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Multimedia
Technology
& Design

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Executive Summary

Company Name

V-Shu

Store Location

34 Station Road

North Harrow

Middlesex

Company Address

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Names of Directors

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About V-Shu

With V-Shu, the partners hope to add a new and exciting type of shoe store to Britain's high street. V-Shu products will stand out from those of other shoes stores in that they will be made from a mock leather material.



The partners of V-Shu would like to address a problem that they have faced in the British marketplace. When looking to buy shoes, they have found that just about all of the shoes use leather. Both of the partners are vegetarians for ethical reasons and buying leather shoes does not fit in with their morals.

Through opening the first V-Shu store in Harrow, they wish to give people living in the local area as well as those that are willing to travel to the store from other areas an opportunity to buy non-leather shoes of a similar quality to their leather counterparts at a reasonable cost. At the same time, they wish to market their store as a standard high street shoe store and in doing so attract the mass market. In addition, they wish to dispel the model models that the general public have concerning leather and in doing so, promote the 'ethical consumer'.

Securities offered to investors

The parents of Vishal are willing to offer their house, worth approximately £230,000, as security for the loan.

Business Loans Sought

The partners are hoping to take out a loan amounting to £35,000 that they are hoping to pay off over a two year period. This will allow them to cover the shortfall of the capital they have already raised to cover initial start-up costs as well as provide some extra capital for contingency purposes.



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Outline Business Description

Outline of Products or Services to be Provided

In recent years there has been a rise in the number of shoes purchased in the UK; large shoe chains such as Clarks, Faith and Dolcis, department stores, designer boutiques, supermarkets and independent retailers have all tried to fill this gap and there is fierce competition in the industry.

In spite of this, V-Shu has managed to find a lucrative niche in an otherwise swollen market with the unique selling point of high-quality, fashionable mock leather shoes at a low price. This makes the store dramatically different from the other shoe retailers in the area and throughout the UK.

Market trends indicate there is also a strong demand for budget shoes. Being that V-Shu shoes are not made of leather, but a good quality, made-made mock leather material (Lorica), specialised designed for footwear, V-Shu shoes, which will rival Faith, River island and other middle-end high street shoe retailers in terms of style and quality, can be sold at a reduced price of around 30%.

The partners predict that after the initial start-up months they will sell around 1,785 pairs of shoes a quarter, amounting to quarterly sales £53,550. This includes a contingency for customers in the total market such as passers-by or traditionally leather-buying shoppers, not interested in the cut price of V-Shu shoes but attracted by their unique custom-made designs. The term 'custom made' is used here to indicate that the shoes that will be on sale, will only be available in V-Shu stores – they will be made specifically for V-Shu. In addition, it takes into account shoppers from other areas; specifically vegans and vegetarians, 60% of whom will travel up to an hour to buy a pair of good quality mock leather shoes¹. A budget for the advertising spending for vegetarians/vegans has been included within neighbouring areas such as Hillingdon, Ealing and Brent where the total number of vegetarians amounts to 17,279.

The partners are also aware that their customer base has potential for growth; 79% of people who initially said they would not or were unlikely to buy mock leather shoes said that if they knew that there were mock leather shoes with the qualities of Lorica (breathability/almost identical to leather/durable etc.) this could change their mind about buying a pair of mock leather shoes. Whether this market can be reached depends on the strength of the advertising campaign.

Earnings Projection

Customers:

Total people living in Harrow within target 16-35 age range:	59,298
Vegetarians for ethical reasons in this age group (@ 3.3%)	1,966
Non vegetarians who prefer to buy mock leather (@ 9%)	5,337
Non vegetarians tempted by 30% cheaper mark-up than leather (@38.5%)	20,018
Contingency for additional customers from 'total market' (see below)	6,000
Total potential customers	33,321

Divide by number of competitors (13) plus one to get V-Shu market share = **2,380**

Shoe sales:

2,380 x average pairs of shoes bought in a year (@3p/a)	7140 pairs P/A
7140 pairs x average shoe price (@£30)	£214,200 P/A
Staggered reduction of sales in start-up months (50% for month 1, 35% for month 2, 15% month 3)	£196, 350 P/A

Total first year sales: £196,350

¹ 'leather attitudes and shoe buying habits' January 2004, Merai/Jones survey



Market Analysis

Total market for products or service

The partners feel it is important to try to make their market base as broad as possible, and seek to provide a shoe shop that will appeal to both those aligned with the cause, as well as others who find the shoes appealing.

Thus the people who might shop in the store include:

- Vegetarians and vegans who do not want to buy leather. Unlike the other shoppers who might have been 'just passing' it is likely that these customers may have found out about the store beforehand and have travelled from outside the area
- Any shopper passing the store attracted by the window display
- People unable to wear leather shoes due to a chromium allergy
- Non-vegetarian/vegan shoppers who are sympathetic to the V-Shu cause
- Non-vegetarian/vegan shoppers not supportive of the cause who don't discriminate between leather and mock leather shoes
- Non-vegetarian/vegan shoppers not supportive of the cause but prefer mock leather shoes to leather
- Non-vegetarian/vegan shoppers not supportive of the cause but are attracted by the lower price to a leather counterpart
- Non-vegetarian/vegan shoppers not supportive of the cause but are attracted by the unique design of the custom-made shoes

Exclusions from the total market:

- Children
- People seeking unusual sizes or fittings (extra big/small/wide/narrow and half sizes)

It is expected that the majority of the customers will come from the Harrow area, which has a total population of 201,234², but anticipate shoppers from neighbouring areas such as Ealing Broadway, Uxbridge and Wood Green who are drawn to Harrow's large shopping area; rated as one of the top 10 shopping centres within London³

Industry and commercial needs

Over recent years there has been a huge growth in the amount of vegetarians in Britain from a meagre 2.1% in 1984 to 5% in 1999%⁴ The growing market has presented a huge opportunity to business, and many companies such as McDonalds and Burger King, have adjusted their products to capitalise on this demand. Some notable examples of this trend include:

² '2001 Census Harrow Borough Profile'

³ '2003 Retail Ranking survey' Experian

⁴ Gallop annual poll for Realeat <http://www.vegsoc.org/info/realeat.html>



- The total meat-free and vegetarian market was worth £582 million in 2003 a rise of 8% year on year⁵.
- There are around 400 vegetarian restaurants in UK
- Quorn, one of the major vegetarian food brands, and has a retail value of over \$160m⁶
- Mc Donalds and Burger King now cater for vegetarians with the introduction of vegetarian/bean burgers to their menus.
- It is not simply the vegetarian food market that is growing, a number of other services specifically for vegetarians also exist including vegetarian boarding houses, restaurants, vegetarian web designers (<http://www.vegdesign.com/>) and even a vegetarian/vegan online dating service (<http://www.veggiedate.org/>)!

So why is it that in a rising market such as this where so many companies offering an increasing number of products and services to vegetarians, so little has been done to provide footwear for the cruelty-free consumer?

V-Shu is looking to fill this gap. V-Shu's mission is to provide fair priced, high quality, fashionable shoes to the vegetarian community, with the view that cruelty-free shouldn't mean a compromise in style or comfort.

As part of the market research the partners conducted a survey titled '*leather attitudes and shoe buying habits*' (see Appendix). Out of those polled, around 9% were vegetarian or vegan, and of these, 60% said that they prefer to buy mock-leather shoes to a leather version of similar quality, design and price. Of this, 40% said that they found suitable mock leather shoes hard to find (the remaining 20% did not know) 40% said they would be willing to travel up to an hour to buy good quality non leather shoes, and 20% said they would be willing to travel more than two hours. If these statistics are used as a guide, it could be assumed that at least 5% of the population prefer to buy leather alternative shoes and that judging by the amount of distance they are willing to travel, this need is simply not being met. Being that the vast majority of these vegetarian respondents were from the London area, one could assume, that even in this large capital city, there is very little competition in the vegetarian shoes market.

What was perhaps surprising was that the survey suggests that there is a good demand for mock leather shoes aside from the vegetarian/vegan community. 14% of the total respondents (9% excluding the vegetarian replies) said they would prefer to purchase mock leather shoes to real leather. This could be for a number of reasons. When asked what opinions the respondents had about leather shoes the results showed:

10% Found leather shoes difficult to clean

44% Thought they are expensive

15% Said environmentally damaging

10% Found them ethically objectionable

2% Disliked the smell

There are also a small number of people who cannot wear leather shoes due to allergies to the chromium, which is usually used to tan leather.

⁵ Taylor Nelson Sofres Data February 2003

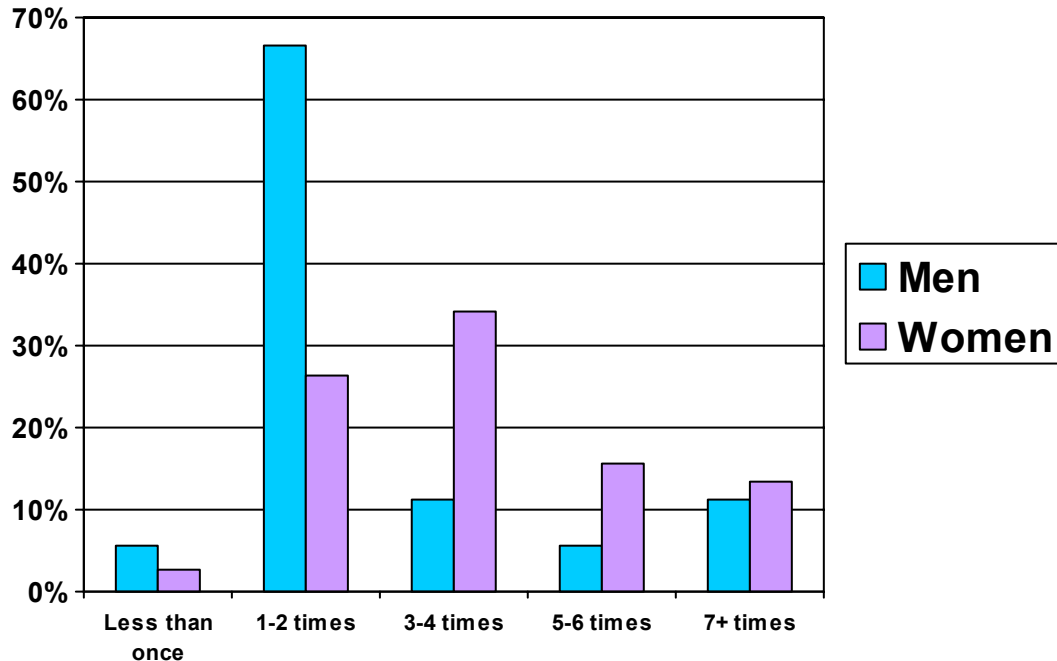
⁶ Quorn website <http://www.quorn.com/uk/fibus.htm>



Target Market

Gender

Graph to show how often men and women purchase shoes in a year



(Data source: Merai/Jones 'Leather attitudes and shoe buying habits' January 2003 survey)

The graph above shows how often men and women purchase shoes in the course of a year. Whereas 67% of men purchase between one-two pairs per annum, the majority of women buy between three-four pairs. In addition, there are a higher number of women buying more than five pairs of shoes a year than men. This purchasing trend is echoed in most unisex high street shoe stores; the range in women's shoes is usually much greater than the choice in male footwear. In addition there are a higher number of female vegetarians; around 3.2% of vegetarian male adults compared to 6.7% of adult females⁷.

It is in light of these facts that sales will be focused on the female market. However, as the primary vegetarian/vegan market accounts for quite a small percentage of the population the partners do not want to further reduce the market by catering only to women. This decision was also based on the V-Shu ethos, which is to meet a genuine need amongst all vegetarians and through the marketing campaigns, encourage non vegetarians to "pleather⁸" themselves. Because of this, efforts will be made to have a range of both male and female shoes, and this data has been used to determine the ratio of female:male shoes in the V-Shu store. Based on these facts around two thirds of the stock for female clientele and one third for men. This policy will be under review, and if excess male stock is found, the option of reducing the number of shoes that are ordered is available or it is possible to reduce the number of male styles.

It should also be said that women have a greater variety of 'types' of shoe; formal wear, casual wear, evening shoes, and a variety of boots, all with different pointed/rounded ends and different heel lengths. V-Shu will only be making three types of male shoe; mock-leather formal wear, and casual shoes made of mock-suede or leather and sandals. V-Shu will not be

⁷ Gallup Poll for Realeat 1999 <http://www.vegsoc.org/info/realeat.html>

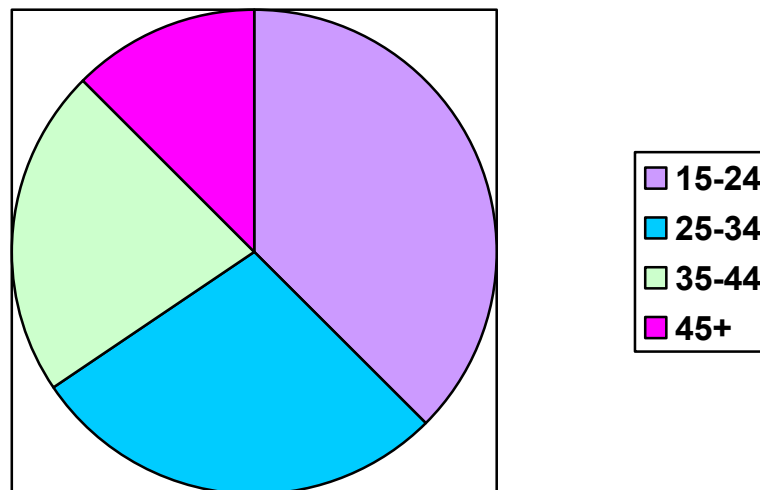
⁸ PETA 'pleather yourself' campaign <http://www.pleatheryourself.com>



producing men's 'sport' trainers, as it is felt that this is too specialist and the vegetarian market in this area is fairly well served.

Age

Graph to show the ages of vegetarians in Britain



(Data source: NOP poll for Dalepak and The Vegetarian Society May 1998)

V-Shu will start as a relatively small store, and will not be able to offer the same extensive range as large chain shoe stores such as Barratts who cater for the full spectrum of age ranges from young children to the elderly. As the graph above shows, the majority of vegetarians are within a relatively young age group. Partly due of this, the partners are looking at targeting the 16 to early thirties age group with the designs and marketing, as older people are less likely to be attuned with the ethical message of the store and be more likely to have pre-conceived ideas about mock leather, which has come a long way aesthetically, and in quality and 'breathability' in recent years.

It has been recognised that vegetarian parents may wish to buy non leather shoes for their children, however in a small store, children's shoes are unlikely to be profitable for the following reasons:

- The demand for vegetarian children's shoes is likely to be even smaller than that for adults since not all vegetarian parents will bring up their children vegetarian.
- Children's shoes are very cheap; there is little profit to be made per item sold. Although it should be noted that children's shoes are exempt from VAT.
- The fitting of children's shoes is labour intensive as young children cannot fit their own shoes, and parents usually seek the advice of the store assistant to check the fit of the shoes. This may require the employment of additional staff.
- Children's shoes come in a large variety of sizes. This means they cannot be manufactured in large quantities per size, thus increasing production and storage costs.



- A *perceived* weakness is mock leather shoes are that they are not durable, easily mark or are uncomfortable. Although this is not the case in the case of the Lorica mock leather which V-Shu shoes are going to make use of, this fear is likely to carry weight, especially since these factors are all of utmost importance for children's shoes which are subject to a lot more wear and tear. In terms of comfort, unlike adults who can try on the mock leather shoes to see how they feel, children cannot always be relied upon to articulate the feel of the shoe so parents may rely upon negative pre-conceptions.

It is for these reasons V-Shu will not initially be supplying children as in order to do so it will need to grow, and efforts will be made to maximise the profit during the initial stages in order to fund marketing campaigns and establish brand equity. Once this has been achieved, it will be possible to look at the feasibility of expanding into other areas with the eventual aim of becoming *the* one-stop shop for good quality, 'vegetarian' shoes.

V-Shu will be producing fashionable, modern footwear with the aim of attracting the 16-35 year old market. The partners want to cater teenagers from the age of 16 since there seems to be a trend for teenage vegetarians and the percentage of 15-18 year old girls purporting to be vegetarian or vegan stands at 10%⁹; higher than any other demographic. The partners also recognise young people especially single people and teenagers have a much greater amount of disposable income on which the partners hope to capitalise.

The young teen market will not be targeted, as although there may be a high number of vegetarians amongst 13-15 year olds, the partners feel that to cater for this market requires a high turnover of stock in able to keep up with the very latest fashion trends of which such an age group demands. To save costs, stock will only be replaced every quarter, so although the designs will be fashionable, they will not be up-to-the-minute and are likely to be more conservative so as to appeal to the late teens/early twenties market up to customers in their early thirties. In terms of age range, Harrow is seems like a good place to set up shop. It is an ACORN 'Type 20' area, which is defined as having around 40% of inhabitants within the 25-44 age band.

Social group

Within the vegetarian community, there does not seem to be any class divide; in the 1999 Realeat survey the percentage of vegetarians within a certain class group found that in the AB (most affluent) group, 4.9% of people were vegetarian, 6.0% in the C1 (upper-middle class) group, 4.1% in the C2 (lower-middle class) group, and 5.2% in the DE (least affluent) group. Year after year these figures vary and there does not seem to be any trends appearing. For the vegetarian market, there is no particular social group that needs to be catered for, as vegetarianism crosses all class boundaries.

Although vegetarians are the primary market, they only account for a small number of the store's potential customers. To succeed attempts must be made to try to widen the market base. As previously stated, there is a market trend for budget shoes and since non-leather shoes can be produced more cheaply than leather ones, this seems like a good opportunity to broaden the market. In a survey carried out by the partners (see Appendix) 50% of people who "would not or are unlikely to buy shoes made from a leather alternative" said that a lower price might be able to persuade them otherwise. Out of this, 50% said the discount would need to be at least 20% cheaper than a similar leather version, and 22% said 30% cheaper. This means that over a quarter of people who would not usually buy mock leather shoes might be tempted if there was a 30% reduction in price.

Although prices could be lowered by even more than 30% off from a leather counterpart, this would mean sacrificing on quality. In the survey quality was said to be of utmost importance to the consumer, and sub-standard shoes do not fit with the V-Shu ethos of 'cruelty-free should not mean a compromise in style or comfort'. This would also be quite a negative marketing plan in the long-term. Although it may initially attract many customers, you are unlikely to get

9 'National Diet & Nutrition Survey: Adults aged 19 to 64, Volume 1' 2002, Food standards agency



much repeat custom if the shoes fall apart very quickly; customer loyalty is important and repeat custom can account for a large percentage of total store sales.

It was also felt that in the business of mock leather shoes it is not necessarily a case of 'the cheaper the better'. In the survey, when asking for what opinions the respondents had about mock leather shoes (if any) the two top answers were 'cheap looking', and 'poor quality'. Through word of mouth and advertising it is hoped that these myths can be dispelled, but even if the shoe price was reduced without compromising on quality, it may prove to be more of a hindrance than an advantage as it could reaffirm people's stereotypes about mock leather shoes, since a very cheap price is associated with poor quality. A very low price may not also be appropriate for the area, since the Type 20 ACORN area is described as "highly affluent neighbourhoods - 3 times more people than average earn over £40,000 per annum"

Competition Analysis

Competition in Harrow

Competitor	Price	Perceived quality	Target-group	Threat rating
Shoe-only retailers				
Clarks	Medium/High	High	Children, Middle-ages, Elderly	Low
Dolcis	Medium	Medium	Twenties – Middle aged	Medium
Barrats	Low	Low/Medium	All age groups	High
Stead and Simpson	Medium	Medium/high	Twenties – Middle aged	Medium
Saxone	Medium	Medium	Twenties – Middle aged	Medium
Shoe Express	Budget	Low	All age groups	High
High-street clothes stores				
River Island	Medium	Medium/High	Late teens - Thirties	Medium
Dorothy Perkins	(Concession brand faith) Medium	Medium	Thirty plus, women only	Low
Next	Medium/High	High	Late twenties-Middle aged	Medium
Department stores:				
Debenhams	Various	Various	Various	High
Marks & Spencers	Medium	High	Middle-aged – elderly	Low
Designer Boutiques with shoe concessions:				
Envy	High	High	Teenage-Twenties	Low
Active-Venture	High	High	Teenage-Twenties	Low

Large chain stores dominate amongst the footwear retailing industry. Unable to compete, the independent retailers have been on the decline. Besides the shoe stores, there are also other retailers who stock shoes. These include:

- Department stores



- Designer 'own brand shoes' (E.g. Ted Baker, Diesel)
- Clothes stores (Topshop/Topman)
- Some supermarket chains (hypermarkets)
- Internet shoe shops
- Catalogue shopping (Argos Additions/ Littlewoods etc.)
- Markets

There are around thirteen competitors in Harrow (see table above) in terms of V-Shu's Unique Selling Point, the mock leather market, none of these pose a threat with the exception of Shoe Express who stock mainly non-leather shoes to keep costs low. There is a Topshop in Harrow, whose shoes are all a 'Faith' concession brand. However, Topshop has been omitted from the competitors list, since the Faith concession brand is available in two other places in Harrow; Debenhams has a Topshop within it, and Dorothy Perkins also stocks Faith shoes since both stores are part of the Arcadia group.

Vegetarian shoes competition

There are no specifically 'vegetarian/vegan' shoe shops in Harrow or surrounding areas, and very few within the UK. However, there are a very small number of stores which are web-based/mail-order only as listed below, with the exceptions of Moo shoes who are based in the US but stock to a very limited number of independent UK stores, and 'Vegetarian Shoes' who are based in Brighton.

- Vegetarian Shoes
- Veganline
- Veganstore
- Pangea
- Guat Shoes
- Moo shoes (based in the US but stocked in a very limited number of independent UK stores)



Product or Service to be Provided

Summary

To summarise, V-Shu will be selling a range of one hundred different designs within the store, with a ratio of 3:2 women's shoes to men's. This means a total of 60 different female shoe designs and forty for men.

The shoe will be made of Lorica (<http://www.loricasud.com/>) which boasts 'breathability' like leather, easy to wipe clean, water resistant, scratch resistant, lighter than leather, almost identical to leather in appearance and durability. It is important that V-Shu shoes are comfortable as well as durable and well made, while remaining 30% cheaper than leather shoes of a similar quality and style.

Competition comparison

High street stores

The main selling point to the average consumer that V-Shu will be utilising will be low priced shoes. In this respect, the main high street competitors are Barratts, Shoe Express and Debenhams which has some low-priced shoes aimed at the youth market within its large number of brands.

In terms of price, it is possible that Shoe Express may offer mock leather shoes at even further reduction than V-Shu. However, as discussed (in target market : social group) this is not necessarily a good thing. Certainly Shoe Express does not have the same image that V-Shu will be trying to project. Shoe Express stores have little emphasis on customer service, and little effort has been made to arrange the stock in aesthetically pleasing manner. It is a budget store where low price takes precedence above everything else. As a result the shop is regarded as being cheap and the quality of its products likewise. Unlike Shoe Express, V-Shu shoes will be of good quality, and the stores will be a pleasant environment to browse. V-Shu will not be a huge store, but will have a minimum of two employees working at one time in addition to the two directors so customers are given good service and will want to return. Even V-Shu carrier bags will be of the highest quality; just one of the measures that is being taken to make the store up-market to help dispel any feelings that leather is a luxury and mock leather is cheap and inferior.

The stores perceived as 'medium' threats such as Next, Stead and Simpson, Saxone, River Island and Dolcis are of a similar standard in terms of the quality and style as V-Shu stock. They might also be catering for a similar age, but they will also be charging around 30% more than V-Shu will be. It is hoped this, and the fact that V-Shu shoes are custom made and not mass-produced like the ones in any of the aforementioned stores, will give us a competitive edge.

Clarks, Marks & Spencers and Dorothy Perkins are all low threats as their customers consist mainly of age groups not within the target age band. Equally, designer boutiques Envy and Active-Venture are also not considered real threats since they will have a limited range, the price is quite high and they provide for the very latest fashion trends which V-Shu will not. This said, the shoes should be of high standard.

Of all these stores, perhaps it is Barratts which is the most significant competitor. Their shoes are on average cheaper than other stores on the high-street (Next, River island etc.), although the quality is perhaps not considered quite as good. It is hoped that V-Shu will still be able to compete for this market by being that little bit cheaper and higher in quality.



Vegetarian stores

Pangea and Moo shoes are US based and the postage costs of shoes to and from the States are likely to deter many British customers. Although Moo shoes do stock to a very small number of British stores, there are no listing to tell you where you can find these stores. Vegetarian Shoes has a store in Brighton, but that does not affect the V-Shu market as it is hoped that vegetarian customers from the London area are attracted. Guat Shoes is based in Sheffield and creates hand made shoes. For these reasons, their shoes are a lot more expensive than ours and therefore be of minimal threat. However, Vegetarian Shoes' web-based operations, Veganline and Veganstore have the potential to absorb some of the V-Shu market.

All these stores are promoted solely to vegetarians/vegans whereas V-Shu seeks to cater for a wider market, and advertise the store as a 'shoe store' rather than as a purely 'vegetarian shoe store', except during the advertising aimed specifically at the vegetarian/vegan market. Because of this it will be possible to offer a greater range of shoes than any other vegetarian shoe shop competitor. Veganline and Vegetarian shoes in particular have a very limited range, and because of this they have focused on 'classic' style shoes, which means their shoes tend to be rather old fashioned and not really very appealing to a youth market.

Veganstore has a better range, but they are purely web-based. The disadvantage of this is that currently only 25% of Britons purchase goods on the Internet, and only 1% have bought clothes online¹⁰. Of types of item bought on the Net, clothes ranked at the bottom. The reason for this is likely to be for that clothes (and indeed footwear) are items which are best bought in person. The disembodied nature of the Internet means that factors such as fit, comfort or appearance can be hard or impossible to predict, unlike CDs or books which whether you buy in a store or online, the suitability of the product is unaffected. Many people do not want the hassle of having to re-package and post an item back when there is a high probability of having to do so. For this reason, the partners feel that there is no significant competition in the vegetarian market, unless it is decided at a later date to launch a website or mail order operations in which case V-Shu will be in direct competition with these companies.

10 'Does Britain want to shop online?' MORI 2003 report for HP



Market Strategy

Overall Strategy

Initially, one store will be set up. It has been decided that this store should be opened in Harrow.

Why Harrow?

According to the 2001 consensus, Harrow is said to have a 20% Hindu population – the highest proportion in the country¹¹. A significant proportion of Hindus are vegetarians. The partners of V-Shu realise that vegetarians are more likely to be tempted to buy leather alternative goods in comparison to non-vegetarians and so they decided to look into areas that have high vegetarian populations.

Harrow's shopping area can be divided into three parts: St Georges, St Annes and the outdoor shopping area. St Georges and St Annes are both shopping centres. St Annes has 43 stores, whereas St Georges has 16 stores as well as a cinema, gym and crèche. The outdoor shopping area has a total of 62 shops.

A recent survey shows that Harrow is one of the top ten shopping centres in the country. The survey looked at factors like the type of retailers, floor space and other attractive features like cinemas and gyms.

The partners undertook a footfall to determine an estimate as to how many consumers visit the area. It indicated that a total of 1692 people walked through the high street in an hour. This is a good indication that Harrow is a popular shopping area.

Harrow town centre is easily accessible; Harrow on the Hill (the closest station) has both London Underground and British rail links. There are also, several bus routes that travel through and originate/terminate at Harrow on the Hill.

Other Suitable Areas

The partners hope to eventually expand so that there are V-Shu stores throughout the country. However, initial efforts on opening stores will be focused in areas with high Hindu populations. For this reason, some of the areas that will be given significant consideration are Leicester, Redbridge and Hounslow. These areas have been ranked 3, 4 and 6 in terms of the Hindu population proportion by the 2001 consensus¹¹.

Other areas, that hold a high ranking in this table, and in which expansion efforts will not be concentrated on are Brent (position 2), Ealing (5), Newham (7), Barnet (8), Oadby and Wigston (9) and Hillingdon (12). The reasons for these areas not being considered at this stage are that Brent, Barnet, Ealing and Hillingdon are all neighbours of Harrow; Hillingdon and Ealing are also next to Hounslow; Newham is next to Redbridge and Oadby and Wigston is next to Leicester. These areas will not be considered any further at this stage since they will be within commutable distance to the areas that have already been chosen for further stores. One of the major reasons why Harrow was chosen was that its neighbouring four boroughs also have high Hindu populations. Redbridge has a more successful, centralised shopping area in Ilford in comparison to Newham and it was for this reason that it was chosen. Leicester has a very popular shopping area in its town centre and it is more than likely that the residents of Oadby and Wigston do a lot of their shopping there.

The growth strategy will be given considerably more thought once the first store has opened and a strong brand has been established locally.

¹¹ <http://www.statistics.gov.uk/census2001/profiles/rank/ewhindu.asp>



Growth influences

The growth of V-Shu, will be dependent on a number of factors. Some of these are as follows:

- Success of first store
- Completion of analysis of secondary areas
- Suitable locations becoming available in chosen areas
- Reactions of competitors

For the first several months of operation, a great deal of time will be spent economising. Since the forecasts make use of estimates, actual data will be used to ascertain ways in which money can be saved. Efforts will be made to improve the cash flow mainly by only ordering stock as it is needed. The processes that the store is involved in will be closely looked at to find further ways to cut down on excessive costs.

Raising Ethical Concerns

One of the key reasons why the partners of V-Shu are opening this store is so that they can spread their message concerning leather goods. Different ways of doing this will be explored to see which are the most suitable. Complimentary campaigns to that of V-Shu that the organisation would be willing to support will be looked into. Contact will be made with organisations that V-Shu would consider supporting such as the largest global animal right's charity, PETA (People for the Ethical Treatment of Animals). By doing this it is hoped that brand equity and name awareness will be increased.

Specialised V-Shu Stores

Having specialised stores will be looked into as more stores are opened up. Some of the types of stores that will be under consideration are:

- High Fashion shoe stores – aimed at late teens to early thirties
- Accessory stores - making use of mock leather as well as other types of materials
- Children's shoe stores – rather than have a whole store dedicated to children, it is more likely that children's lines will be introduced in the existing stores.

Sales Strategy

V-Shu will not operate a commissioned sales system as the partners believe that it will place pressure on staff to approach all of the customers to try to convince them to buy shoes. This can often lead to shoppers feeling uneasy and as a result their shopping experience in V-Shu stores could be damaged.

On the other hand, it is important that if the store is doing well, staff are able to share it its success. Hence, every month, if the sales are higher than expected, the staff will receive a bonus.

Customer Relations

To monitor the quality of customer service, it is possible to hire independent agencies. They send anonymous shoppers to give their response on how well they think the shopping experience is in the store that they have been asked to check. Reports are then given to the



hiring company with a full description of their views. The partners will make use of this service if they feel it is necessary once the store has opened and there is enough money available..

‘V-Issues’

The raising of ethical issues is an important part of the V-Shu brand. The name ‘V-Issues’ has been given to this topic. Several methods will be used to communicate the ideas to the consumer. It is important that a balance is reached. It should not be to an extent that it makes the customer feel uncomfortable.

Several methods will be used. The members of staff will be required to wear either T-shirts or sweatshirts which will be provided to them by the store. On the front, they will contain the V-Shu logo and on the back they will contain a paragraph about an ethical issue. Every quarter, each sales assistant will be given another T-shirt or sweatshirt containing information about another issue. The same pieces of information will be printed out in greater depth on leaflets, a pile of which will be placed by the till. Each time a purchase is made, one of these leaflets will be placed in the bag. To reduce costs, use could be made of leaflets on the leather industries produced by PETA as all PETA materials are copyright-free.

V-Shu – the story behind the name

One of the partners of V-Shu, Vishal, has the nick name Vishu; the name of business is based on this. It was chosen since it gives some indication that the shoes that will be on sale are suitable for vegetarians in the same way that a green tick is usually placed on the packaging of food to identify that it is also suitable for vegetarians. The ‘Shu’ part of the name is a pronoun to substitute the word shoe. It will also allow V-Shu to be used in the same way that the brand name Vodafone is used to substitute the words ‘mobile telephone’.

Advertising Strategy

Our advertising strategy can be divided into four levels:

- Local (Harrow)
- Surrounding areas (Hillingdon, Barnet, Brent and Ealing)
- Other parts of London
- National

In addition, there will be advertising specifically for attracting vegetarians and vegans.

The majority of the advertising will be focused on the Harrow area as it is realised that most of the customers that visit Harrow’s shopping area live locally. The consumers living in the Harrow area cover all the customer groups. Advertisements will be placed on bus stop boards, the local newspapers as well as advertising areas in the local train/tube/bus station.

The partners realise that there may be many people living in surrounding areas such as Hillingdon, Barnet, Ealing and Brent that would be willing to travel to Harrow to go shopping. Therefore, the second priority will be advertising in these areas. Again, all identified consumer groups will be potential targets for the advertising in these areas. The partners realise that there will be considerably fewer customers from these areas and are looking to advertise on buses and trains as well as in local newspapers.

In the wider London area, the partners realise that there will be fewer potential customers but they feel that it is still important that they advertise in these areas.



A survey conducted by the partners revealed that 60% of vegetarians will be prepared to travel for more than an hour to buy non-leather shoes of a similar quality to those made from leather. This would cover most of London. Therefore it is important that V-Shu is advertised in the remaining parts of the capital. By advertising in the rest of London, it will be possible to attract non-vegetarians living in this wider area to buy non-leather shoes. The majority of the advertising in this area will be done through the Metro newspaper and through vegetarian restaurants. Several such restaurants have been contacted and they have all agreed to advertise the store free of charge. In return, they will be offered a free pair of shoes twice a year as a goodwill gesture.

Website

A website will be built for the initial store to give information concerning what V-Shu is all about and general information about the store such as the opening hours and location. It will also contain pictures of the products that will be for sale in the store. This initial site will be basic, consisting of only a few pages. Both directors have sufficient experience with building sites to easily create and maintain such a site. This will allow people that do not live close to the store to find out more about it easily.

Vegetarian Society

The store will be advertised through the Vegetarian Society's website and their magazine, 'The Vegetarian'. To advertise on the website, it will cost £50 for ten words and a link to the V-Shu website. However, it is likely that the Society will be willing to visit the store and include an article about it at no extra cost. It is going to cost us £500 for a half page advertisement in The Vegetarian. Although this is a fairly high cost, it will target exactly the sort of people that are would want to visit the store.

Several other websites that are specifically for websites will also be contacted. Since there is some what of a desire to build a community feeling, on many sites for Vegetarians, it is possible to get listed free of charge. Such sites will be made use of as an advertising resource for V-Shu.

Other Directory Listing

The Thompson Local does not charge to be listed in their directory for a standard listing. However, £423 will be paid for an advert which includes pictures.

Yellow Pages and Yell.co.uk

£450 will be paid to the Yellow Pages for an advert measuring 64mm by 61mm in their Harrow directory. In addition a listing will be placed with a link to the site in yell.co.uk for £259.

Billboards

Advertising on billboards was considered but it was felt that it was too expensive. It would have cost £32,000 to advertise on 20 standard size billboards for a month.

Pricing policy

The average shoe price has been set at £30, with most of the shoes being in the £25 - £35 range. For items such as high length boots, the price will be greater.

As highlighted in the Competition Analysis, the major competitors will be Barratts, Dolcis and Ravel. The prices of the shoes that will be on sale in V-Shu stores will be between those of Dolcis and Ravel and those of Barratts. It is hoped that a lot of the customers that usually shop in Dolcis and Ravel are attracted to the lower prices of the V-Shu store. As a result of a



survey conducted by the partners of V-Shu, consumers would expect shoes to be 30% cheaper than their leather counterparts. The prices of the shoes that will be on sale in V-Shu stores have been adjusted accordingly.

In the men's range, slightly more will be charged for shoes that can be categorised under contemporary/casual as it is felt that the customers that will buy such items will be willing to spend a little more. According to the survey mentioned above, men buy fewer pairs of shoes and so generally pay more for each pair of shoes that they buy (see following table for average amount spent on a pair of shoes and see graph in Market Analysis - Industry/Commercial Needs - Target Market - Gender for graph showing the number of shoes bought by men and women over the course of a year). The average price of shoes in this range will be £35.

Average amount paid on a pair of shoes	Women (%)	Men (%)
20 – 30	23	6
30 – 40	37	6
40 – 50	23	29
50 – 60	9	24
60+	9	35

To decide these prices, average prices for the products were determined and 20-30% was subtracted. From the survey that the partners undertook, it was found that people are more likely to consider buying leather alternative items, assuming they are of similar quality, if they are 20-30% cheaper. For this reason, they determined average prices for the product categories and subtracted 20-30% to determine the prices at which the partners would like to sell their products.

In addition, the survey has shown that women in general tend to buy more pairs of shoes each year. Women's shoes have a greater number of categories. For these reasons, the partners have decided that 2/3 of the total number of styles that will be present in the store will be women's and 1/3 will be men's.

Categories of shoes

There will be the following categories of shoes:

Women's

- Ankle boots
- Knee boots
- Low heels
- Mid heels
- High heels
- Sandals

Men's

- Classic



- Contemporary
- Casual
- Sandals

Details of sales and distribution plans and provision for after sales support

Sales plan

The designs of the shoes will be influenced by the popularity of each of the lines, the styles being introduced by other shoe stores as well as fashion in general. It will be the women's shoes that will be most influenced by the fashion trends. In addition, women buy more shoes than men. For these reasons, it will be necessary to develop new styles more frequently for the women's range. The men's and women's classics range will be the most stagnant of all the categories. There will be some change in the styles but it will be relatively small. Developing new styles costs money and so it will only be done when necessary.

The shoes will be designed by Wearside Footwear but the requirements will be provided for the shoes by the partners. The requirements will be based on the popularity of current styles, the fashion trends and the need to have a balanced range. Once the design has been created, both directors will verify the design before it is put into production.

The numbers of styles in each category will be determined by the popularity of the shoes in each of them. Initially, these numbers will be based on predictions. However, after the first month, it will be possible to gain a better understanding of the numbers of shoes that there should be in each of the groupings.

There will also be seasonal stock such as sandals during the summer.

Distribution plans

Warehousing facilities will be provided by the supplier. The supplier will also be transporting the stock to our store.

After-sales support

V-Shu will comply with the Sale and supply of Goods to Consumers Regulation 2002 and the Sale of Goods Act. A 28 day goodwill policy will be in operation but this will be dependent on the customer retaining the receipt.



Management Plan

Type of business

V-Shu will initially trade as a partnership. The advantages of this type of business, is that it is easier to form than a limited company and there is also considerably less regulation.

When the business becomes stable and when plans to open up more stores begin to be drawn, the company's partners will look into converting the business to a limited company.

The major advantage of trading as a limited company is that it will be easier to borrow money. Since there is no limit to the number of shareholders a limited company can attract additional risk capital from backers who may not wish to be involved in the day to day running of the business. These factors will be essential if infrastructure is to be established that will allow the organisation to set-up and manage a chain of stores. In addition, the liability of the shareholders is limited by the amount of capital they put into the business.

Number of employees

Initially there will be a total of three members of staff to work in the V-Shu store. By employing three people to work at the store on average four days a week, there will be two employees working at any one time. In addition, at least one of the partners will be present in the store to manage it.

As considerations to open up more stores are being made, a store manager will be employed to look after the Harrow store. Then, once plans to open a second store are finalised, an assistant manager will be hired.

Capital Improvements

There will be several methods used to improve capital.

The first will be through the selling of accessories. Accessories will be sold once the brand is stronger and a better idea of what other leather alternative products V-Shu customers would like to be made available to them. Some of the products that have been considered so far are shoe trees, laces, belts, wallets and gloves. Shoe polish will not be sold since Lorica does not require polishing.

The sale of belts and wallets is being considered since it is difficult to find formal belts and wallets that are not made out of leather. Some gloves, such as driving gloves are commonly made with leather. However, driving gloves do not have a large market and so it is unlikely that they will be offered in V-Shu stores.

Other branches of V-Shu will be opened in Leicester, Hounslow and Redbridge. Further research will be conducted into the areas. The partners will make use of the experience that they gain from the flagship store in Harrow to decide how best to go forward.

Royal Mail offers their employees Clarks shoes for considerably reduced rates. Efforts will be made to find organisations that offer similar deals to their staff concerning footwear and approach them to see if they are interested in allowing V-Shu to supply their organisation with shoes at a heavily discounted rate.

Since the company will be based around ethical consumers, businesses that believe in encouraging and catering for these customers will be looked into. The partners hope to offer V-Shu products at a discounted rate to their staff. This will allow a relationship to be created between such organisations and it may even be possible for V-Shu to work with them to



develop common products. They may even be willing to provide further assistance to us if they are sufficiently sympathetic to the V-Shu cause. Some of the businesses the partners are looking to approach once the store has opened are as follows:

- The Body Shop
- Clarins
- Ethical Money (www.ethicalmoneyonline.com)
- Lush
- Co-op

The partners will also be approaching local businesses that are run by Hindus that hold congenial views to the partners of V-Shu.

Major shoe manufacturers such as Clarks distribute their shoes to other retailers so that they may sell Clarks shoes through their stores i.e. Clarks act as a supplier of shoes. This will only be explored once V-Shu is a strong brand and the necessary measures are in place to produce the magnitude of the number of shoes that will be required by such retailers. Departmental stores, clothes stores and mail order firms are typical companies that may be interested in selling V-Shu shoes.

Staff motivation

Regular staff meetings will take place to get feedback on how they think the store is doing and the ways in which they feel changes should be made so that the job is more to their liking.

It is essential that any staff employed at V-Shu hold similar ideas towards leather as the partners. V-Shu does not wish to market itself as a shoe store just for vegetarians but it does want to share its opinions on leather if the customer is interested. For this reason, if people that apply for a position at V-Shu do not hold the same opinions as the partners, then their application will not be successful. It is important that the anti-leather stance is upheld by employees not because they have to, but because they authentically feel that it is wrong. V-Shu has no desire to mould the thinking of its staff or customers.

The partners recognise that their staff are very important assets and that measures should be taken to ensure that they interact with the customers in an appropriate way and that they are content with the way in which they are being treated by the business. Staff will be required to make known on at least a monthly basis their feelings. They will be asked several things including how they feel the organisation is doing, what they see the reactions of the customers as being and what changes they feel need to be made. It is felt that the relationship between the members of staff and the partners should be of a personal nature since the staff play such a pivotal role in the future of V-Shu.

Obtaining necessary information to aid growth

Types of customers

Some of the predictions that have been made concerning the sort of people that will shop in V-Shu state that a large proportion of them will be vegetarians and/or be residents of Harrow. Many of the customers are also expected to be Hindu. Also, most of the people visiting the store are expected to be female. The age groups expected to form the majority of the store's customers are expected to be from late teens to early thirties.

Efforts will be made to make full use of the first store to determine whether these predictions hold true. Staff will therefore be required to see if the general percentage of the customers



who appear to have a south Asian origin is reflective of that of Harrow. Attempts to determine this will also be made using a prize draw.

By running a prize draw requiring people to enter relevant details it will be possible to establish to what extent the predictions were accurate. It will also be used to determine what the customers think of V-Shu shoes and the store, as well as whether they are shopping at the store for ethical reasons or do they see the store as being just another shoe shop.

Getting information on potential areas

Once the first store has opened, it will be necessary to get information about the other areas that are being considered for opening V-Shu stores. The partners will be visiting the various shopping areas in Hounslow, Leicester and Redbridge to determine whether it is worthwhile opening stores in these areas. Relevant information will be obtained by, for example, ascertaining the average footfall in the shopping areas, the ACORN profile and the information obtained by the last census for the areas. Local estate agents will also be regularly checked to see if a suitable property becomes available.

Obtaining accurate information concerning sales

Initially, stock takes will take place twice a week for at least the first two months. This will aid in verifying whether the predicted sales figures are accurate. It will provide information as to whether the amount of stock being ordered in is the correct amount; this will allow a more efficient cash flow to be introduced. Styles which are not popular will be identified as well as the popularity of shoes in each of the categories.

The sales forecast will be continually updated to make use of the information that is being obtained. If the actual sales remain significantly different to the predicted figures, frequent stock takes will continue.

By continually monitoring the stock levels, it will also be possible to determine whether marketing campaigns are having an effect on the sales figures.

Projected outputs

It is expected that twenty pairs of shoes are sold each day.

Risk Assessment

What if...

...other stores start selling non-leather shoes?

Even though many stores are eager to make known that they use high quality leather with all of their shoes, it is indeed possible that if they see that there is a market for mock leather shoes, they will start selling some of their own. Many of the shoe stores and the shoe suppliers have a lot of money compared to V-Shu, established brands and the infrastructure to develop and produce leather imitation shoes quickly.

Since V-Shu will start with one store and hopefully grow to open several more, if larger shoe companies were to offer mock leather shoes on a national level, they could extremely limit the ability of this company to grow. In the areas in which there will already be V-Shu stores, it is likely that the partners would have been successful in building a brand locally. If this is the case, V-Shu would be in a position to compete with the other stores. If V-Shu was successful in changing the negative perceptions consumers had concerning leather imitation, it would be doing these other shoe retailers a favour.

In one sense V-Shu will have the first mover advantage over the competition since they are embedded into a tradition of selling leather shoes, whereas V-Shu will never sell any such



items. On the other hand, V-Shu will be a new name on the high street and therefore building a brand will take time.

...customers see leather as the 'real thing'?

The partners of V-Shu conducted a survey, one of the aims of which was to determine the opinions they have of mock leather in comparison to actual leather. Several respondents stated that they saw leather imitation goods as a compromise to leather in terms of quality. Many people do not see the point in refusing to buy leather – they do not believe that purchasing leather is ethically wrong.

It is crucial that the marketing of the store and its products is carefully orchestrated so as to banish the myths that fake leather is sub standard to real leather especially with the V-Shu products. One of the important differences is that Lorica does not need to be polished as it does not lose its colour as easily as leather and it is not as easily damaged. The marketing will make good use of these facts. The partners do realise that disrupting the leather related mental models that the general public have will be difficult and it will not be possible to convince many people that they should trust V-Shu in its claim that its products are of a high quality. However, as an increasing number of people go around holding V-Shu bags and V-Shu customers tell others about its excellence, it is envisaged that the brand equity and name awareness will quickly increase.

...consumers are resistant to change?

V-Shu hopes to fundamentally shift the whole shoe market. The major sports manufacturers are making available more and more trainers that do not make use of leather. They have been successful in introducing this shift in the trainer market. Saying this, they have not tried to bring about a revolution in the same way as V-Shu hopes to. They have chosen the subtle approach. Rather than making all of their trainers non-leather and stating that they feel that the use of leather is wrong, they started with a few styles that do not use any leather, and then gradually increased the number upon realising that many people are willing to consider non-leather trainers on an equal basis. This is one of the reasons why V-Shu will attempt to market its products in a way that will not make the public feel that they are only for vegetarians. It should be noted that there is an important difference between the trainer and shoe markets in that trainers have made use of other materials for a while now. These other materials were required to be used with trainers so that they have greater ventilation. This has not been a factor that has really been addressed in the shoe market and it may even be something V-Shu could explore with some of the styles that will be on sale in the summer.

...the current non-leather shoe manufacturers decide that they would like to open more stores?

There are only a few non-leather shoe manufacturers on the market at the moment. It is possible that upon seeing the success of V-Shu, they may decide that they would like to expand the number of stores that they have. There is also a chance that a venture capitalist group may approach them to try finance them to open up more stores in an effort to benefit from the current ethical consumer trend. These are factors that should be considered.

At the moment, there is some sort of desire amongst vegetarians to unite to form a 'community'. Perhaps, if this common with some of the stores that already only sell mock leather shoes, V-Shu could merge with these stores, making use of their experience and brand value. Some of these stores may be members of the Independent Footwear Retailers Association and by becoming members, the partners will increase their contacts within the industry and with suppliers of non-leather shoes. Indeed, the partners are considering approaching these other manufacturers to see if they would at least be willing to work together. The major drawback of this is that if these other stores are creating shoes for V-Shu, it is likely that the mark-up on them will not very high. Care will be taken to try not to step on the foot of these other companies by not opening up stores close to theirs.



...there is a recession in the market?

Current trends show that there is some growth in the shoe market. It does not indicate that there is a possibility of a depression in the market. By nature, the shoe market is not one to be vulnerable to such a crash. However, if it were to be the case, plans to open up more stores would be given further consideration.

...one of the partners decides to leave V-Shu?

V-Shu will no longer trade as a partnership. If this were to happen, it will be necessary to see in which ways it limits the choices of the company and relevant decisions will be made accordingly.

...employees become disgruntled?

Staff will be required to continually make known their views of both management, and the organisation as a whole. The partners will take the necessary steps to resolve any problems that the workers have and in doing so hopefully prevent them becoming discontent with V-Shu.

...the sales are not as high as predicted?

The impact of this will depend on to what extent it is true. If the average number of shoes sold each day is only a few less than what is expected, it will not have a huge impact. It will only mean that it will not be possible to pay the loan back as soon as was hoped and also that it may not be possible to open up another store as early as originally desired.

If the shoe sales are considerably lower than expected, it will be necessary to find out exactly why this is the case. There are two major reasons as to why this could be the situation.

Firstly, the quality of the shoes may not be high enough. If this is the case, the suppliers will need to be contacted straight away. They will be required to make a second batch of shoes that are of the desired quality. Failure to do this may lead to having to find another supplier. This is of course undesirable since it is more than likely to lead to a loss of a lot of money. It will lead to the store being closed until another supplier can be found, a contract be signed, the shoes be designed and authorised, the shoes being put into production and being delivered to the stores.

Secondly, not enough people know about the store. In this circumstance, more money will be used for advertising. Advertisements will be placed in all local newspapers, including those that may have already been advertised in. Bus stops and bill boards will also be advertised on.

...the business runs out of money?

Even though adequate planning has gone into the financial forecasts, it may still be possible for V-Shu to run out of money. If this is the case, the bank will be approached in an attempt to extend the loan amount. If the bank from which the loan was taken from is unwilling, other banks will be approached.



Financial Information and Forecasts

Trading Figures

Women's	% of sales	average price
Categories		
Classic	48	26
High heel	3	31
Mid heel	11	30
Low heel	17	28
Ankle boots	2	34
Mid length boots	1	36
Knee high boots	1	48
Sandals	17	21
Total Percent	100	31.75
Men's		
Classics	54	28
Casual	37	35
Contemporary	6	36.5
Sandals	3	24
Total	100	30.875

Sizes	Distribution (%)	Average Price
Women's		
4	6	30
5	28	30
6	34	30
7	29	30
8	3	30
Total Percent	100	
Men's		
6	1	30
7	3	30
8	12	30
9	31	30
10	33	30
11	16	30
12	4	30
Total Percent	100	

Percentage variation of sales per month, by category

	Style	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
Womens	Classic	76	82	66	57	40	17	7	9	24	47	66	78	47.41667
	High heel	1	1	2	2	3	5	5	6	5	3	3	1	3.083333
	Mid heel	6	6	6	7	11	15	14	20	12	13	13	12	11.25
	Low heel	2	5	18	19	27	27	32	26	24	16	4	0	16.66667
	Ankle boots	7	3	2	1	0	0	0	0	1	3	5	5	2.25
	Mid length boots	5	1	1	1	1	0	0	1	1	1	3	2	1.416667
	Knee high boots	3	2	1	1	1	0	0	1	1	1	2	2	1.25
	Sandals	0	0	4	12	17	36	42	37	32	16	4	0	16.66667
Mens	Classics	64	61	60	56	46	38	40	44	48	58	65	68	54
	Casual	31	37	35	41	43	46	43	41	37	30	29	29	36.83333
	Contemporary	5	2	5	3	7	9	9	7	9	10	6	3	6.25
	Sandals	0	0	0	0	4	7	8	8	6	2	0	0	2.916667



Profit and loss forecast

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Sales	0	8,925	11,603	15,173	17,850	17,850
Sales minus VAT (@ 17.5%)	0	7,596	9,875	12,913	15,191	15,191
Cost of production	0.00	892.50	1160.30	1517.30	1785.00	1785.00
Total Expenses no vat	30,875	8,963	8,973	9,301	9,755	9,283
Gross profit	0	6,703	8,715	11,396	13,406	13,406
Profit (pre-tax and NI)	-30,875	-2,260	-258	2,095	3,651	4,123
Bank balance	-30,875	-33,135	-33,393	-31,298	-27,647	-23,523

	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Sales	17,850	17,850	17,850	17,850	17,850	71,401
Sales minus VAT (@ 17.5%)	15,191	15,191	15,191	15,191	15,191	60,767
Cost of production	1785.00	1785.00	1785.00	1785.00	1785.00	7,140
Total Expenses no vat	9,240	9,584	9,316	9,227	9,283	114,517
Gross profit	13,406	13,406	13,406	13,406	13,406	53,627
Profit (pre-tax and NI)	4,166	3,822	4,090	4,179	4,123	-23,523
Bank balance	-16,134	-12,312	-8,221	-4,042	82	37,262

V-Shu Cashflow Forecast

Cash Inflows

Sales
Production costs
Bank loans
Personal contributions

Total Cash Inflow

Less Cash Outflows

Rent
Rates
Drawings
Wages
NI
Heat & Light
Insurance
Accountant
Stern and equipment
Loan Repayments on Bank Loan
PPL Music licence
PRS licence
Advertising
Branded carrier bags
Water rate
Additional supplies
Phone line and bill
Initial set-up costs
Till & Credit card scanner
Security shutters & alarm
CDs
Website - hosting, domains, linking
Uniforms

Total Expenses

Net Cashflow

Balance

Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
0	8,925	11,603	15,173	17,850	17,850	17,910	17,850	17,970	17,790	17,790	17,790	192,961
893				4,463			4,463			4,463		14,280
35,000												
15,000												
49,108	8,925	11,603	15,173	13,388	17,850	17,910	13,388	17,970	17,790	13,328	17,790	164,401
2,605	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	19,329
439	439	439	439	439	439	439	439	439	439	439	439	5,262
1248	1248	1248	1248	1248	1248	1248	1248	1248	1248	1248	1248	
0	2772	2772	2772	2772	2772	2772	2772	2772	2772	2772	2772	62,276
0.00	4.00	4.00	251.14	251.14	251.14	251.14	251.14	251.14	251.14	251.14	251.14	31,784.18
20.43	20.43	20.43	20.43	20.43	20.43	20.43	20.43	20.43	20.43	20.43	20.43	29,515.95
1,180												29,271
			159.00									28,091
247.50												27,931.85
	3,380	3,380	3,380	3,380	3,380	3,380	3,380	3,380	3,380	3,380	3,380	27,684
90.33												27,684
209.52												27,594
1076.11				584.93		30.00		348.98				27384.50
945.45						945.45						25,344.49
64.46			64.46			64.46		64.46				23,454
17.39			17.39			17.39		17.39				23,196
	46.55			46.55				46.55			46.55	23,126
21,400.00												22,940.01
470.13												1,540
722.70	21.45	21.45	21.45	21.45	21.45	21.45	21.45	21.45	21.45	21.45	21.45	1069.88
CDs	37.08		14.83	14.83	14.83		14.83	14.83			14.83	111.23
44.24												
94.88						94.88						
30,875	8,964	8,973	9,430	9,759	9,235	10,231	9,189	9,569	9,271	9,174	9,235	464,589
18,233	-39	2,630	5,743	3,629	8,615	7,679	4,199	8,401	8,519	4,154	8,555	-300,188
18,233	18,194	20,824	26,567	30,196	38,810	46,489	50,688	59,088	67,608	71,761	80,316	



Cash Expenditure Forecast

Expenditure	Total cost p/a	Justification
Rent (including initial deposit)	14,067	Serves as a shop, storage for quarterly stock and there is a flat above the store which provides accommodation for the two directors and saves on drawings.
Rates	5262	Standard obligatory business rates
Drawings	14,976	This amount covers the total annual expenses for both directors to cover bills, transport, food, clothing, household expenses, other personal goods and services.
Wages	30,492	For three staff; two working per day, seven days a week. Reasonable London wage of £5.50ph
NI	2,228.23	Class 2 minimum national insurance deductions until the allowance of £4,905 in profits is reached. The excess is then charged class 4 rates of 8%.
Heat and Light	245.10	Annual electricity and gas expenses for the store. Figure based at an increase of around 20% to an average household bill.
Insurance	1,180	This covers building insurance, loss of rent, and standard retailer's insurance for employers liability, loss of stock, public and product liability and costs of legal aid.
Accountant	159	Annual flat rate fee for help with Tax
Stereo and equipment	247.50	Includes speakers. Provides background music to for clients.
Loan repayments	27,684	15.9% There is no loan repayment for the first month since the first month will be spent setting up the store.
PPL Music licence	90.33	Essential purchase to play music for non-personal use. PPL collects money for record companies and performers. Price based on audible area of 601-650 sq. metres.
PRS Licence	209.52	Essential purchase to play music for non-personal use. PRS represents writers and publishers.
Advertising	2,040.01	To establish V-Shu as a brand and as a store and spread the V-Shu message both locally, within neighbouring boroughs, throughout London, and to vegetarians throughout the UK.
Branded carrier bags	1,890.90	The partners have chosen large paper bags with a twisted paper handle. This is more environmentally friendly than plastic and the bags are expensive looking and high quality to help the store achieve an upmarket image. They are branded with the V-Shu logo and a message which can be an important advertising method.
Water rate	257.82	Based on the Anglian Water 'streamline green' usage tariff. Accounts for shop kitchen and bathroom as well as the upstairs flat.
Additional supplies	69.56	Ink and paper rolls for cash register. Other expenses such as toilet roll, cleaning supplies.
Phone line and bills	186.20	Needed to authorise credit and debit card transactions. Has a small allowance for phone calls to suppliers etc. The phone will not be used for personal use.
Initial setting up costs	21,400	Fixtures and Fittings for the shop. The store is currently operating as a hairdresser so the inside will need total refurbishment, including display shelving, new décor, desk for the cash register and seating for customers.
Cash register and credit card scanner	470.13	The cash register is low budget. This may need to be replaced at a later date if the store becomes significantly busier.
Security shutters and alarm	958.65	The fitting of shutters and a monitored alarm system means it will be possible to get a cheaper insurance quote. Since the stock is stored on site security was even more of an issue.



		Also home office figures state that the number of burglaries in Harrow per 1,000 homes is 9.4, much higher than the English average of 6.7. So good security is a necessity.
CDs	111.23	The CD allowance needs to be ongoing so that the latest music can be bought for the store and neither staff nor customer gets tired of hearing out-dated and over-played music. This is especially important for the younger market who will be shopping in the store.
Website – hosting, linking, Domain names	44.24	Both directors are skilled at web design. This saves design and production costs. The partners want a promotional website that may eventually turn into an E-commerce site. With or without a website it will be necessary to register the names v-shu.com and v-shu.co.uk during this initial stage so that they were not later registered by someone else seeking to attract visitors by making use of the V-Shu name once it has become established.
Staff T-shirt uniforms	189.76	Each member of staff will have two T-shirts, with a contingency for lost uniform. These will be black T-shirts and will need to be replaced every sixth months to prevent major colour fading. The T-shirts are part of the in-store promotional strategy. The T-shirts will be branded with the V-Shu logo and an evocative though not too intrusive or off-putting fact about mock leather shoes or some things you might not know about the leather industry (Indian leather trade, exotic leathers etc.) to help reinforce the message.



Appendix

Survey Results

About you

1. Name

[VIEW](#) 52 Responses

2. Email address:

[VIEW](#) 52 Responses

3. Age

	Number of Responses	Response Ratio
Answer Under 13	0	0%
Answer 13-15	2	4%
Answer 16-19	0	0%
Answer 20-25	29	54%
Answer 26-35	13	24%
Answer 36-45	2	4%
Answer 46-55	6	11%
Answer 56+	2	4%
Total	54	100%

4. Sex

	Number of Responses	Response Ratio
Female	35	66%
Male	18	34%
Total	53	100%

5. Where do you live? (Please input closest major Town/city/Region E.g. Nottingham, North London, Brighton...)


[VIEW](#) 53 Responses


6. Are you...







	Number of Responses	Response Ratio
Non-vegetarian/Non-vegan	46	87%
Vegetarian	4	8%
Vegan	0	0%
VIEW Other (Please specify)	3	6%
Total	53	100%



You shoe buying habits

7. Have you ever bought shoes from a website or through mail order?	Number of Responses	Response Ratio
Yes 	19	37%
No 	33	63%
VIEW		

8. How many times a year do you buy a pair of shoes?	Number of Responses	Response Ratio
Less than once 	2	4%
1-2 	22	42%
3-4 	15	28%
5-6 	7	13%
7+ 	7	13%
Total	53	100%

9. On average how much do you spend on each pair?	Number of Responses	Response Ratio
Under £20 	1	2%
£20-£30 	9	17%
£30-£40 	18	35%
£40-£50 	12	23%
£50-£60 	3	6%
£60+ 	9	17%
Total	52	100%

Your attitudes towards leather and mock leather shoes

10. What is the most you would spend on a pair of shoes?	Number of Responses	Response Ratio
Under £20 	0	0%
£20-£30 	1	2%
£30-£40 	9	17%
£50-£60 	8	15%
£60-£70 	10	19%
£70+ 	25	47%
Total	53	100%



11. How important are the following factors when buying a new pair of shoes:					
The top percentage indicates total respondent ratio; the bottom number represents actual number of respondents selecting the option	1	2	3	4	5
	Very important	Important	Fairly important	Not very important	Not important
1. Price	30% 16	26% 14	28% 15	11% 6	4% 2
2. Style	60% 32	32% 17	8% 4	0% 0	0% 0
3. The latest fashion trends	9% 5	21% 11	38% 20	25% 13	8% 4
4. Quality	55% 29	34% 18	11% 6	0% 0	0% 0
5. Comfort	60% 31	33% 17	6% 3	2% 1	0% 0

12. Do you buy any of the following? (Tick all applicable)			Number of Responses	Response Ratio
Leather wallets			36	72%
Leather shoes			46	92%
Leather bags			28	56%
Leather belts			37	74%
Leather gloves			25	50%
Other leather clothing (eg. trousers, jackets)			26	52%

13. Would you buy any of the following if they were made from a mock leather of similar quality, design and price to a leather item:				
The top percentage indicates total respondent ratio; the bottom number represents actual number of respondents selecting the option	1	2	3	4
	Would prefer to	Would consider	Unlikely to	Definitely not
1. Wallet	18% 9	57% 28	10% 5	14% 7
2. Shoes	14% 7	51% 26	22% 11	14% 7
3. Bag	17% 8	58% 28	8% 4	17% 8
4. Belt	14% 7	63% 31	8% 4	14% 7
5. Gloves	13% 6	51% 24	19% 9	17% 8

14. What opinions do you have about leather shoes in general? (Tick as many or as few as appropriate)			Number of Responses	Response Ratio
Durable			40	77%
Luxurious			17	33%
Easy to clean			26	50%
Difficult to clean			5	10%
Uncomfortable			2	4%
Comfortable			32	62%
Expensive			23	44%
Environmentally Damaging			8	15%
Ethically objectionable			5	10%
Other (Please specify)			2	4%



15.	What opinions do you have, if any, about mock leather shoes in general? (Tick as many or as few as appropriate)	Number of Responses	Response Ratio
	Durable	6	13%
	Cheap looking	26	54%
	Not 'breathable'	19	40%
	Easy to clean	15	31%
	Difficult to clean	1	2%
	Uncomfortable	12	25%
	Comfortable	8	17%
	Environmentally Damaging	1	2%
	Poor quality	23	48%
	VIEW Other (please specify)	4	8%

If you prefer to buy non leather shoes answer questions 16 and 17, If not skip to question 18.

16.	Do you think suitable mock leather shoes are difficult to find?	Number of Responses	Response Ratio
	Yes	8	36%
	No	8	36%
	Don't know	6	27%
	Total	22	100%

17.	How long would you be prepared to travel to buy a good quality of non leather shoes?	Number of Responses	Response Ratio
	Up to 30 minutes	8	40%
	Up to an hour	9	45%
	Up to 2 hours	1	5%
	More than 2 hours	2	10%
	Total	20	100%

You do not need to complete the rest of this survey. Please click the 'Submit' button at the bottom of this page.

18.	If you would not or are unlikely to buy shoes made from a leather alternative, could any of the following factors persuade you otherwise? (Tick all applicable)	Number of Responses	Response Ratio
	Lower price	17	50%
	Unable to find the same shoe in a leather version	9	26%
	Unique design	21	62%
	VIEW Other (please specify)	7	21%



19.	If you ticked 'lower price' in the previous question: As a MINIMUM, how much cheaper would the shoes need to be compared to a similar leather version, before you would consider buying them?	Number of Responses	Response Ratio
	10% cheaper	0	0%
	20% cheaper	9	50%
	30% cheaper	4	22%
	40% cheaper	1	6%
	50% cheaper	3	17%
	More than 50%	1	6%
Total		18	100%

20.	If you knew that there are mock leather shoes that are: <ul style="list-style-type: none"> • 'Breathable' like leather • Easy to wipe clean • Water resistant • Scratch resistant • Lighter than leather • Almost identical to leather • Durable Could this change your mind about buying a pair of non leather shoes?	Number of Responses	Response Ratio
	Yes	30	79%
	No	5	13%
	Don't know	3	8%
Total		38	100%

21.	If not, Please tell us why:
VIEW 5 Responses	