

Sovereign Jewellery

All That Glitters Is Not Gold

Introduction

The product that we are making is jewellery. Our product will be of the highest quality and best design. Our jewellery will be made of pewter which will be melted down and poured into moulds which we will make ourselves. These moulds will be made from MDF. Our pūtake as a company is to break-even and to generate a sustainable flow of revenue and profit so our business can continue.

Kaitiakitanga

Pewter is a malleable, easy to work with metal that we can buy in bulk and at a reasonable price, for our product. We have chosen to use MDF wood for our moulds, as it is cheap, easy to cut, and we already have some. The wood is made from the pulp of leftover wood at mills, which is better for the environment, one of our main concerns. Offcuts from the pewter will be poured back into moulds, which can be reused multiple times. Our wood moulds are reusable as well.

Whanaungatanga

Our partnership consists of three people. AAA will be our CEO and deal with the financial parts of our business. TTT oversees the production of our jewellery. Finally, KKK will be head of marketing, creating posters and advertising our business. The entire group will contribute to the selling of our product and the assessment itself.

Target Market

Our target market is students at XYZ College and others outside of school. The age target will be teenagers to adult range of both genders but mostly males since XYZ is a male school. Our target market is interested in style and fashion. Our product will cater to these needs. To make our product even more appealing, we will use modern and fashionable designs in our products

16. Would you pay \$10 for a pewter pendant necklace? (4-5cm x 2-3cm)

[More Details](#)

Yes	29
No	16



Similar

1. What is your role at ?

[More Details](#)

Junior	16
Senior	21
Staff	10



Businesses

The price range between most pewter jewellery is \$13-\$120. The more detailed, heavy, and larger the piece is the more expensive. This is found on Etsy where lighter less detailed pewter jewellery is cheaper. There are several similar businesses online like:

- Rivendell world - \$15-100
- Creative treasure - \$16
- Ariki New Zealand jewellery - \$36

Marketing Mix

Price: for our pricing strategy, we used a cost-plus method – adding a fixed mark-up for profit to the cost of making a unit.

To make one item we will need around 50cm of cord. Each medallion will be around 20g in weight which means 5 per \$18.11. This totals 250cm of cord which is a cost of \$7 for cord. This is a cost of \$25.11 per 5 and around \$5 per medallion.

To make a healthy profit, we will mark-up our \$5 production cost to \$10. This is a 100% increase. This way we make back twice what we earn, and our price is low and affordable for our consumers. We will be making a \$5 profit per unit.

A unit costs \$5 and we marked it up by 100%, making the price \$10. We believe that this is good value to our buyers, \$10 is cheaper than other products on the market, and we believe it is value for our product. \$10 is also a round number, and so people will be more likely to purchase something with a round number as it is appealing and easy with cash, this makes \$10 a stable price. Our market research also told us that the majority of people who answered would pay \$10.

Product: We will be making pewter jewellery using nylon cord as the chain. Our company's name is Sovereign Jewellery. Our designs are simple but effective. All our members have had experience in making pewter jewellery, this will ensure our product is of a high quality.

Place: We will be selling our product both inside and outside of school. For example, AAA will sell some at his bible study group. We do not have access to an Eftpos machine, so we will only be using notes and coins for transactions. We will also sell it to close friends and relatives outside of school.

Promotion: Our message of our service is that our products are cheap, aesthetic, and good looking. Our method of delivering this message is through ads, posters, and an Instagram account. We will also advertise to our close relations. Customers can contact us through our Instagram account.

Breakeven:

BUSINESS NAME			
Sales Price	10		
Variable Cost (per unit sold)	0		
Fixed Cost (total)	114.07		
Output	Revenue	Total Cost	
0	0	114.07	
1	10	114.07	
2	20	114.07	
3	30	114.07	
4	40	114.07	
5	50	114.07	
6	60	114.07	
7	70	114.07	
8	80	114.07	
9	90	114.07	
10	100	114.07	
11	110	114.07	
12	120	114.07	
13	130	114.07	
14	140	114.07	
15	150	114.07	
16	160	114.07	
17	170	114.07	
18	180	114.07	
19	190	114.07	
20	200	114.07	

Optimistic Budgeted Profit Statement for (your co. name) for 28th May	Amount
INCOME	
Sales	150
EXPENSES	
Pewter	54
Filing Equipment	35
Other	15
Expense name	
Expense name	
Expense name	
Expense name	
Expense name	
Expense name	
Expense name	
TOTAL EXPENSES	104
Total Profit (Sales less Total Expenses)	46

Realistic Budgeted Profit Statement for (your co. name) for 28th May	Amount
INCOME	
Sales	120
EXPENSES	
Pewter	54
Filing Equipment	35
Other	15
Expense name	
Expense name	
Expense name	
Expense name	
Expense name	
Expense name	
Expense name	
Expense name	
TOTAL EXPENSES	104
Total Profit (Sales less Total Expenses)	16

Pessimistic Budgeted Profit Statement for (your co. name) for 28th May	Amount
INCOME	
Sales	80
EXPENSES	
Pewter	54
Filing Equipment	35
Other	15
Expense name	
Expense name	
Expense name	
Expense name	
Expense name	
Expense name	
Expense name	
Expense name	
TOTAL EXPENSES	104
Total Profit (Sales less Total Expenses)	-24

Justification

We have decided to sell our product at \$10. This is justified by our cost-plus pricing strategy and our market research. Our price is also justified by our competitors' prices, we chose a price that is similar but slightly below theirs. This will mean our product is more likely to sell. 64% of our replies in our survey said that they would pay the \$10 for our product.

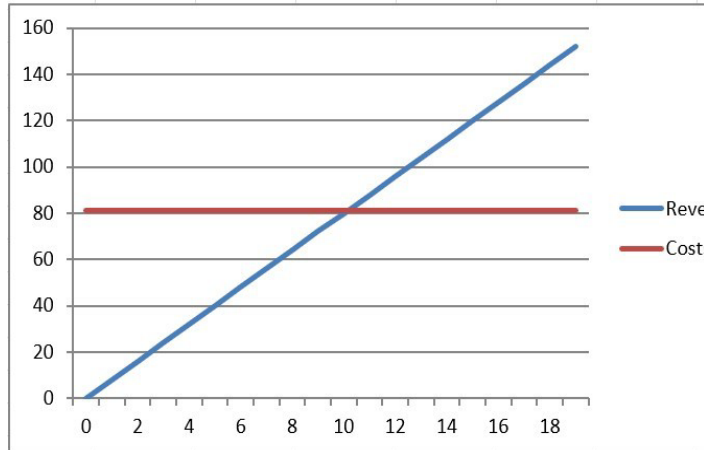
16. Would you pay \$10 for a pewter pendant necklace? (4-5cm x 2-3cm)

[More Details](#)



Our mark-up was 100%, this means we can lower the price as needed and still maintain a substantial profit. These factors resulted in our price which we believe is sustainable and satisfactory.

Following Market Day 1, our teacher told us that a \$10 trestle tax would apply for Market Day 2.

Question	Your Answer																																	
1 Did you change your price for Market Day 2?	Yes, we changed it from \$10 to \$8.																																	
2 If yes, what was the price change? (Give MD1 and MD2 prices). MD = market day.	The price change was from \$10-\$8. This was because we think the price was too high before and if we lowered it, it would attract more customers. This price allowed a cheaper price while still making profit if we hit break even.																																	
3 What were the options you had for setting your MD2 price? What information did you use to help you decide on these options? Note: you must give evidence that you considered at least two options	We had two options to choose from, we could either lower the price or keep it the same. From these two options we chose to lower the price from \$10 to \$8 after the comments from MD1.																																	
4 Justify the reason for your decision above. Note: You should put screen shots/snips of relevant financial data in this answer - do not use links	<p>Our decision to lower the price to \$8 to \$10 was because from the comments from MD1. We lowered our price so it is cheaper however still keeping it so we made profit. Our breakeven point is 10 sold so we needed to have 10 sold to hit breakeven. We did not make any profit in MD2 or MD2 for profit/loss. We made 2 sales in MD1. We got our material from Crafts runner. Our trestle tax was \$10.</p>  <table><caption>Data points for Revenue and Costs</caption><thead><tr><th>Quantity (x)</th><th>Revenue (Reve)</th><th>Costs</th></tr></thead><tbody><tr><td>0</td><td>0</td><td>80</td></tr><tr><td>2</td><td>20</td><td>80</td></tr><tr><td>4</td><td>40</td><td>80</td></tr><tr><td>6</td><td>60</td><td>80</td></tr><tr><td>8</td><td>80</td><td>80</td></tr><tr><td>10</td><td>100</td><td>80</td></tr><tr><td>12</td><td>120</td><td>80</td></tr><tr><td>14</td><td>140</td><td>80</td></tr><tr><td>16</td><td>160</td><td>80</td></tr><tr><td>18</td><td>180</td><td>80</td></tr></tbody></table>	Quantity (x)	Revenue (Reve)	Costs	0	0	80	2	20	80	4	40	80	6	60	80	8	80	80	10	100	80	12	120	80	14	140	80	16	160	80	18	180	80
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Optimistic Budgeted Profit Statement for (your co. name) for 28th May		Amount
INCOME		
Sales	72	Price Units sold
EXPENSES		
production cost	71	
trestle fee	10	
Expense name		
Expense name		
Expense name		
Expense name		
Expense name		
Expense name		
Expense name		
TOTAL EXPENSES	81	
Total Profit (Sales less Total Expenses)	-9	

Pessimistic Budgeted Profit Statement for (your co. name) for 28th May		Amount
INCOME		
Sales	0	Price Units sold
EXPENSES		
Expense name	71	
Expense name	10	
Expense name		
Expense name		
Expense name		
Expense name		
Expense name		
Expense name		
Expense name		
Expense name		
TOTAL EXPENSES	81	
Total Profit (Sales less Total Expenses)	-81	

	Realistic Budgeted Profit Statement for (your co. name) for 28th May		Amount	
	INCOME			
	Sales		32	Price
				Units sold
	EXPENSES			
	Expense name		71	
	Expense name		10	
	Expense name			
	Expense name			
	Expense name			
	Expense name			
	Expense name			
	Expense name			
	Expense name			
	Expense name			
	Expense name			
	Expense name			
	Expense name			
	TOTAL EXPENSES		81	
	Total Profit (Sales less Total Expenses)		-49	
5 Explain in detail the impacts on your business and other stakeholders of your pricing decision from MD1 to MD2. <i>Stakeholders are anyone who has an interest in the running of the business</i>	The factors that impacted our business was our quality, price, competition. Our stakeholders are us and our customers that were interested. We had 2 sales on MD1 leading to \$18 in sales and lost \$71. Looking at the results we found that our price was too high, and the quality was not good enough for high amounts of sales and for profits so we lowered the price while still making it, so we make profit. However, we did not make any sales in MD2 so after the final decision we came to that the product was not attractive enough.			