

5th Grade Economics Fair Project

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Choosing What to Sell

There are a few things to consider when you are starting a business and trying to sell a product. Each choice will be personal and individual to you. Below are a few aspects you should consider as you choose what product you will sell. Answer the following questions for each product as you decide what your product will be.

Market Analysis

Why would people want to buy this?

Is it something they can use? Am I meeting a need?

Is it a seasonal (holiday) or year-round product?

What is my competition? Is anyone else selling something like this?

How does my product stand out from other similar products?

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Current Market Price and Cost

How much are similar products selling for now?

What is the size of the market for my product? For example is it for a small part of the population (like a private jet) or is it something that everybody can and would buy (like food).

What supplies will I need to purchase?

How much will the supplies cost? (use the chart below and remember to shop around at different places to find the lowest price)

<u>Product Name</u>	<u>Supplier Name</u>	<u>Cost for 1</u>	<u>Cost for 12</u>	<u>Cost for 24</u>	<u>Cost for 100</u>

How much will it cost me to buy all of the supplies?

Is it less expensive to buy in bulk (a lot at once)?

How much inventory should I have? (how many do I want to make?). You should have enough that you don't run out but not so many that you waste money on products that won't sell.

How long will it take me to make my product? (estimate)

How much do I want to make for my labor per product or per hour?

Can I make and sell this product for a similar or lower price to what is on the market now?

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Cost of Labor and Supplies vs. Profit

Next, you need to see how much time it actually takes to make your product. You will need to gather all of your supplies and time yourself as you make a single item. Then answer the following questions:

How long did it take you to make a single product?

How much do you want to sell a single product to customers for?

Subtract your single product cost (in the chart above) from your single product sale price (from the previous question). Take that number and divide it by the amount of hours it took you to make a single product (you may have to convert it to decimals). This is how much profit you will make for every hour of labor if you sell all of your inventory.

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Marketing Mapping and Strategies

In order to sell your product to customers, your customers have to know that it exists. You have to tell them about it, make it available to them, and help them to understand why they need this product. This is called marketing.

You see examples of marketing around you all the time. There are ads on TV's and in games, bulletin boards, social media, and even posters and fliers. Businesses try to be in locations where it is easy for people to come or where there are already a lot of people gathering.

Use the space below to brainstorm and map your marketing strategy. Are you going to join a community sale event? Advertise with fliers or posters? Create social media posts and put them on community pages? Ask friends and family to spread the word? Create videos? Put a sign in your yard? Go door to door in your neighborhood? Set up on the corner of a busy street where there a lot of people? Be sure to research the cost of marketing. You will need to add these costs to your total cost for your finished products so you will want to choose your advertising wisely.

It's a good idea to try out three or four marketing strategies and see what works best for your business. Once you choose your strategies, start to build and create your ads. Make sure they are colorful and eye-catching.

<u>Marketing Method</u>	<u>Marketing Cost</u>
Total Marketing Cost:	

Sales

Your marketing is running and people are starting to show interest in your product. You may need to politely answer questions or schedule times for sales. Remember to never meet anyone without a trusted adult present. Your parents can discuss your family's rules for interacting with others for sales.

You will want to keep track of your sales. Use the chart below to record the price and quantity of each item you sell. In the top row, write down your price (or prices) one to a box. Then, put a tall mark in that column each time you sell and item for that price. If you aren't selling many products, you may want to consider lowering your price to get more people interested. If you are selling a lot, you will want to keep your price where it is or even consider raising it. You can also consider advertising special discounts or events where you offer your product at a lower price for certain people (family, teachers, law enforcement, military) or certain amounts of time (today only, for the next hour, to the first ten people).

Total:	Total:	Total:	Total:	Total:

Marketing Adjustment

As you are selling your product, it's a good idea to ask your customers how they found out about you. This will give you an idea of which of your marketing strategies is working best. You can then cut back on those that aren't working and focus on the ones that are. Remember to regularly update your marketing

campaigns and stay in contact with your customers to answer any questions they may have.

Finding Profit

When your sales are over it's time to see how much your profit is. Using the sales chart, count the number of tally marks in the first column. Multiply that by the price in at the top of that column. Write the total in the bottom row of that column. Repeat for each column. Then, add the totals from each column together. This is your gross income, or how much money you had coming in from selling your products. Record your gross income below.

Revisit your cost chart and add any marketing expenses you may have had come up. This number is your total expenses. Record it below.

Next, subtract your expenses from your gross income. That number is your profit, or how much more you made selling your product than buying the supplies. Record that number below.

Finally, divide your profit by the amount of time you spend making the product. This is your cost of labor, or how much you made from the work that you did.

Business Review

The best part of running a business is looking back to see what you learned. If you made a huge profit, a small profit, or even lost money you can always find a lesson that will help you do better next time. Answer the questions below to look for this lesson:

Do you have any inventory left? Did you run out quickly or were sales slow?

Why do you think you were or were not able to sell your product? Was it something that no one was interested in? The wrong season? Or was your price too high or low?

Did you spend too much or too little on supplies or marketing? How would you adjust your expenses to increase profit?

What part of your business did you do really well with? Record keeping? Marketing? Talking to customers?

What part of your business could you do better on?

How will you adjust your approach for your next business? What would you keep the same? What would you do differently?

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