

GIFT ONE'S SOUVENIR SHOP

EXECUTIVE SUMMARY

Gift One's Souvenir shop is a retail business that offers a wide range of souvenir items (Cards & Gifts) at the Bicol Central Station, in Naga city. The Souvenir Shop's customers were primarily tourist from other places visiting the city. We will broaden our customer base by focusing not only on tourist, but also on locals. The grand opening is slated for December 9th. Our main priority is to become an official store that provides souvenirs that would make the tourist remember the feelings they've felt when they visited Camarines Sur.

This business plan lays out our strategy for making the "Souvenir Shop" from "just-another-store" to the "Official Store that caters the souvenirs the tourist wants". This plan will detail services to be provided by ABC Company in the joint operation, along with the implementation milestones for each step. ABC Company will provide several strategic recommendations on how to enhance the traffic and image of the retail facility through re-naming and image revamping, re-modeling of interior and merchandise resource planning.

The Strategy

Gift One's Souvenir shop will leverage its image and its brand name into an accessible and eco-friendly brand that promotes the conservation of our natural attractions. We will enhance the retail space with a design that could easily catch the clients' eyes.

Keys to Success

The keys to success are:

- Offering items of a high quality-value relationship which are not available everywhere. This is essential for maintaining the market sectors mentioned in the Executive Summary.
- Advertising and promoting in areas that our target customer base will learn about our store.
- Continuously reviewing our inventory and sales and adjusting our inventory levels accordingly.

BUSINESS CONCEPT

Objectives

Gift One's Souvenir shop has two objectives for the organization. The objectives are lofty, yet achievable. By developing and tracking progress toward the goals, the organization will push everyone to perform their best.

- Open a second store with in the city, increasing visibility and sales potential.
- To achieve a modest net profit of PHP 1,500,000 by year two and PHP 2,000,000 by year three.

Mission

Gift One's goal is to provide new and exciting products in an environment that is fun and friendly for customer. Customer service is our #1 priority.

The Market

There are approximately 100 stalls in the Bicol Central Station and roughly thousands of passengers daily. We have identified distinct market segments: tourist, frequent travelers, and local residents.

There is roughly hundreds of Travelers coming in the station. Our primary target customers are the tourist, which has the urge to buy souvenirs for them to remember the places of Camarines Sur. The secondary target customers are the frequent travelers in the city. The last target customers are the local residents. These groups have already proven their willingness to buy from retail stores within the Bicol Central Station, and on the other side are the dining area, which is ideal for catching their eye.

PRODUCTS

Gift One's - themed merchandise will be the product focus of the Avant-Garde Shop. Our task is to make sure that the Gift One's - themed merchandise is keeping up with the latest category trend and needs. The following list shows examples of products within their respective categories:

- **Novelties/Stationary**
 - Pens
 - Memo pads
 - Key chains
 - Bookmarks
- **Arts and Crafts**
 - Masks
 - Mats
 - Vases
 - Other ethnic accessories
- **Others**
 - Postcards
 - Greeting Cards

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- Merchandise will be managed by ABC Company; they will find the right supplier, propose a design concept and day-to-day retail activity. Inventory management will be tracked through our computerized cash register, so that each month we are aware of the style, trend and quantity on every item sold in the store for future planning. Re-orders are drop-shipped by ABC Company, or can be rush ordered directly through our channel, if needed.

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- **Product Description**

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- Product pricing will be adjusted according to the re-positioning effort to enable premium charges to each product. All products are quality checked when they arrive and quality checked before the customer takes them home to ensure they meet the standards of the official store of the Gift One's Souvenir Shop.

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- **Pricing example:**

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• PRODUCT	• PRICE
• Novelties/Stationary	•
➤ Pens	• Php 25.00 - 30.00
➤ Memo pads	• Php 30.00 - 50.00
➤ Key chains	• Php 25.00 - 50.00
➤ Bookmarks	• Php 25.00 - 40.00
• Arts and Crafts	•
➤ Masks	• Php 50.00 - 100.00
➤ Mats	• Php 50.00 - 70.00
➤ Vases	• Php 100.00 - 150.00
➤ Other ethnic accessories	• Php 30.00 - 100.00
• Others	•
➤ Postcards	• Php 45.00 - 60.00
➤ Greeting Cards	• Php 35.00 - 70.00

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- **MARKET ANALYSIS**

- The Gift One's Souvenir Shop has identified three distinct market segments: tourist, frequent travelers, and local residents.
- There are approximately 100 stalls in the Bicol Central Station and roughly thousands of passengers daily. We have identified distinct market segments: tourist, frequent travelers, and local residents.
- There is roughly hundreds of Travelers coming in the station. Our primary target customers are the tourist, which has the urge to buy souvenirs for them to remember the places of Camarines Sur. The secondary target customers are the frequent travelers in the city. The last target customers are the local residents. These groups have already proven their willingness to buy from retail stores within the Bicol Central Station, and on the other side are the dining area, which is ideal for catching their eye.
- We are confident that we will capture the essence of the Heaven's paradise brand appealingly, so when people visit Camarines Sur, they

ought to purchase a memoir of visit through Heaven’s Paradise theme merchandise offered.

- **Market Segmentation**

- **Tourists**

- This segment (53%) is important as the other two, particularly in communicating the image of Gift One’s itself as a destination spot within the Naga City. They will maybe unaware of the store existence until several visit to Central Bicol Station, this we will implement advertising effort such as, distribute flyer at the entry and exit of the station, or positioning of banner inside the area of Central Bicol Station.
 - This group shops at Gift One’s souvenir shop infrequently, but may be subject to impulse purchases once they are in the store.
 - They will likely purchase the Gift One’s-themed merchandise as a memoir of their only or rare visits to the region.

- **Frequent Travelers**

- The second potential segments (26%) are the frequent travelers within the provincial radius, who are drawn to the station to travel into other places. Perhaps, they will not be aware of the store's existence until their second visit to the central station, but as they repeatedly spend their time there, they will become aware of the existence of the Gift One’s Souvenir Shop via sales literature (flyers, banners, etc.).
 - This group does not necessarily have an attachment to Gift One’s, but may make impulse purchases, if the selection of merchandise fits their styles and needs.

- **Local Residents**

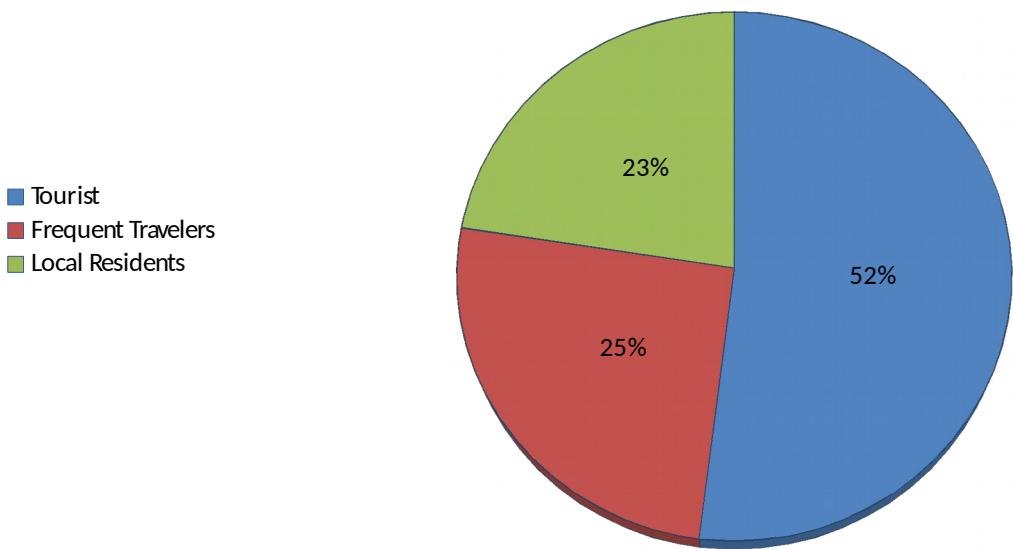
- This category commonly includes residents with in the radius of the central station, who possess the strongest "sense of belonging," although this also includes other residents who reside outside the Central stations radius.
 - The group will be the first to become aware that there is a new, revamped store.
 - This group will also make the most "lifestyle" purchases, either buying for themselves or as a gift for a friend or relative.

• Category	• Benefits Sought	• Product Segment	• Purchase Behavior	• Gift One’s Image
• Tourists	<ul style="list-style-type: none"> • Memoir of visit. • Value shopping 	<ul style="list-style-type: none"> • Gift One’s -themed merchandise, specific niche merchandise. 	<ul style="list-style-type: none"> • Planned shopping. • Specific product 	<ul style="list-style-type: none"> • High.

	ng.		look ups.	
<ul style="list-style-type: none"> • Frequent • Travelers 	<ul style="list-style-type: none"> • Memorir of visit. • Value shopping. 	<ul style="list-style-type: none"> • Gift One's -themed merchandise. • Camarines Sur's arts and crafts. • Various product mix. 	<ul style="list-style-type: none"> • Impulse shopping. • Random selection. 	<ul style="list-style-type: none"> • Medium.
<ul style="list-style-type: none"> • Local Residents 	<ul style="list-style-type: none"> • Sense of belonging. • Collectible. • Lifestyle. 	<ul style="list-style-type: none"> • Gift One's -themed merchandise. • Camarines Sur's arts and crafts. • Various product mix. 	<ul style="list-style-type: none"> • Traffic shoppers. • Random shopping. 	<ul style="list-style-type: none"> • Medium - Low.

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Market Analysis (Pie)



- **Target Market Segment Strategy**
- We want to clearly differentiate the Tourist from the other two segments (frequent travelers & local residents). The focus strategy for the category of Tourist is to establish the sense of "belonging," meaning that we need to create the Heaven's Paradise Souvenir Shop

as if it is their own. For example, the customers should feel a sense of pride in owning an "Gift One's" coffee mug, and displaying it in their office or home. This will give us a large opportunity for multiple sales and allow us to gain further access into the community's numerous occasions, such as giving the themed merchandise for their friends and families as tokens.

- While the frequent travelers and local resident's categories for the Gift One's Souvenir Shop will be the next important ones, they mostly fall under the circle of "accidental" shoppers or impulse shoppers. With the Tourist, purchases might be conducted after several visits to the store because of their close proximity and frequency of visiting the Bicol Central Station. On the other hand, with local residents and particularly with the frequent travelers, the purchase decision will be decided instantly after viewing the selection of merchandise that is suitable to their own needs.

- **Market Trends**

- People around Naga City have gradually but firmly recognized as an historical and religious place to be. Bicol Central Station is the "Gateway" of travelers going in and out of the region. There is already a trend of putting the Gift One's image in every tourist memories. We will feature the finest attractions in the Bicol region in our every merchandise.

- **Industry Analysis**

- In general, retail businesses with similar target markets tend to concentrate together in malls. As this strategy has generally worked well for retailers, such a trend is expected to continue, with new shopping centers coming into operation. Most low- to mid-range merchandise and knick-knacks are heavily Chinese-manufactured products, as they offer a lower cost of purchasing and slightly higher quality than locally-manufactured products.
- Some stores will try by just carrying merchandise that appeals to the other category, but this approach rarely works. In addition to having the merchandise for the desired market segments, the store must have the look, feel, and customer service to make each market segment feel like they are wanted, that make them feel like they are the typical individual that the store is catering to.

- **MANAGEMENT TEAM**

- Gift One's was founded, owned, and will be managed by Maria Hazel E. Fabricante, Lerah C. Redita and Jascha C. Verganio. They are the one who will monitor the growth of the retail store, as well as making improvements and business maneuvers, if necessary.

- **Organizational Structure**

- The organization will be a relatively dynamic one, since the majority of personnel are involved in both planning and operation.
- Both the three will be responsible for making each final decision.
- Jascha will be the manager of the retail store. Her responsibilities include but are not limited to: sales, budgeting, marketing plans, business development, and computer technology.

- Hazel’s responsibilities include but are not limited to: sales, office management, purchasing, employee training, and human resources.
- Lirah’s responsibilities include but are not limited to: sales, advertising, office management, employee training, and human resources.
- The souvenir shop will have two part-time employees. Their responsibilities include sales, display organizing, restocking, and light cleaning.
- **Personnel Plan**
- The personnel plan is included in the following table. It shows the part-time employee and the store employees salary as other functions are working inside the shop.

• Personnel Plan			
•	• Year 1	• Year 2	• Year 3
• Jascha	• P 10,400	• P 12,000	• P 15,000
• Hazel	• P 10,400	• P 12,000	• P 15,000
• Lirah	• P 10,400	• P 12,000	• P 15,000
• Part-time employee	• P 4,864	• P 8,624	• P 8,624
• Part-time employee	• P 4,864	• P 8,624	• P 8,624
• Total People	• 5	• 5	• 5
• Total Payroll	• 40,920	• 53,248	• 62,248

- **MARKETING PLAN**

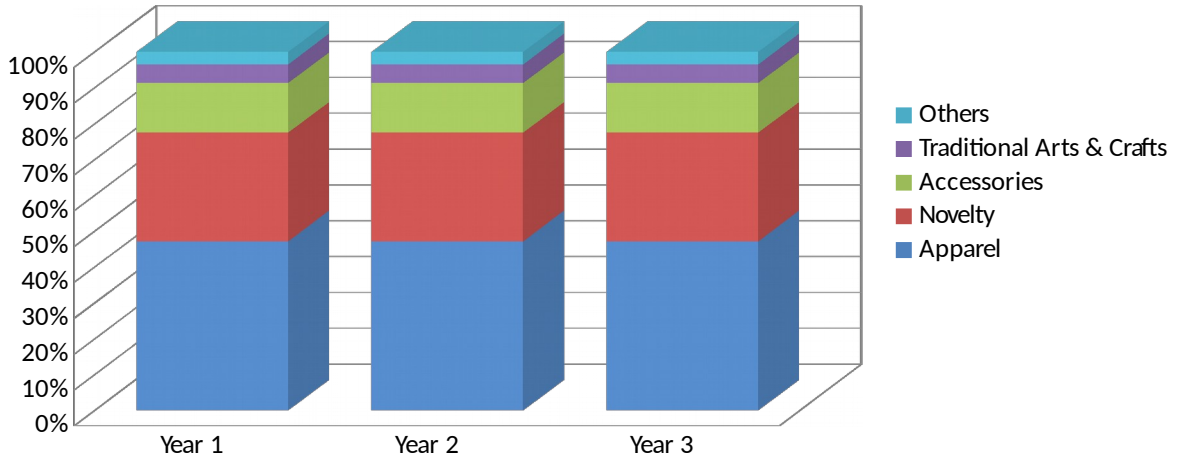
- Gift One’s will leverage their competitive edge to quickly gain market penetration. Gift One’s will implement a unique and effective competitive advantage of having a product selection that caters to diverse market segments, and supporting the product selection with excellent customer service, allowing customers from different demographics to feel equally at home and to create a memorable shopping experience.
- Gift One’s will rely on two forms of media for their marketing campaign, a strategy to raise awareness of the souvenir shop in the different target markets. Tarpaulins and flyers will be used for print advertisements due to its large reach and readership demographics which are aligned with the shop’s customer demographics. Also we will advertise thru social media, thru Facebook page specifically.
- Our second strategy is to use Customer Relationship Management to pull customers to coming into the Bicol Central Station by putting the Gift One’s Souvenir Shop as the last destination in its guided tour, or offering discounted prices to tourists.
- Lastly, Gift One’s will undertake a sales strategy that focuses on extensive employee training to allow the employees to assist customers with the wide range of products that they sell. Having an extensive training program for employees signals Heaven's Paradise intentions of having long-term employees who are like members of the family.
- **Competitive Edge**

- The Gift One's Souvenir Shop's competitive edge can be summed up as the recognition of the Bicol Central Station as the gateway of tourist which can also be the center of commerce in the city. Once established, our selection of items and services will set us apart from similar stores. For example, Hard Rock Cafe is identified with "hip, cool, young", while our Gift One's brand is associated with "Risqué, not Raunchy", that is achieved to a larger degree through an intelligent product selection that is supported by exemplary customer service.
- Gift One's sells items that appeal to a wide selection of the population. Some items may indeed seem to push the limits of taste, but in general, none of the items sold are offensive or outrageously obscene. A good litmus test for this feeling of risqué not raunchy is that any of the customers, regardless of age feel as if they could bring their parents into the store and not feel embarrassed.
- Having a wide product selection is not sufficient, in and of itself, to appeal to a wide demographic group of customers. Part of a customer's desire to explore stores such as Heaven's Paradise is the experience that they have while in the store, how they were treated, the help from employees, the feeling that they were welcome in the store. All of the Gift One's employees go through training that reinforces the notion that indicates customer service must be offered to every customer. The customer must feel like they were treated with respect and that the employee truly wanted to help the customer in any way possible. Having this level of customer service helps support the product selection in appealing to a wide range of customers. Just having the right product selection is not enough, you could have the most desired, coolest stuff, but if the experience is not noteworthy, the customer will not come back.
- **Marketing Strategy**
- Gift One's marketing strategy will be a strategic effort to develop an awareness of the souvenir shop in the community and the wide range of attractive products that they offer. The strategy will use several formats of media:
 - **Print advertising:** We plan on running banners within the radius of the station. In addition we plan on utilizing our catalog as a method of increasing our sales revenue.
 - **Press Releases:** We plan on posting of promos, activities, and new products on the shop's website, so that it could help advertise the Gift One's Souvenir Shop to the media.
 - **Word of Mouth:** By giving first-time customers great service and a wide selection of products, the word is sure to spread. Also, the many contacts that we already have in the area will prove to be most beneficial in spreading the word.
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- **Pricing Strategy**
- Our pricing strategy will be based on competitive parity guidelines. We will not exceed our margin by more than a normal of 70% on all of our theme merchandise.

- Price says a lot about a product. The products that are unique and not available elsewhere in the region will be marked up to meet the demand curve. We are not afraid of premium pricing a premium product.
- We will allow a 10% discount for all who will buy a bulk of souvenir costing up to PHP 1,000. Seasonal discounts will also be offered during special events, such as end-of-year clearance sale.
- **Promotion Strategy**
- Brand identity is the key issue with consumers. Our form of advertisement will be put out through social media channels. Giving away promotional merchandise such as apparel and stationary is a must, especially during events in the city or in the region. To enhance our brand-building strategy, we will establish cooperation from many tour operators to promote our souvenir shop to their tourists.
- **Sales Strategy**
- Gift One's Souvenir Shop sales strategy is an aggressive training/education regime for all employees. All employees will be trained on the different product categories as well as the specific products within each category. The more information each employee knows and can share with the customer, the increased likelihood a sale will occur. This is especially important since Gift One's carries a large product selection and it would be easy for many products to get lost in the mix with no support from the sales associates.
- The bottom line is that the more information the employees have regarding the products, how it is used, who the product appeals to, etc., and the larger the sales will be with each customer. Additionally, this philosophy of proper training for the employees is aligned with Gift One's perspective that it is far less expensive to train and maintain extraordinary employees and treats them well, than to invest minimally in the employees but have to deal with high turnover.
- **Sales Forecast**
- Gift One's has adopted a conservative sales forecast in order to increase the likelihood of reaching the sales goals and decreasing the possibility that the revenue figures will be incorrect.
- The following table and chart give a run-down on forecasted sales. We expect sales to increase at a rate of 1% per month for each product in the first few months and a modest yearly 6% growth each year, while cost of goods sold increases 2% each year.
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Sales by Year



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• Sales	• Year 1	• Year 2	• Year 3
• Apparel	• P 34,496	• P 36,566	• P 38,760
• Novelty	• P 22,194	• P 23,526	• P 24,937
• Accessories	• P 10,146	• P 10,755	• P 11,400
• Traditional Arts & Crafts	• P 3,805	• P 4,033	• P 4,275
• Others	• P 2,537	• P 2,689	• P 2,851
• Total Sales	• P 73,178	• P 77,811	• P 82,223

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• Direct Cost of Sales	• Year 1	• Year 2	• Year 3
• Apparel	• P 9,659	• P 9,852	• P 10,049
• Novelty	• P 6,214	• P 6,339	• P 6,465
• Accessory	• P 2,841	• P 2,898	• P 2,956
• Traditional Arts & Crafts	• P 1,065	• P 1,087	• P 1,108
• Others	• P 710	• P 725	• P 739
• Subtotal Direct Cost of Sales	• P 20,489	• P 20901	• P 21317

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• FINANCIAL PLAN

- The initial funding from investors will enable us to renovate the space and buy initial inventory. With heavy marketing and outreach to customers who are from outside the locality, we expect to pass the break-even point early in the second year of this plan.

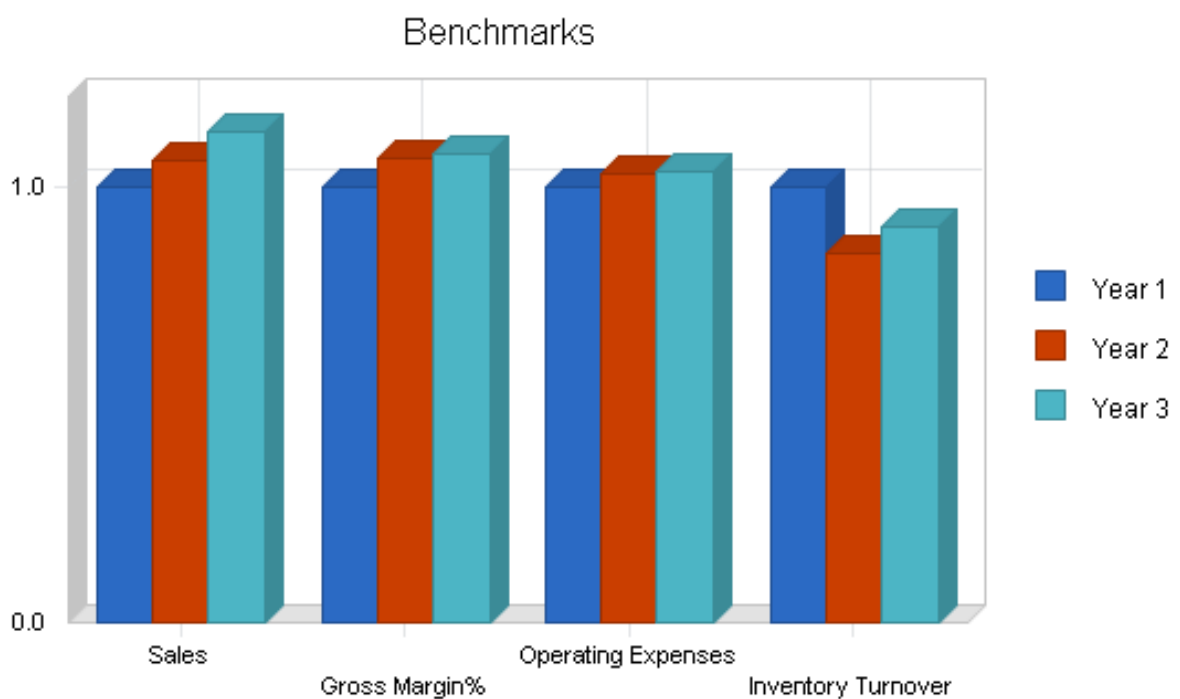
- **Important Assumptions**

- We assume that we at least secured our purchase of merchandise in the first two years of operation.
- The Gift One's Souvenir Shop assumes a medium growth in the beginning, without major recession.
- The Gift One's Souvenir Shop assumes of course that there are no unforeseen significant increases of the retail space.

- **Key Financial Indicators**

- The key indicators of financial success are all positive in our plan: increasing sales, increasing control over costs, and increasing profit margins.

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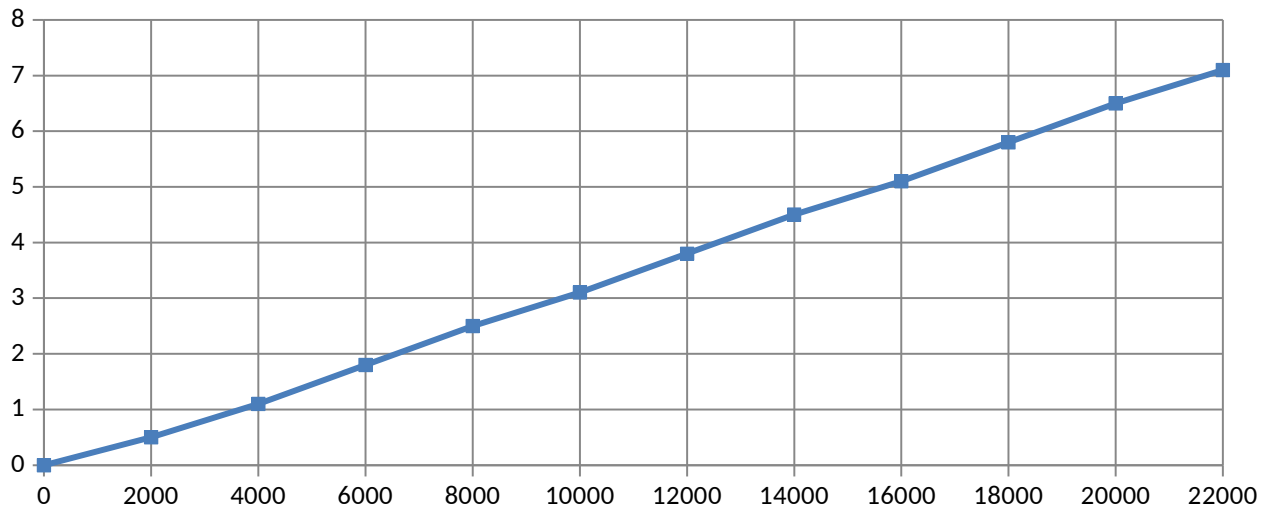
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- **Break-even Analysis**

- The Break-even Analysis indicates that 5% will be needed in monthly revenue to reach the break-even point.

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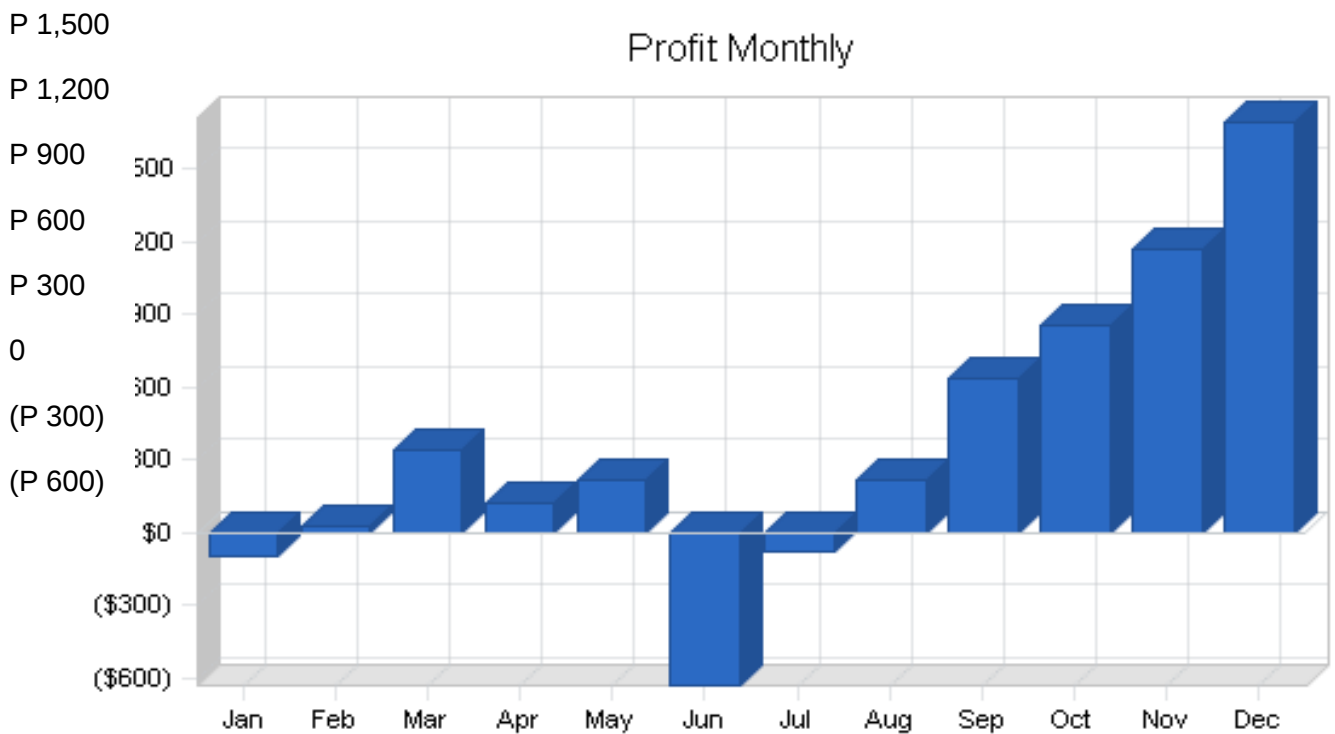
Break-even Analysis



- **Projected Profit and Loss**

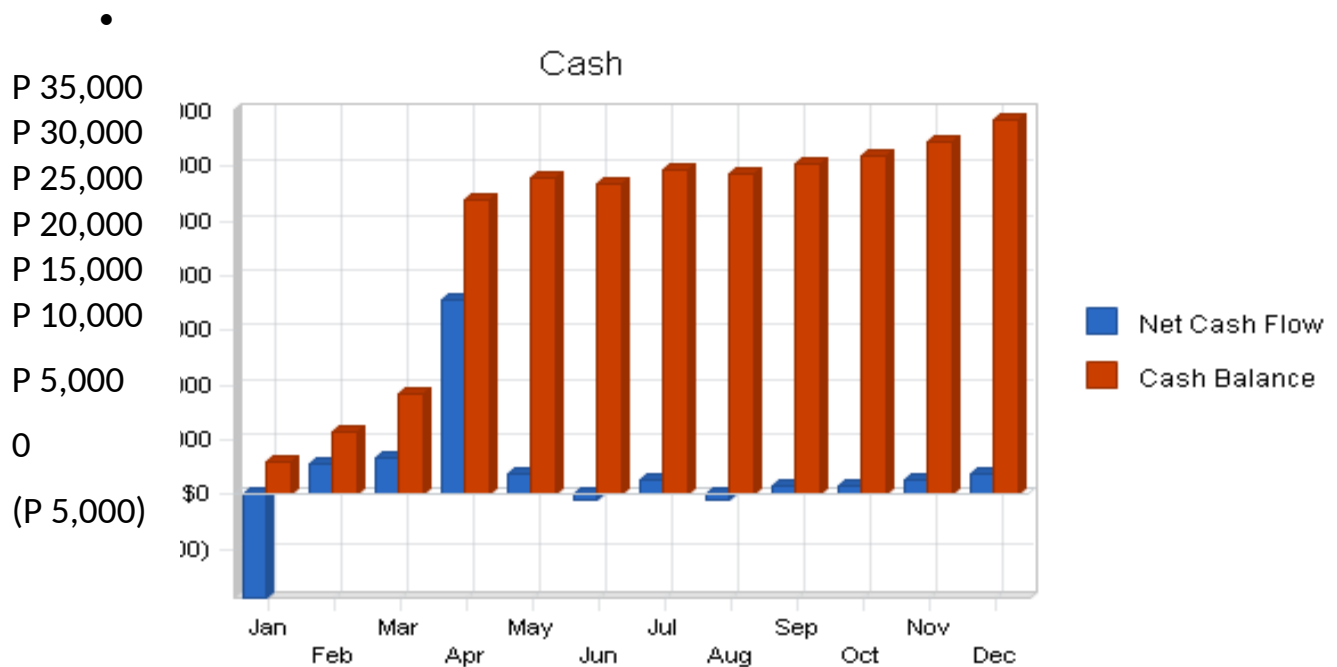
- The following table and charts illustrate the projected profit and loss.

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- **Projected Cash Flow**

- Cash flow projections are critical to our success. The following table shows cash flow for the first three years, and the chart illustrates monthly cash flow in the first year. Monthly cash flow projections are included in the appendix. The following chart and table show projected cash flow.



• Pro Forma Cash Flow			
	• Year 1	• Year 2	• Year 3
• Cash Received	•	•	•
• Cash from Operations	•	•	•
• Cash Sales	• P 90,299	• P 95,717	• P 101,460
• Subtotal Cash from Operations	• P 90,299	• P 95,717	• P 101,460
• Additional Cash Received	•	•	•
• Subtotal Cash Received	• P 90,299	• P 95,717	• P 101,460
• Expenditures	• Year 1	• Year 2	• Year 3
• Expenditures from Operations	•	•	•
• Cash Spending	• P 21,600	• P 23,400	• P 23,400
• Bill Payments	• P 59,711	• P 66,981	• P 71,309
• Subtotal Spent on Operations	• P 81,311	• P 90,381	• P 94,709
• Additional Cash Spent	•	•	•
• Subtotal Cash Spent	• P 81,311	• P 93,381	• P 97,709

• Net Cash Flow	• P 8,988	• P 2,336	• P 3,751
• Cash Balance	• P 78,30 3	• P 80,63 9	• P 84,390

• **Projected Balance Sheet**

- The table shows the annual balance sheet results. After the first year, when we establish profitability, we project a steady growth in net worth despite dividend payments to initial investors.

• Pro Forma Balance Sheet			
•	• Year 1	• Year 2	• Year 3
• Assets	•	•	•
• Current Assets	•	•	•
• Cash	• P 50,00 0	• P 70,63 9	• \$84,390
• Inventory	• P 15,84 0	• P 14,11 6	• \$14,398
• Other Current Assets	• P 0	• P 0	• \$0
• Total Current Assets	• P 65,8 40	• P 84,7 55	• \$98,787
• Liabilities and Capital	• Year 1	• Year 2	• Year 3
• Current Liabilities	•	•	•
• Accounts Payable	• P 3,844	• P 5,654	• P 5,880
• Current Borrowing	• 0	• 0	• 0
• Other Current Liabilities	• 0	• 0	• 0
• Subtotal Current Liabilities	• P 3,84 4	• P 5,65 4	• P 5,880

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• **Business Ratios**

- The following table outlines some of the more important ratios from the Gift, Novelty, and Souvenir Shop industry.

• Ratio Analysis

	• Year 1	• Year 2	• Year 3	• Industry Profile
• Sales Growth	• 0.00%	• 6.00%	• 6.00%	• 0.44%
• Percent of Total Assets	•	•	•	•
• Inventory	• 16.83%	• 14.90%	• 14.57%	• 34.88%
• Other Current Assets	• 0.00%	• 0.00%	• 0.00%	• 23.80%
• Total Current Assets	• 100.00%	• 100.00%	• 100.00%	• 76.55%
• Total Assets	• 100.00%	• 100.00%	• 100.00%	• 100.00%



- **Business**
 - **Draft**
 - **In**
- **Entrepreneurship**
 - **In**
- **Tourism**

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