##### Economics

Facts about your industry (referencing actual sources is critical – it improves your validity):

* What is the total size of your market? (ex: number of universities – students/university)
* What percent share of the market will you have? (This is important only if you think you will be a major factor in the market.)
* Current demand in target market.
* Trends in target market—growth trends, trends in consumer preferences, and trends in product development.
* Growth potential and opportunity for a business of your size.

Our market is 25- 30 year old book club participants in the Syracuse area. The total market size is approximately 1,000 people according to the census bureau cross referenced with the amount of book clubs in the area. We plan to have at least 70% of the market using it, as this will validate that our products concept, value, and model is successful in a small scale, concentrated environment. The demand in the target market is high, especially in the time where our US economy is down, to recover some costs spent on e-books. Book club advocates want to share books and help out their fellow members, and so they will be willing to sell their used e-books between one another. This will also help them to recover some initial cost that they used on purchasing their readers. Market trends confirm growth in the e-book sector, and according to Minyanville, Amazon recently reported a 69 million dollar growth in revenue for e-books in the past year. Another trend from USA today said that 9% of the most recent Christmas sales were e-books. This trend is to continue, and the market will grow as the price of e-books readers drop and technology becomes cheaper. Mashable confirms that publishers will be more important than ever because of the emphasis on producing a professional digital copy, benefiting them as well, and encouraging the transition from physical to digital publications. This leaves a huge growth potential when we expand into our primary market of college students in upstate New York, and will leave a greater rate of penetration due to the number of students with this technology. Our business has a great opportunity for our size, and even though we will stay small internally, we can scale up to multiple markets in multiple market segments to grow our revenue.

B Promotional Budget

How much will you spend on the items listed above? Before startup? (These numbers will go into your startup budget.) Ongoing? (These numbers will go into your operating plan budget.)

A general rule established by startup mentors and entrepreneurs in the lean startup for deciding the startup cost for marketing is to match the cost of starting up the service. This said, it will cost our company 15,000 and will go towards purchasing Google and Amazon ad credits, the initial press release to announce our service, and flyers and advertisements in bookstores. The social media aspects that include Facebook and Twitter will be free along with a Wordpress account. Ongoing cost will be to replenish our ad credit funds, and will costs around 1,500 dollars per year for each website. Another ongoing cost is the cost of commercial advertising, and can range from 10,000 to 15,000 dollars per year depending upon the frequency of advertising done through television.

**Company Niche**

Our company fits well into a niche because book club owners are looking to stay economical in pursuing their passion. Young adults in the 25 to 30 range typically have jobs and therefore will more likely have an e-reader, however need to conserve money as they are not yet moved into the high paying jobs. This service provides a way for book club members to share books between members, and recover some cost for the books on the side. This mindset applies appropriately to college students as well.

**Startup Expenses**

There are many startup expenses to account for in starting up this company. Through researching prices on GoDaddy, we found that it cost 9.99 per year to get a domain name, 71.28 per year for a SQL server and email accounts, 359 per year for enterprise level security on the server. This will allow us to build a website, however we will need to hire another developer to expedite the development process as well as add more versatility to the programming team. Through outsourcing, we can bring that cost to just 10,000 for one project, which ends up being cheaper than hiring an employee that we would be paying a yearly wage to. We will also need to fill our database with an initial load of books, and this will cost us 5,000 dollars for a base set of 230 books. Marketing and advertising will cost us an extra 15,000, and this will cover advertising on television, through bookstores, and Google and Amazon ad credits. This brings the total estimated start- up cost to about 30,000 dollars, and will be the amount for our first loan that we would take. In this forecast, I have not calculated for contingencies, which includes travel fees for traveling to conferences, office supplies and material fees, and office fees if we were not to get into an incubator.