**UNIVERSITY OF CAPE COAST**

**COLLEGE OF HUMANITIES AND LEGAL STUDIES**

**SCHOOL OF BUSINESS**

**CENTRE FOR ENTREPRENEURSHIP AND SMALL ENTERPRISE DEVELOPMENT**

**COURSE:** ENTREPRENEURSHIP (SBU 408).

**LECTURER:** DR. EDWARD NII ARMAH ARMATEFIO.

**ASSIGNMENT:** BUSINESS CONCEPT OF A TEA SHOP.

**GROUP MEMBERS’ DETAILS**

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**BUSINESS CONCEPT PAPER**

**DESCRIPTION OF OPPORTUNITY**

The perceive need is the operation of a Tea Salon. Due the hustle UCC students encounter by waking up for morning lectures and quizzes, they find it difficult to prepare breakfast which keep them going for the day’s activity. Starting a day’s activity with breakfast help boost your metabolism and keep your sugar level stable during the day as well as the brain. A nutritious breakfast helps build one’s concentration level and productivity. Tea contains antioxidants, has less caffeine than coffee, may reduce the risk of heart attack and stroke and may help in weight loss and may also help protect your bones and keep your smile bright.

Since the school’s SRC canteen is situated far from the students, and not up to one-third of the students patronize it, there is an opportunity to open a tea joint at Old Site and New Site Shuttle Stations as well as C. A. Ackah Lecture Theatre Complex (CALC) cafeteria to help curb these challenge students encounter. This opportunity is worth pursing because students will not go through the stress to wake up early enough to prepare breakfast. The absence of tea salon in the whole university and the importance it gives to the body makes the venture worthwhile to enter into.

**DESCRIPTION OF THE PRODUCT**

Tea contains a large number of ingredients:

Our tea comes with different kinds to suit students’ preference such as tea with more sugar and more milk, tea with no sugar but more milk, and other beverages like Milo, Cowbell strawberry, Mocher and Cowbell Coffee. The tea would be available with sandwich that is, round bread with egg, round bread with salad (cabbage, canned beef sardine and egg) based on the preferences of customers. The nutrients that tea contain include Tannins, caffeine and tea vitamins such as vitamin E, vitamin B, vitamin C, Theanne, plants pigment, alkalinity, fluorine and saponins.

The unique characteristics of our product are; it is in a plastic disposable cup sealed with a straw. There are no additives, it is creamy. Tea drinks are highly nutritious and rich in Riboflavin (vitamin B2) that is 11% of the Reference Daily Intake (RDI), Pantothenic Acid (Vitamins B5): 6% the RDI, and Vitamin B3: 2 % of RDI. Tea also contains L-theanine, theophylline and bound caffeine (sometimes called theine).

Several observations studies show that, tea drinkers have much lower risk of type 2 diabetes, a serious condition that affects millions of people worldwide. Again, tea drinkers according to the observations of the researchers have up to 60% lower risk of getting Parkinson disease, the second most common neurodegenerative disorder. The most exciting news about tea drinkers is that, they have a much lower risk of cirrhosis, which can be caused by several diseases that affects the liver. Tea varies from noted brands to organic herbal such as black tea or green tea. Our tea will be in different varieties; green tea, strawberry tea, lipton, milo. We give our customers value for their money by providing them with a product is of very high quality and yet at a very affordable price of GH¢ 1.00

**ASSESSMENT OF THE MARKET**

The market consists of heterogeneous customers but our target market is the university community especially students on campus. The estimated number of our main target market (students) is about 19,000 (source: Data Processing Unit of UCC) and we expect to capture 50% of this number within the first two years of our operation, giving our quality product provision and continuous review of our product. The current statistics available indicate that the urban population in Ghana is 51% of the total population the country and also with a 3.4% annual rate of change between 2010 and 2015. The above statistics indicate a promising future for the demand and consumption of tea. Customers are now relying on fruits juices without additives to satisfy their need. This is because those engaged in this business are not able to provide up to customer’s special needs. The prices of our products will be quoted in litres depending on the size of the disposable cups. To distinguish ourselves with respect to prices, our prices would be 5% less of the prevailing market price.

**THE COMPETITIVE ENVIRONMENT**

The competitors of our product are wholesalers, retailers, restaurants and other dealers of popular brands of tea, porridge, and Nescafe sellers in the university community. In particular, cafeterias and snack bars on campus are our direct competitors. However, in view of this stern competition from all facets, our competitive advantage remains the natural taste of our product and its uniqueness.

We would use cost effective methods of production so as to make our product more affordable, without compromising on its quality. Also due to the ease of entry, as a result of low capital requirement, we plan to use the differentiation approach to sustain our competitive advantage due to the unique and peculiar nature of our product.

**BUSINESS STRATEGY**

The identified opportunity will be exploited using the following production, promotion, distribution and pricing strategies;

Production: Tea will be sourced from plant called Camellia Sinensis. The tea is transported to our production site for production to begin. The coffee beans, after passing through quality testing are broken to pieces by the use of a grinder or blender. The finer the coffee granules, the stronger the coffee. Coarser grounds produce better flavour and less bitterness if you are making drip coffee.

The grinded coffee is poured into hot water. A little sugar is added to reduce the bitterness hence making it a little sugary for our taste conscious consumers while natural flavours without sugar is separated for customers who prefer no sugar to their diet. Preservatives are added and source is neatly bottled into well labelled bottles by the bottling department, ranging from 0.5litres, 1litre, 1.5litres, 3litres and 5litres containers respectively. The 0.5litres will be packaged into groups of 30 bottles, 1litres in groups of 15bottles, 1.5 and 3litres will be packaged in groups of 10.

The 5litre bottles will be packaged individually and all products subjected to scrutiny by our quality control team before finished products are transferred to our warehouse.

Promotion: Our firm will use messages with consistent themes (Tea papabi...Wo nso nom bi hwe, meaning: delicious tea, have a taste of it) which is related to the uniqueness of our product, key personnel and better customer relations to sell our product. Again we will use Referrals, that is, asking satisfied clients to recommend the product to friends; and sponsoring public or local events as well as giving customized packaging items with the logo of our firm so as to build our firm’s image. And more importantly, marketing personnel will create awareness of our unique services by contacting resident and non-resident students in the university community.

Pricing: The price of our product will be designed to reflect the quality, degree of expertise, specialization and value creation. The prices would also be designed to revolve around “the four Cs of pricing” which include,

 Customer: Charging a well-conceived price that will be attractive to our clients  Company: Charging a comparable price that would help the firm to make the planned profits as well as ensuring the survival of the firm.  Competition: Charging a comparable price that would help beat competition.  Constraints: Charging price that would help minimize threats arising from price competition.

Distribution: The firm is located in the premises of Oye Inn Hostel opposite Science Station, Cape Coast. The location of the firm is suitable due to its proximity to our main target market, enough space for car parking, goodwill and serenity of the environment. We will mount up stands for students in their respective hostels to come and buy, and also we will be delivering the product to our customers’ doorstep. Besides the above strategies, measures will be put in place to deploy human resources to achieve our business goals. This will be done through frequent staff training and development and effective customer service programmes through a strategic alliance with experienced personnel in the field of marketing and distribution.

**FINANCES**

The main cost of undertaking our activities includes:

• Cost of raw materials

• The cost of the processing equipment

• Cost of packaging

• Cost of storage facilities

A minimum start-up capital of GH¢ 5,000 will be required. This capital will be raise through personal savings from the stakeholders. Our major source of income will come from sale of the product. Our major expenses will be cost of advertisement. The labour will be provided by the members of the firm and delivery will be done by the partners of the business. Profit is expected to be realized after one accounting year. We expect to break even in the first two quarters of the financial year of our operation.