

# Nas-t-shirt business proposal research paper examples

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## **Executive Summary**

Nas-T-Shirts will be the talk of the town! This new t-shirt line will allow people to wear their attitude, cause, idea or general informative messages on their shirt! Nas-T-Shirts will allow verbal artists to treat an ordinary shirt as his canvas, spewing statements, brought to life using cutting edge shirt-print technology, making your thoughts an everyday, accessible fashion accessory!

Nas-T-Shirts Corporation is headed by founder Angela Gray and its office is located at 2222 Rich Ave. Nas-T-Shirts will be sold through a very user friendly website and through select retail stores. Nas-T-Shirts, will offer customers many options for designing their statement shirts, apart from a standard crop of shirts that are available in a variety of colors and sizes. An album of standard designs is ready for review on the website while samples shall be proudly displayed in each retail store. Nas-T-Shirts will be printed using cutting edge printers and the t-shirt canvasses shall be pre-ordered from high quality suppliers. The print-outs will be done with high quality ink, resulting in very professional looking and long-lasting works-of-art.

Nas-T-Shirts will have competitive advantages in its market position and t-shirt print quality. The business will position itself as the t-shirt provider of choice for young adults aged 12 to 26. These customers are in school or are starting their professional careers, listening to new music, have radical urban ideas, and are highly vocal about their current statuses. These shirts will act as an extension of their psyche and will provide them with creative outlets to

share their thoughts in a real-life setting, an extension of being able to post your thoughts, ideas, beliefs on social media sites like Facebook. The difference is unlike social media sites that work only online, your statement answering the question “ what are you thinking” is on your chest, ready for your friends and strangers to see. And with the shirt quality being the finest, it will be no problem showing customers what value the shirts offer.

## **Industry Information**

T shirts are universal products. They transcend age, gender, social status, religion, educational attainment, functions and other stratifications. Walk around and you will notice at least one person wearing a t-shirt.

The T-shirt industry is one of those industries that are in a state of monopolistic competition. Monopolistic competition means that there are many producers and consumers in the market place but no one has total market price control; there are very few barriers to entry, producers have a degree of control over their price, and there are non-price differences perceived by consumers of the products. In the long-run, the t-shirt industry’s monopolistic competition structure is very similar to a perfectly competitive market structure. However, the t-shirt industry will not produce a homogeneous product, there will always be subtle differentiation among t-shirt products in the market.

Nas-T Shirts will compete in this market and cultivate brand loyalty, to enable it to price its shirts accordingly. This means that in terms of elasticity, the company will have a down-ward sloping elasticity curve. Unlike the

directly proportional perfectly elastic curve for firms in a perfectly competitive market, Nas-T Shirts will have the luxury of being able to raise its products without losing market share immediately.

The T-shirt market can be put into two group types, the first being pre-fabricated t-shirts and the second being customized t-shirts.

Customized t-shirts have gaining popularity because of their originality (the concept is bourn from the customer's mind), their specialized reach (they are favored by market segments that are not served by pre-fabricated designs), and by the fast turn-up and variety of designs.

## **Customer Profile**

Nas-T-Shirts will cater to those customers that want high quality, individualized shirts. The customer profile shall be:

Age range:

- 12 to 16 years old

## **Occupation:**

- Students

## **Psychological profile**

- has the capability for outward expressions that they would like to share with their friends, classmates and communities, tech-savvy, fashion-forward, artistic, either following or is a member of a social-cause group

Nas-T-Shirts will be desired by this market because of the high quality print and the ability of the customer to create statement designs that can be

placed in any part of the t-shirt. Customers will be given templates to choose from or if they have a design in mind, will be given options on how to create and finalize their designs. With these design features, Nas-T-Shirts will make speaking cause, an idea or a general message an everyday fashion accessory.

## **Marketing Nas-T-Shirts**

The total target market for t-shirts is shown below. Nas-T-Shirts are categorized under “ own-design” since even the pre-printed shirts are categorically designed. This segment of the market however is growing at a 10% pace annually and with an estimated customer pool of 5 million, the potential patrons of the business are huge.

## **T-Shirt Market Analysis**

Nas-T-Shirts will compete with printers that operate on a small scale basis using the same type of technology that Nas-T-Shirts will employ. Nas-T-Shirts will have great advantage in its design and order process which will be very simple through its easily-navigated website. This will be the product differentiating edge of the enterprise. Its website will be presented to the customer, designed by the customer, and delivered to the customer in a very friendly and pleasant manner.

Nas-T-Shirts’ marketing plan will be two-fold. On one end, it will use current technological platforms for online marketing. Because of its very friendly and easy to use website for shirt designs, Nas-T-Shirts will have the same approach for developing its Facebook Page and its Twitter Account. It will

make an album of sample stock shirts available, an album showing how these shirts may be applicable to various real life situations (i. e. school activities, field trips, supporting a favorite band or group) and it will show these canvasses being used creatively by word artists.

Nas-T-Shirt's second marketing strategy is to come down to its client base and have physical presence there. Shops showing current art-works shall be set up around target schools and institutions.

Overall, marketing will constitute about 60% of general administrative costs, while the remaining 40% will be allocated for other administrative expenses.

Customer loyalty will be the main barrier to entry to Nas-T-Shirt's market. By cultivating target clients, a competitor will have to offer at much more lower prices than Nas-T-Shirts to eat up market share.

Nas-T-Shirts will sell 125, 000 units on year one and will grow its sales by 3% through advertising. Advertising activities will include providing sponsorships to client groups and activities that would create visibility in the target market (i. e. schools). Sponsorships will take up the bulk of advertising costs since the company will utilize online marketing strategies such as utilizing social media sites for direct point-to-customers marketing. Price of the shirts will start at \$3 per unit and will increase by 1% per year. The gross margin of the enterprise will start at 23% on year 1.

## Maximizing Profit

These projections are very conservative. To increase net income, only two concepts are possible to implement, they are increasing sales or reducing cost. The strategies that shall be undertaken are as follows:

### 1. Increase net income through increasing revenues

- a. Increasing the number of units sold through continuously pushing for a larger market share. This would include aggressive yet low-cost marketing through social media (such as starting up a Facebook fan page and Twitter account), networking with specific interest groups and persons fitting the profile mentioned above.
- b. Providing credit and discounts for group sales. This would encourage volume buying by clients. By providing credit to loyal customers and by offering discounts for bulk purchases, sales volumes will be increased.
- c. Differentiating the product for loyal customers. Tie ups with special interest groups or loyal customer clubs could be developed to come up with premium T-shirt items at higher selling prices.

### 2. Increasing net income through minimization of costs

- a. Most of the back-room functions can be outsourced to third party service providers. This includes accounting, human resource management, delivery and logistics, etc. Only the critical production processes such as marketing, actual t-shirt production, and finance should be kept in house.

b. Tie-ups with large print companies would decrease costs and provide cross-branding and advertising opportunities.

3. Non-price strategies include

a. Active participation in on-line media campaign such as those in Facebook will promote the company and help protect market share, as well as minimize costs.

b. Providing exposure by participating as a sponsor to activities supported by loyal clients from cause-oriented groups, student organizations, and the like.

The company will utilize its assets efficiently. In terms of capital assets, the company will have an office, adequate production space, t-shirt printing equipment, and computers for managing its online marketing programs.

Variable costs, which will be the bulk of the total costs, shall be sourced from reputable suppliers. The company is expected to negotiate for the best deals in terms of shirt and ink quality, price, timeliness of delivery, inventory management, return orders, etc.

The profit maximizing quantity shall be the point where the Total Revenue = Total Cost. The profit maximizing unit will be about 140 thousand units. If the price per unit of shirts does not increase a lot, the total cost will over run the revenues. This is shown graphically below.

Costs could be minimized as well to increase enterprise Gross Margin. One way of reducing cost is by keeping the cost of general and administrative expenses stable over the operating periods. In this way, only the direct



material and print costs increase as a function of time, but the over head remains the same.

## **Profit Maximization Chart**

Translated using the concepts of marginal cost and marginal revenue, the maximum profit position of Nas-T-Shirts shall be the point where change in Marginal Revenue equal to the Marginal Cost. Unfortunately we only have a limited data set here to calculate where that point is using this concept. This business plan shows that the business of customized t-shirts is a profitable undertaking given the size of the market, the product offering, the marketing strategy to be undertaken and the price of the product that will be attractive to its customers.

## **Economic Life Cycle Impact**

In developing the business for entry into the market, Nas-T-Shirts shall recognize that in terms of the business life cycle and due to the simplicity of the business model, the Kitchen business cycle is the most applicable framework for analyzing market conditions and developing strategies.

The Kitchen business cycle, also known as the inventory business cycle, is a cycle that extends up to 40 months. Simply put, firms maximize output by using capital assets to full extent, this floods the market with relatively undifferentiated goods thus saturating demand. This leads to goods being held back and stored (inventory). The problem with this stage is that it takes time for the information to reach decision makers hence the discrepancy in demand and supply.

Funding for this enterprise shall be a combination of equity and debt. Equity will come in the form of cash and work carried out for the enterprise, including initial marketing and sales, back-room activities such as inventory management, accounting and HR functions. Debt will be utilized for the purchase of capital assets such as printers, tables, delivery vehicles, and for working capital used for the purchase of t-shirts, inks and other variable components. To prudently manage funding, the operational plan of product delivery when needed should enable the company to acquire minimal funding for working capital and capital assets. The company may purchase some of the printers and tables initially, and maintain third party support in case volumes increase. The same could be said with the variable components, with the company seeking a credit line from its suppliers to enable it to purchase only the needed materials when they are needed.

It is also conceivable that globalization will encourage competition to come in. This would be good news and bad news for Nas-T-Shirts. It will create advantages by having more suppliers to choose from, a bigger market to explore, possibly new clients to acquire. On the negative aspect, it will encourage competition to come in, although without a large price differential and more subjective barriers to entry (such as customer loyalty and focus), Nas-T-Shirts will definitely maintain and expand its market.

## References

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