keeping my price the same.
- Less distribution for my existing customers.
- It could decrease my profit.
- My demand could be more stable.

The impact of changing my price

- Takes advantage of the external factor of the decrease in temperature, which increases the demand for hot drinks to stay hot for longer.
- It is more likely to increase my profit.
- Eventually it could change the demand for my product.
- I would need to update the selling prices on my website.

SUPPLY AND DEMAND MODEL

The Normal Market of Reusable Cups



Supply and demand graph showing equilibrium at \$49.99 and quantity Q.

Due to a colder winter than average, the demand for my travel cups has increased. This is because my cups keep the liquid inside warmer for longer which is appealing for customers in the cold weather. As the demand for hot drinks increases, so does the demand for my cups as they are a complementary good.

The increased demand for reusable cups is shown as a shift of the demand curve to the right (on the right graph). This graph shows the increase in demand from D to D1. This shift increases the equilibrium price from \$49.99 to \$51.99 per reusable cup (as shown by P to P1). This means the equilibrium quantity has also increased from Q to Q1.


If the price remained at \$49.99 after demand shifted from D to D1, there would be a shortage. This is because the supply would not be met and the cups would sell out. I would not be able to meet the demand. This would result in a loss of sales and profit.

If the temperature increases and the demand decreased due to hot drinks being less appealing, it would decrease the demand shown as a shift of the demand curve to the left. I would need to change my supply, to ensure I didn't have a surplus of stock.

The Market of Reusable Cups After Decrease in Temperature



Supply and demand graph showing a rightward shift in demand from D to D1, increasing equilibrium price from P to P1 and quantity from Q to Q1.



CONCLUSION

WHY DID I CHANGE MY PRICE?

I changed my price because the demand had increased due to the external factor of decreased temperatures over the winter months. Due to the increase in demand for hot drinks (which is a complementary good for my cup), the demand for my cups also increased. I increased the price from \$49.99 to \$51.99 so I could have more profit. This profit would then allow me to supply more and perhaps employ a staff member to help manage my sales. While deciding on the change in price I considered both the weaknesses and the strengths of both options. The strengths of changing the price outweighed the strengths of not changing. Increasing the price will be the most beneficial for my business, and my stakeholders because I will be able to build my business and the profit.

HOW DOES IT AFFECT MY STAKEHOLDERS?

Because this is an online business I don't need to allow costs for a store location. This keeps my costs minimal, which allows me to donate more profit towards the charities I support. Those charities improve the health of waterways, coastal beaches and Aoteroa's native bush, this would follow my values and Pūtake. The increase in my price means that I could have more profit to donate to these charities and reinforce my Pūtake and values. This change would affect my customers as they would have to pay more for their product. My manufacturing and transportation suppliers may be affected by a change in demand for my cups. If my price did not increase, my demand might increase more than my suppliers could manufacture. This could result in them increasing their price and I wouldn't be able to afford. That is another reason as to why I chose to increase my selling price for my product.