

DROP SHIPPING BUSINESS PLAN FOR HOMEWARE4U

- ABDUL BAKID (2016467)
- MARIUS IULIAN IGNAT (2015634)
- OLIVIA REID (2014401)
- MODULE NUMBER: BMSW4006
- MODULE NAME: MANAGING ENTERPRISE IN THE 21ST CENTURY
- LECTURER: YOHAN MENDIS





CONTENTS

Executive summary

Business/ company overview

Products and services

Market audit- competitor's analysis

SWOT analysis

PESTLE analysis

Target market

Marketing plan

Management team

Financial plan

References

EXECUTIVE SUMMARY

- Our aim is to sell homeware merchandise online through different platforms by dropshipping.
- The audience we will be targeting are homeowners and customers that like interior designs.

BUSINESS / COMPANY OVERVIEW



- Legal structure – Partnership
- Ownership – 3 partners = 33.3% split
- History – Company was started as a passive income which doesn't require a lot of legwork
- 3 partners met during university and decided to go down this business route as a collective
- When we realised how lucrative the business was, we made plans to expand to different items such as clothes, toys, garden
- Location – Online
- Mission – Making your dream home a reality
- Vision - Our vision is to be customer centric company; to build a site where people can come to find their dream homeware items and search for what they want to buy online.

PRODUCTS AND SERVICES



Definition of homeware: “crockery, furniture, and furnishings with which a house, room, etc, is furnished”
(Collinsdictionary, 2021)

- Easy access to homeware products all in one place. The Amazon of homeware
- Take advantage of online business boom but we are focusing on homeware in particular

MARKET AUDIT – COMPETITOR’S ANALYSIS

Factors	Your company Homeware4u	Competition A Amazon	Competition B Wayfair	Competition C Dunelm
Industry	Online shopping via drop shipping	Online shopping	Online shopping	Homeware store and online
Products & services	B2C	B2C & B2B	B2C	B2C
Key success factors	Allows customers to purchase homeware products all in one place	Brand awareness. Global reputation. Allows sellers to connect with customer and provide everyday homeware products	Allows sellers to advertise their products and sell on the wayfair platform	Brand awareness been open since 1979. Allows customers to buy online and in store
Market share	New business	2.6 billion (Retail Economics, 2021)	1.15 billion (EcommerceDB, 2021)	1.3 billion (Internet Retailing, 2021)
Past strategies and current strategies	SEO, online paid advertising through different social media platforms, leaflets door to door.	Online ads via different social media platforms, television advertising.	Online ads via different social media platforms. Looks at buying habit data on social media sites so that ads are targeted at existing and potential customers	Online ads via different social media platforms, television advertising.
Strengths and weaknesses	Advertising through social media platforms to draw customers to the website. Don't have the capital power as rival competitors. Business does not have a physical store.	Global company with massive client base. Brand awareness. Business does not have a physical store.	Brand awareness in the homeware field. In business since 2002. Business does not have a physical store.	Business has a physical store. Been open for over 40 years Brand awareness in the homeware field.
Distribution	Dropshipping method, through aliexpress and alibaba. Online website.	Have warehouses with some stock but some sellers deliver direct using other delivery companies	Sells from the “warehouses” and deliver to consumer via delivery companies	In store and in warehouse
Threat?	Online only	Online and some physical presence in major cities worldwide	Online presence only	Online and physical presence
How does their strategies affect your business?		Advertising power and their reputation can influence the sales our business can make.	Advertising power and their reputation can influence the sales our business can make.	Advertising power and their reputation can influence the sales our business can make.

SWOT ANALYSIS



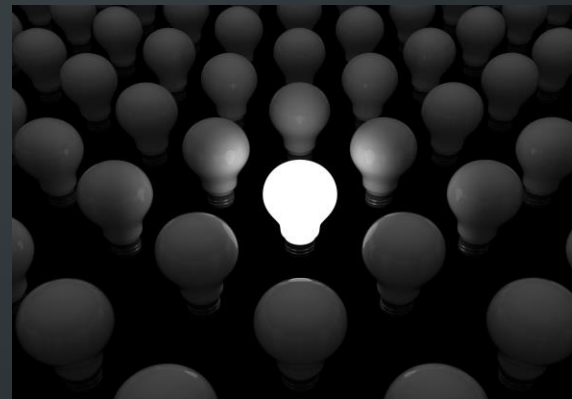
STRENGTHS

- Dropshipping – bridge between the product and consumer
- Not many businesses who provide homeware products via the dropship method
- Need few members of staff to run the business as we're the "middle-man"
- No physical location so running costs would be low as need domain and email to connect with customers
- By starting solely with homeware products, there is room to expand to other products over time once established
- Quality of products are checked before going on sale



WEAKNESSES

- Reliance on supplier – if the product goes out of stock before the site is updated, would need to have a streamlined refund process
- For homeware products, need a lot of knowledge and capital so that there is a profit after sales
- Due to less staff, if someone goes off sick then this will cause delays with customer engagement
- Quality control can only be checked by supplier and not every product comes out perfect or to the consumers expectation



OPPORTUNITIES

- Growth opportunities once established to sell other products.
- With growth comes, more capital from the growing partnership and more profit
- More staff to help with the CX

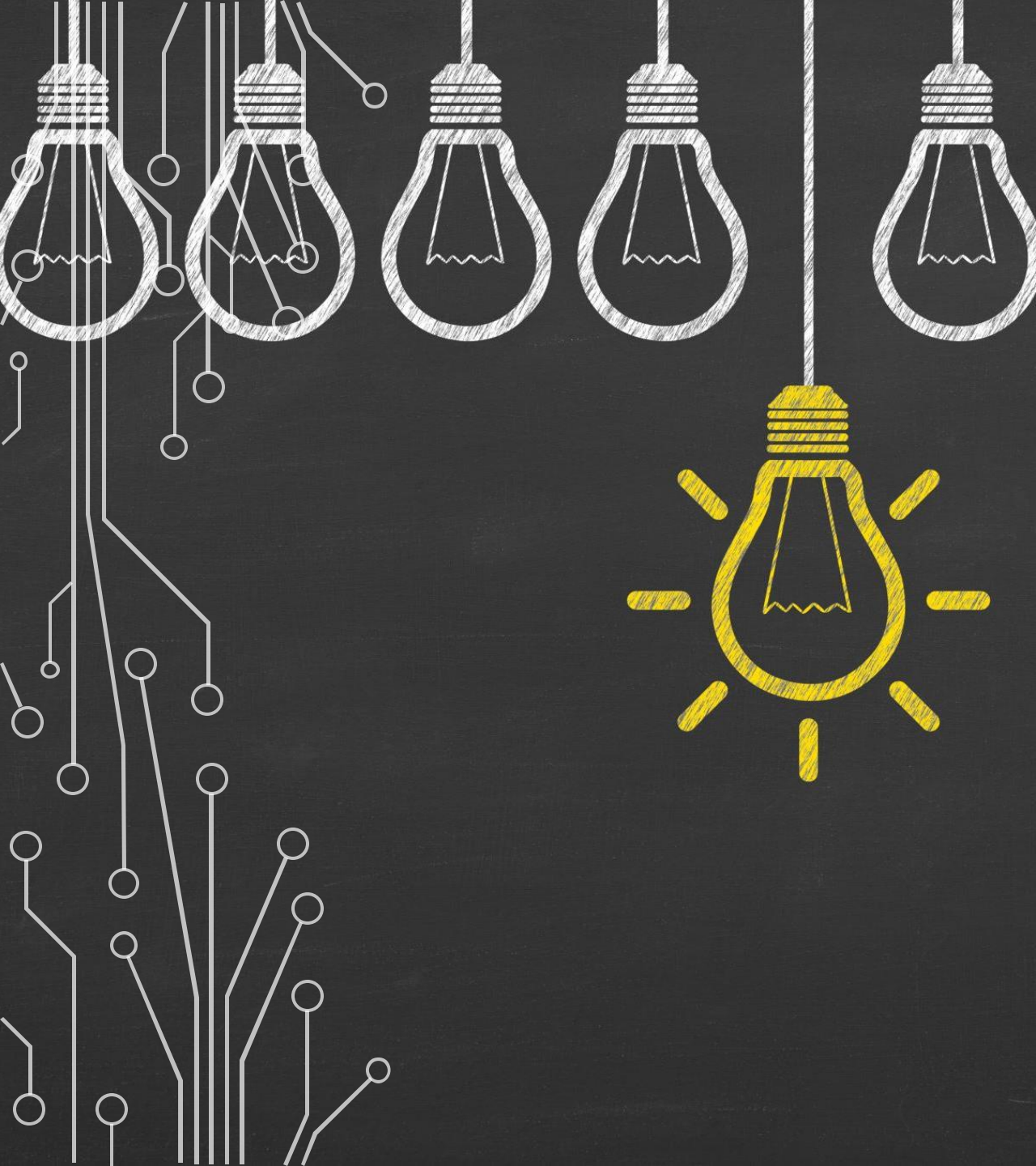


THREATS

- Should the drop shipping idea become mainstream, could lose business as everyone will be doing it.
- If consumers go to other places for their products, would need to invest more in marketing
- Housing shortages could cause a lack of interest in homeware products

PESTLE ANALYSIS

Political	Economical	Social	Technological	Environment	Legal
• Brexit – shipping delays • Political instability between EU & UK	• economic growth / downturn • Inflation • Disposable income of customers • COVID19 impact on expenditure	• Income distribution • Population growth rate	• working from home – need for comfortable homeware to help with productivity	• Emissions from shipping worldwide • COVID19 – could cause delays in warehouses thus delaying shipments	• Tax policies • Customs charges for worldwide shipping



TARGET MARKET

- Homebuyers
- Homeowners
- Interior designers
- DIYers
- Property developers

MARKETING AND SALES PLAN

PRODUCT



- Sofas
- lighting
- Wallpaper
- Ornaments
- Artwork frames
- Lamps
- Bedding
- Curtains
- Tables
- Chairs
- Kitchen appliances

PRICE



- Bundle pricing strategy
- Psychological pricing (.99)
- Discounts
- Flexible payments
- Coupons

PLACE



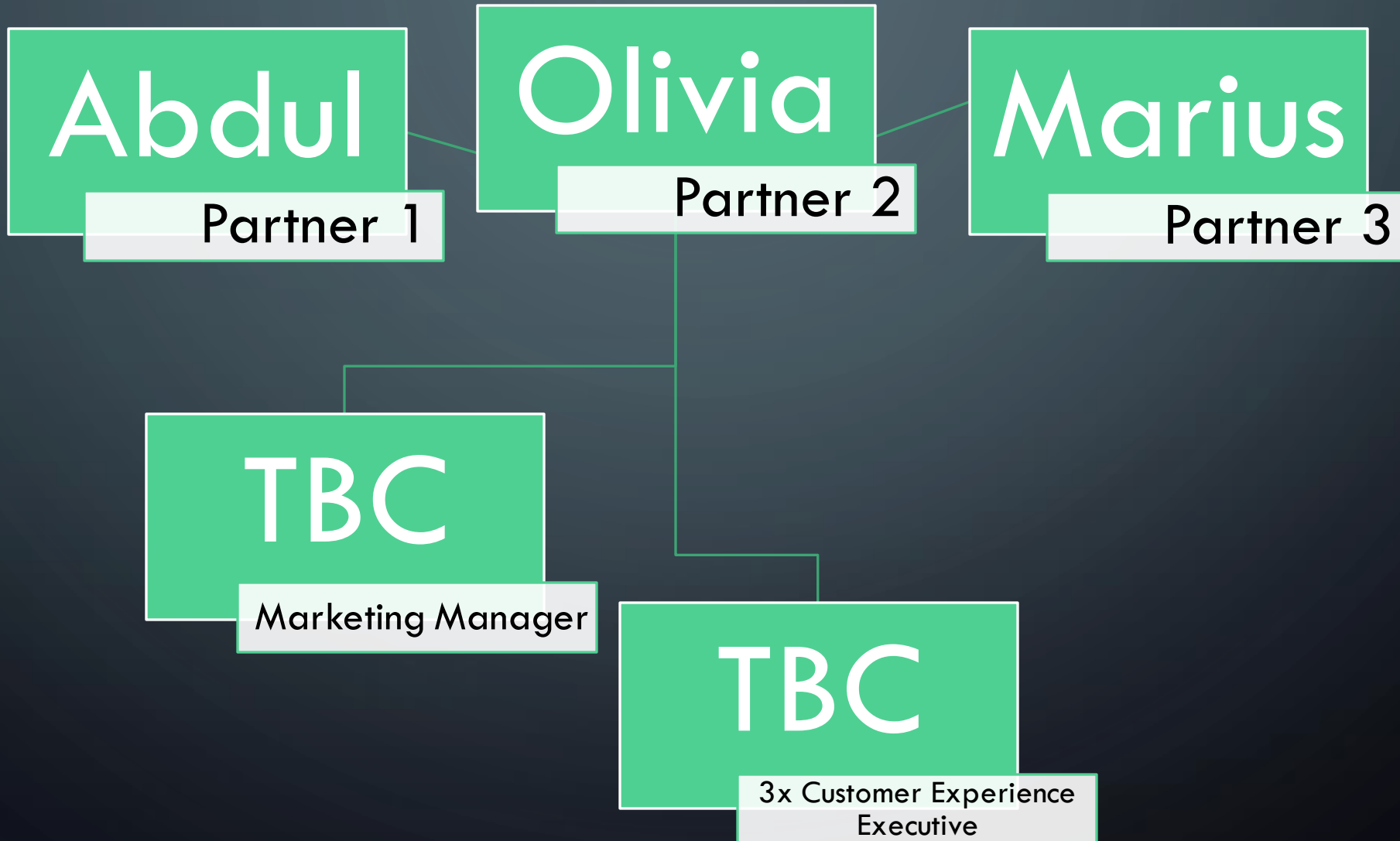
- Online website
- Instagram
- Facebook marketplace
- Ebay
- Gumtree

PROMOTION



- Social media advertising
- Search engine optimization the website
- Word of mouth marketing
- Radio
- Leaflets and flyers

MANAGEMENT TEAM



FINANCIAL PLAN

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Totals
Sales Income	£15,000.00	£8,000.00	£8,000.00	£8,000.00	£15,000.00	£6,000.00	£4,000.00	£4,000.00	£8,000.00	£10,000.00	£16,000.00	£14,000.00	£116,000.00
Grants	£10,000.00												£10,000.00
Investment by Owners	£5,000.00												£5,000.00
Any Other Income	£0.00												£0.00
													£0.00
Total Incoming	£30,000	£8,000	£8,000	£8,000	£15,000	£6,000	£4,000	£4,000	£8,000	£10,000	£16,000	£14,000	£131,000.00
Stock/ Materials													£0
Rent & Rates													£0
Profit Sharing		£1,000.00	£1,000.00	£1,000.00	£1,000.00	£1,000.00	£1,000.00	£1,000.00	£1,000.00	£1,000.00	£1,000.00	£1,000.00	£11,000
Drawings and N.I.C													£0
Utilities	£100.00	£100.00	£100.00	£100.00	£100.00	£100.00	£100.00	£100.00	£100.00	£100.00	£100.00	£100.00	£1,200
Phone/Internet	£70.00	£70.00	£70.00	£70.00	£70.00	£70.00	£70.00	£70.00	£70.00	£70.00	£70.00	£70.00	£840
Advertising	£1,000.00	£416.00	£416.00	£416.00	£416.00	£416.00	£416.00	£416.00	£416.00	£416.00	£416.00	£416.00	£5,576
Print/Stationery	£500.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£500
Miscellaneous													£0
Bank Charges	£0.00	£0.00	£7.00	£7.00	£7.00	£7.00	£7.00	£7.00	£7.00	£7.00	£7.00	£7.00	£70
Accountancy Fees	£30.00	£30.00	£30.00	£30.00	£30.00	£30.00	£30.00	£30.00	£30.00	£30.00	£30.00	£30.00	£360
Domain	£170.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£170
Hosting	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£600
Total Outgoing	£1,920	£1,666	£1,673	£1,673	£1,673	£1,673	£1,673	£1,673	£1,673	£1,673	£1,673	£1,673	£20,316
Incoming less outgoing	£28,080	£6,334	£6,327	£6,327	£13,327	£4,327	£2,327	£2,327	£6,327	£8,327	£14,327	£12,327	£110,684
Opening Bank Balance	£0	£28,080	£34,414	£40,741	£47,068	£60,395	£64,722	£67,049	£69,376	£75,703	£84,030	£98,357	£669,935
Closing Bank Balance	£28,080	£34,414	£40,741	£47,068	£60,395	£64,722	£67,049	£69,376	£75,703	£84,030	£98,357	£110,684	£780,619

FORECAST PROFIT & LOSS ACCOUNT

Business: Homeware4U

Period: 1st January 2022 to 31st December 2022

Sales:		£116000
Less direct (variable) cost:		
Materials	£0	
Direct wages	£0	
Grants	£10000	
Other	£0	
Investment from owners	£5,000	
Total direct costs:		£0
Gross profit:		£131000
Fixed cost (overheads):		
Wages/profit sharing	£11000	
Stock	£0	
Rent	£0	
Utilities	£1200	
Advertising	£5,576	
Accountancy fees	£360	
Telephone/Internet	£840	
Domain/hosting	£770	
Bank charges	£70	
Total fixed costs:		£20316
Net profit:		£110684
Less drawings or dividends:		£90000
Profit retained in the business:		£20684

REFERENCES

- Collinsdictionary (2021) Available from: (<https://www.collinsdictionary.com/dictionary/english/homeware>) [Accessed 17 November 2021]
- Ecomercedb (2021) E-commerce Revenue Analytics. Available from: (<https://ecomercedb.com/en/store/wayfair.co.uk#:~:text=In%20the%20Furniture%20%26%20Appliances%20market%20in%20the%20United%20Kingdom%2C%20wayfair,net%20sales%20in%20this%20category>.) [Accessed 17 November 2021]
- Internetretailing (2021) Available from: (<https://internetretailing.net/industry/industry/dunelm-sees-online-grow-111-as-it-outperforms-homeware-market-22687>) [Accessed 17 November 2021]
- Retaileconomics (2021) Top 10 UK Retailers: Homewares. Available from: (<https://www.retaileconomics.co.uk/top-10-retailers-uk-top-10-retailers>) [Accessed 17 November 2021]