

# Profits and supply and demand

Business



Profits and Supply and Demand al Affiliation The project is of an idea by having the concept ment and justification to the financier as well as even looking at the feasibility analysis by checking the profitability of the business and stating projections. The business idea is a fashion business, with online and physical stores for distribution purposes. The overview of the idea, the profit and profitability, milestones and then the possible effects of demand and supply forces form the discussion.

Keywords: Fashion, Retail, Profit

### Introduction to Business

The business will operate in the fashion sector with a variety of products. The products include female and male wear. The products consist of casual clothing of the 21st Century. It entails stylish watches, T-shirts, Leather bracelets, stylish shirts, rings, body con dresses for women and necklaces all in varieties and with the latest fashion.

### Concept Statement

The products we offer are luxury fashions for both genders. The luxury items are mainly reliant on the need for the customer gain what they see and feel from the use of luxurious items. The idea is to make the consumer feel expensive and look great as well as bearing the consumers emotional speculations ' I want people to notice me', ' this is a fifty dollar item'. The products supply depends on the consumer's preferences and order basis for items above fifty dollars. The items distribution is through an online platform to allow placing orders, expressing interests and even a blog on fashion style. The product features include leather items and precious metals such as gold, silver and diamonds.

Other resources needed include an online platform worth \$1000, five retail  
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outlets spread across the region targeting people in love with fashion and value. These outlets will stock of \$2000 valued items each with varying stocks depending on the market flow and location. The other resources include annual marketing costs approximated to be 30% of the initial financing. These will cater for social media, print media such as magazines and other affiliate marketing options. The products supply is from wholesale outlets as well as imported, depending on the item location and perceived value of the products. The other sources of the items include buying used items from events that use them for a one-time event as well as from individuals with higher preferences. The initial financing is \$14, 300 to cater for startup costs.

#### Profit and Profitability

During the first year of operation, sales are targeted at \$10, 000, with an explicit cost of \$6, 000 that gives revenue of \$4, 000 (Boundless, 2015). The profits of the company are expected to grow with market operations, and the second-year sales target is \$30, 000. The company profitability is possible in that customers will pay deposits for the items and the profit margin is at 40% in first year of operation. The breakeven is \$6, 000 sales thus the sales above \$6000 are all profits enough to finance future expansions. With invested capital of \$14, 300 the businesses profitability is at 28%.

In the following years of operation, the company will raise its capital base and expand market operations with increasing sales of up to 75% each year. The profit margin will increase from 40% to 60%. It is possible by increasing the bargaining power by purchasing items in bulk and reducing costs by outsourcing some operations like delivery. The business aims to improve efficiency through scaling marketing programs as well as establishing

partner networks. The business will adopt discounts as well as favorable pricing options to keep up with the competition. The company will seek to add value by placing value on the people through bonuses, overtime payments as well as piece rate. The company will also seek to make some of the products especially from cloth and beads by adopting piece rate payment for labor.

With the demand and supply forces are in play, the business variations will arise due to season changes such as in winter the dressing is different from those used in summer. Therefore, some of the dresses like the body con dress market will fall. However to fit in this, the clothing design will shift to cater for all seasons. Other forces such as the supply will affect the business by causing shortages or even surpluses in the market, therefore, imposing an effect on the business operations.

#### References

Boundless. (2015, March 23). Difference Between Economic and Accounting Profit. Retrieved from Boundless Economics: <https://www.boundless.com/economics/textbooks/boundless-economics-textbook/production-9/economic-profit-65/difference-between-economic-and-accounting-profit-245-12343/>