

Sombrero case study

[Business](#), [Management](#)



Sombrero Case Study Moawia need more than twenty three thousand four hundred (23, 400) s in his first year of operation in order for him to realize his thirty thousand profits in UAE Dirham at the end of the year. In order for Moawia to sustain this profitability, he would need more than one thousand nine hundred fifty (1, 950) customers a month or more than fifteen (15) customers an hour during peak hours. The key issue to address by the business is the length of time it would take one fruit drink, given the numbers each employee should be able to make a one fruit drink in less than three minutes.

The total monthly fix expenditures for the entire business venture is six thousands seven hundred UAE Dirham (UAEDh 6, 700). The total operating expense is ten thousands three hundred UAE Dirham (UAEDh 10, 300). The entire expenditure is seventeen thousands UAE Dirham (UAEDh 17, 000). Without any marketing budget mentioned, the only drawing power of the SOMBRERO venture is its price. Without any comparative data about any competition that is mentioned in the study, the only indication for the competitiveness of the SOMBRERO fruit drink price is its raw material cost versus price ratio which is about four hundred percentile (400%). However, including the other direct operation cost the cost to price percentile would be at fifty nine percentile (59%). The small revenue as compared to the cost would indicate that it is competitive.

Fruit Drinks do not have any cultural sensitivity that is why no matter the race or even the origin of any potential customer its acceptability would always be high. The trend amongst young adults particularly those attending college is to live healthy. This would include drinking less carbonated drinks

and reverting back to fruit drinks. This translates to a steady stream of customers from the University during school days which could increase the potential sales at that time.

A steadier income that will be provided by mall visitors three hundred thousand potential customers is much more promising. Considering that the Mall is the only one of its kind within the area there will be no competition as far as Mall market share is concerned. The only issue now is the visibility of the SOMBRERO booth.

It should be noted that the booth is located in the food court of the Mall this will provide a common area where solid foods will be served. Solid foods or main courses has a requisite of a liquid intake this would make the SOMBRERO booth's location essential. There will always be a demand for food every day from any type of customer. It is race neutral and gender neutral.

Maowia should continue with the business venture and explore the possibility for its expansion to other parts of the area including the University. In order to make a soft landing between achieving actual steady income and his transition to being an entrepreneur he can stay in his job until such time that SOMBRERO can sustain itself. This is possible because of the employees he will be hiring to run the business.