



## Team No. 6

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Daniel Ostapenko  
Holly Ta  
Tyler Warneke

## E-Commerce Project Assignment 2

April 11th, 2018



## EXPLORE

### Products

Browse from our wide variety of styles

#### POPULAR PRODUCTS



Slouchy Beanie  
\$19.99



Nature Patterned Cozy Sock  
\$16.99



Space Needle Tote Bag  
\$24.99



Fingerless Gloves  
\$9.99

[All products >](#)



#### A Passion for Environmental Sustainability

Our products are made from recycled and organic materials that are biodegradable and environmentally sustainable.

#### A Focus on Community

We donate 10% of our profits to My Father's House, a non profit shelter for homeless families in the Pacific Northwest

Check out their website: <https://www.familyshelter.org/>

Get our latest news and special sales

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#### PRODUCTS

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#### OUR COMPANY

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[Our Charity](#)  
[Contact us](#)

#### YOUR ACCOUNT

[Addresses](#)  
[Credit slips](#)  
[Orders](#)  
[Personal info](#)

#### STORE INFORMATION

[PNWearables](#)  
[United States](#)  
Email us: [g.groenendaele@wsu.edu](mailto:g.groenendaele@wsu.edu)

Figure 1: Image of Ecommerce website home page. This home page showcases some of our most popular products, links to our supported charity and search functions in the header. The webstore can be found at <http://www.pnwearables.com/>

## Business Overview

PNWearables sells sustainable apparel in the Pacific Northwest. Our target customers include environmentalists, pacific northwesterners, and community-focused people. PNWearables aims to provide customers with environmentally sustainable products while enabling customers to support those in need within their community. We are using the sales revenue model because we are selling products on our website. There are a few well-established competitors in this marketplace however, they do not offer the same benefits. We estimate that we could initially capture .72% of the marketplace.

Our competitive advantages includes unique designs, environmentally sustainable materials, and donations to the community. Our marketing strategy focuses on connecting customers with the community. We will accomplish this through donations, volunteering, and Instagram to showcase these activities. We will invest in Google Ads for online promotion. Five key positions at PNWearables are the E-commerce Manager, IT Manager, Vice President of Operations, Product Designer, and Accountant. A key success factor for PNWearables will be becoming well-known. We need to advertise our website effectively to acquire a consumer base. Without a solid consumer base, our business would face great difficulty.

These are some statistics to provide context regarding PNWearables.

- Instagram has surpassed 500 million active monthly users (Miles).
- There is an estimated 5.5 million market share for us and our competitors (“Community Facts”). An estimated penetration rate for our industry would be 7.2% (Kim), or a 396,000 market value.
- The market reach after 1 year is 6.3% of 5,486,986 or 345,680 customers

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## Change Log (Group Effort)

### Market Opportunity (Group)

- Provided additional support to claim of little overlap in current market of sustainable and PNW apparel in Value Proposition.
- Indicated that more details and information can be found in the appendix

### Value Proposition (Group)

- Added how charity connects to business and how charity works with business

### Revenue (Sarah Anderson)

- Used product prices and estimates from advertising and market strategy to update estimated revenue
- Added wage and advertising expenses
- Added income tax and an estimated net income
- Re-designed the table to be more easily read by adding borders and alternate row shading
- Indicated that more details and information can be found in the appendix

### Competitive Environment (Amanda Foshaug)

- Confirmed production issue for competitor Rawganique.

### Competitive Advantage (Tyler Warneke)

- Elaborated on why the charity that we chose resonates with our ideal customers.
- Elaborated on why our customers would find brilliant designs, environmental sustainability, community focus, and culture are distinctive reasons to buy from us.
- Expanded section to be much closer to the 500 word limit.

### Market Strategy (Daniel Ostapenko)

- Estimated the amount of money will be allocated for advertising from our budget.
- Inputted data for Instagram
- Analyzed the amount per click on facebook
- Estimated value to utilize google ads

### Organizational Development (Holly Ta)

- Modified the monthly wages to make the job position more attractive by increasing the work hours to full time worker and higher salary wage
- Modified the job description for E-commerce manager and general manager. Took out operation manager to avoid overlap of job duties within company
- Modified the employee hours and wages to have a better structure and formality for the business into the revenue model

### Capabilities of Management Team (Geoff Groenendale)

- Modified section to look like a job description

## Business Model Elements (Group Effort)

### Market Opportunity

For PNWearables, our ideal customer would be the Pacific Northwesterner. They are people who love and take pride in the Pacific Northwest. These ideal customers care for the environment and enjoy practical and comfortable clothing with earthy tones rather than bright and vivid colors. There are three ideal customers that PNWearables can target specifically with this service, which are depicted in Table 1.

**Table 1 - Target Customers**

<b>The Pacific Northwesterner</b>	<b>The Environmentalist</b>	<b>The Volunteer</b>
<ul style="list-style-type: none"><li>· Lives in the Portland-Vancouver-Hillsboro Metro Area</li><li>· Age range of 15 – 40</li><li>· Loves the Pacific Northwest</li><li>· Enjoys comfortable, classic clothes</li></ul>	<ul style="list-style-type: none"><li>· Lives in the Pacific Northwest (Washington, and Oregon)</li><li>· Age range 20-40</li><li>· Has a love for the environment</li><li>· More inclined to be out in nature</li></ul>	<ul style="list-style-type: none"><li>· Lives in the Pacific Northwest (Washington and Oregon)</li><li>· Income is in Upper-Middle Class</li><li>· Doesn't have time to invest in their community</li><li>· Wants to invest in their community</li></ul>

To calculate the total US Market size for our ideal customer types, we used data from the United States Census Bureau. We acquired the total population of Washington and Oregon and multiplied it by the percentages of the population that fell within the age range of 15 to 40 years. Since our customer type includes people within the upper middle class, we had to find a way to include this population without overlapping our age range population. To determine the number of upper middle class customers, we found the percentage of the population that earned more than the mean income household for the state. We multiplied this percentage with the 18 - 40 age populations to avoid a high amount of overlap. Adding those together gave us the total size of our US Market, which is **5,486,986 potential customers**.

With this number, we can begin to determine how much of this market is attainable by PNWearables by determining a penetration rate. We can estimate market penetration for e-commerce retail at 7.2% (Kim). Over the course of 90 days, we believe we will be able to reach a tenth of this percentage, **.72%**, or **39,507 customers**. This is based on the belief that the products we provide are in high competition with similar retailers and our products are apparel accessories, we should assume that our penetration will be considerably low (MaRS). Over time, as we gain more presence and our products gain momentum in the market, we can safely assume

that we will have been able to reach triple the amount, which would be **2.1%** or **115,227 customers**. For a year, we can safely assume that the amount is tripled again as our products are given more opportunities to reach out to our customer market and gain a positive reputation via word of mouth. This would be **6.3%**, or **345,680 customers**. More information can be found in Appendix A.

In summary:

- **90 days: 39,507 customers**
- **6 months: 115,227 customers**
- **1 Year: 345,680 customers**

## Customer Value Proposition

We are able to offer our customers a sustainable, high quality product that allows them an opportunity to give back to the community. Our product also lets our customers showcase their Pacific Northwest identity. One reason customers would choose our products over the competitors is there is very little overlap between sustainable apparel and Pacific Northwest themed products. The current market either has sustainable apparel products that run the range of socks to bed sheets or Pacific Northwest themed apparel, but not a combination of both. We would be offering the customer something unique they can't find anywhere else. A second reason customers would choose us over competitors is we will offer a direct way to give back to the community. We will be partnering with My Father's House, a homeless shelter for families located in Gresham, OR. We feel My Father's house will resonate with our target customers because homelessness is such a large problem in many of big cities in the Pacific Northwest. The Oregon homeless population grew by 6% last year to almost 14,000 people. In Washington, the homeless population total grew to 22,000. My Father's House is not just a shelter. It provides education and career training to help families get back on their feet and become self-sufficient. A third reason customers would choose us is the high quality of our products. They will be comfortable, durable, as well as environmentally friendly which is a value we feel is important to our three target customer types.

We have created a customer profile table to demonstrate the average estimated transaction amount for three types of customer - Average spenders, spendthrifts and tightwads - and their monthly purchasing frequency. Average spenders are normal customers who will purchase a few items for themselves and friends. Tightwads will purchase on rare occasions and only in necessity. Spendthrifts are looking for deals and bargains, but purchase more items because of that. Table 2 shows more information on the different customer types and their spending frequencies.

**Table 2 - Transaction Frequency and Amount by Customer Type**

Customer Type	Tightwads	Average Spenders	Spendthrifts
Number of item?	Only what is needed – 1-2 items	Gets gifts and personals – 4-6 items	Looking for a deal – 6-8 items
Percentage of sales	15%	60%	25%
Frequency of purchases	Every two months	Once every two weeks	Once every month
Average Transaction amount	\$30	\$65	\$90

## Revenue - Sarah Anderson

PNWearables will be creating profit through sales to customers. We will be selling accessory clothing that is themed towards the Pacific Northwest and made from high quality and sustainable organic hemp and organic cotton material. These will include socks, beanies, gloves, scarves, and tote bags.

E-commerce sites rely on one or more of five primary revenue models: advertising, subscription, transaction fee, affiliate revenue model, and sales revenue model. PNWearables is focused mainly on creating products and selling the finished product to customers. This ties in perfectly with the sale revenue model, which is used by companies who gain revenue by selling goods and/or services to customers (Lauden, 58-59). Because of this, PNWearables will be using the sales revenue model when working with their E-commerce site.

Listed below are three income statements for the first year of PNWearables, calculated based on average sales and amount of average monthly customers. In our most likely case scenario, 700 customers will decide to purchase from us with an average of \$50 per customer. This means that most customers would buy about three items. In our worst case scenario, only 500 customers would decide to purchase an item with an average of \$25 per sale. This means that these customers would only purchase one or two items. In the best case scenario, we would have 1000 customers purchase from us every month with an average of \$60. This means that they are purchasing multiple times and getting multiple items. The income statements show a monthly revenue and a yearly revenue based on these estimates. Further calculations concerning the income statement can be found in Appendix A.

Most Likely Case				
			Per Month	Per



				<b>Year</b>
Revenue			35,000	420000
Cost of Goods Sold				
	Variable		12250	147000
	Fixed		500	6000
Total Cost of Goods Sold			12,750	153000
<b>Gross Profit</b>			<b>22,250</b>	<b>267000</b>
<b>Operating Expense</b>				
Wage Expense			10650	127800
Advertising Expense				
	Variable		3500	42000
	Fixed		1000	12000
<b>Total Expenses</b>			<b>15150</b>	<b>181800</b>
Income Before Taxes			7100	85200
Income Tax Expense			604	7242
Less: 10% to charity			2225	26700
<b>Net Income</b>			<b>4272</b>	<b>51258</b>
Profit Margin			63.6%	63.6%

<b>Worst Case</b>				
			<b>Per Month</b>	<b>Per Year</b>
Revenue			12,500	150000
Cost of Goods Sold				
	Variable		4375	147000
	Fixed		500	6000
Total Cost of Goods Sold			4,875	58500
<b>Gross Profit</b>			<b>7,625</b>	<b>91500</b>
<b>Operating Expense</b>				
Wage Expense			10650	127800
Advertising Expense				
	Variable		1250	15000
	Fixed		1000	12000

<b>Total Expenses</b>			<b>12900</b>	<b>154800</b>
Income Before Taxes			-5275	-3300
Income Tax Expense			448	53805
Less: 10% to charity			762.5	9150
<b>Net Income</b>			<b>-6485.50</b>	<b>-38913</b>
Gross Profit			61%	61%

<b>Best Case</b>				
			<b>Per Month</b>	<b>Per Year</b>
Revenue			60,000	720000
Cost of Goods Sold				
	Variable		21000	147000
	Fixed		500	6000
Total Cost of Goods Sold			21,500	258000
<b>Gross Profit</b>			<b>38,500</b>	<b>462000</b>
<b>Operating Expense</b>				
Wage Expense			10650	127800
Advertising Expense				
	Variable		6000	72000
	Fixed		1000	12000
<b>Total Expenses</b>			<b>17650</b>	<b>211800</b>
Income Before Taxes			208500	250200
Income Tax Expense			1772	21267
Less: 10% to charity			3850	46200
<b>Net Income</b>			<b>15228</b>	<b>182733</b>
Gross Profit			64.2%	64.2%

## Competitive Environment - Amanda Foshaug

A competitor for Pacific Northwest themed clothing is Pacific Outbound Clothing Co. based in Bend, OR. They offer men's and women's T-shirts, tank-tops, sweaters, and trucker hats. They create all their designs. They just included a coffee mug line using the same imagery used for the apparel. The products have images of popular Pacific NW locations like Crater Lake

and the Oregon Coast. They also use the letters PNW and the phrase Pacific Northwest on their products. They say their company was founded by people who like great design, comfortable clothes and the Great Outdoors.

They are strongest in providing apparel that is simple in design, trendy, and aimed at the 20 to 40-year old demographic, who are a part of the local PNW community – especially those who like the outdoors. They use shirts that are made in the U.S. and from known high-quality brands like Bella+Canvas, Next Level Apparel and Gildan. They also provide free shipping in the U.S. with no minimum order, although they don't offer any expedited shipping.

One of their weaknesses is they mainly focus on Oregon themed items with their imagery. They aren't including WA, ID, BC. etc. They also don't offer other accessories like bags or scarves. Shirts and sweaters can be harder to buy online or as gifts because of the sizing issue. They also don't have a large amount of designs to choose from.

A large competitor for hemp and sustainable clothing and accessories is Rawganique, based in Blaine, Washington. They make organic cotton, linen, and hemp products. They grow and harvest some of their raw material and import from Canada and Europe for organic material. They offer similar items we will offer like beanies, socks, scarves and bags. Their items are very simple with few colors as they want to use very few chemicals. They are marketing to people who want sustainable, locally made, unique products.

Their strengths are they can harvest some of their own raw product. They make and design all the products they sell. They also have a niche market for people with chemical sensitivities or weakened immune systems. They are very upfront about being small, local and ethically-minded and if you as a customer aren't that way, then they probably aren't for you.

One of their weaknesses is their reliance on raw materials which can cause issues with filling orders if there is an issue with their crop. Reading reviews on their Facebook page confirms they do run out of products and customers contact them asking when they will be back in semi-regularly. They must also design and make everything themselves from scratch which is time consuming. They even say on their site that they can get behind on orders for this reason.

The market share of our competitors would be similar to our market opportunity, around 5.5 million people. We believe we could eventually gain up to 345,680 customers in this market within a year.

## Competitive Advantage - Tyler Warneke

Many of our competitors may be selling clothing in our region, but they focus primarily on simple designs, usually with a few words or simply a logo on the merchandise. One of our competitive advantages will be our brilliant designs. Utilizing a screen printing machine, as well as the skills and knowledge of our team, we will be able to produce unique and interesting designs that may not be easily copied by our competitors. The competitors in our marketplace currently only offer bland single color designs. We will offer Pacific Northwest themed designs like beautiful mountains, forests, rivers, bigfoot, and beer.

Most of the competitors in our marketplace don't utilize environmentally sustainable materials. We will be using materials like organic cotton, recycled cotton, and organic hemp in our bags, beanies, socks, and gloves. Our focus on environmental sustainability is key because many of our competitors are not focusing very much on it, which gives us an opportunity to provide a unique offering to our customer base. Furthermore, many people who live in the Pacific Northwest are "green" and choose to go out of their way to recycle everything from glass bottles to clothing. This shows that there is potential for a large customer base.

Our third competitive advantage revolves around our community-oriented focus. We strongly believe in supporting our local community, so we have decided that 10% of our profits will be donated to a local community shelter called My Father's House. My Father's House helps homeless families by providing shelter, education, and focusing on immediate needs. By donating to a local shelter, we are supporting our local community, which our community oriented customer base would value. This can make our customers feel like they are helping out fellow members of their community by purchasing products on our website.

Another significant competitive advantage of our business would be our culture of environmental sustainability, community involvement, and promoting the creativity of our team. This provides perhaps another customer group, say, potential customers, with an incentive to want to work for us. Many people prefer to work in an environment where their input and creativity are not only allowed, but encouraged and rewarded. Our culture would greatly interest anyone who cares about their own local community, which could increase their interest in the company, thus aligning them with our businesses goals. Our culture also allows for people who value environmental sustainability to thrive because they know that what we are doing is not harmful to the environment, so they can feel good about their work without feeling guilty.

## Market Strategy - Daniel Ostapenko

One way we would like to expand our market strategy is by partnering up with volunteer organizations. Our company is heavily focused on giving back to the community and provide low income families with resources such as socks and other warm clothing. We wanted to be different and have a unique way to spread the word of our brand. By partnering up with these organizations, our brand will be made known. We will be working with organizations in the Vancouver and Portland metro area with the goal to expand to other areas in the Pacific Northwest. Our mission will help connect people who are looking for ways to give back to the community and connect them with charity organizations. Not only do we reward our volunteers with free socks, we also donate socks to the organization the person volunteered for.

We will also open an Instagram account, which will keep everyone up to date on the products we have and our mission. One way to challenge our market is by letting people know that if they tag three people and follow us and include #PNWearables then they will be entered in a giveaway. Our social media presence will show how involved we are with the community. Utilizing instagram will increase brand exposure and audience reach; specifically in terms of the

migration of followers from one social media platform to another (Miles 2013). There will be an initial investment, but the recurring expenses will be minimal such as investing in a camera for good photos and hire models, in which makes it a cheap and a effective promotion channel. Another way we will advertise our products will be through Google ads. The idea behind this is when keyword matches what people search, then our paid google ad will appear next to the original search result (Canles). The costs to advertise with Google Ads are based on monthly fees base on viewers. With Google ads we will have the ability to identify our customers using keywords to find one kind of customer in a targeted way. Approximately 15% of our budget will go into advertising which will be \$7,500.

#### **Facebook:**

- Every \$58 you put into facebook gives you around 100 clicks on your ad.
- Costs on average about \$0.27 per click
- Facebook advertising costs about \$7.19 CPM

#### **Instagram:**

- 1,000 followers or less are lucky if they get \$100
- 100,000 followers can earn close to \$800 per post
- CPM means the cost to reach one thousand people.
  - \$50 per post at a \$5/CPM
  - \$70 per post at \$7/CPM
  - \$100 per post at \$10/CPM

#### **Google ads:**

- Formula: (your maximum CPC bid) x (your ad's QS)
- Example: certain keyword is \$4, and your ad has a QS of 10, your Ad Rank is 32
  - Your actual CPC= $36/10+0.01$ = \$3.31 per click

#### **10,000 followers**

#### **700 customers per month**

○

#### **Volunteer:**

- Based on donation
- Word of mouth

## **Organizational Development - Holly Ta**

### **1)E-commerce manager**

The marketing coordinator shall create and implement advertisement materials for PNWearables.  
Duties of the E-commerce manager

- a) Create and keep track of short term and long-term plans for PNWearables advertising and marketing
- b) Manage all PNW wearables social media, online platform, company's online sales; Instagram, Google Ads, Website
- c) Promote company's volunteering events for the community
  - 1. Find volunteering initiatives to engage with the community and advertise to target customers

Hours and Compensation:

- 40 hours/ week
- \$20 per hour
- \$3,200 per month

## **2) Informational Technology Manager:**

The Informational and Technology Manager shall manage the company's information technology and computer system.

Duties of the Informational Technology Manager:

- a) Protect security of data, network authorization, and data backup
- b) Create and sustain short-term and long-term strategies for PNWearables information development and technology by identifying problematic areas and implementing strategic solutions
- c) Audit systems and assess their outcome
- d) Manage the online transaction system

Hours and Compensation:

- 20 hours/ week
- \$11.50 per hour
- \$1,150 per month

## **3) Product Designers**

The Designer Manager shall create new screen printing designs of PNWearables landscape, landmarks, and sites.

Duties of the Designer Manager:

- a) Create designs, concepts, and layouts based on esthetic designs of PNWearables landscape, landmarks, and sites.
- b) Create and sustain plans for PNWearables by modifying and refining designs for the company
- c) Evaluate suitable and viable designs ideas based on colors, appearances, and sustainability of the product
- d) Inspect to ensure screen-printed designs and illustrators are printed correctly

Hours and Compensation:

- 20 hours/week

- \$11.50 per hour
- \$1,150 per month

#### **4) Accountant**

The accountant shall prepare and maintain the financial statement and accounting records of PNWearables to assess the accuracy of the company's finances.

Duties of the Accountant

- Managing the collection of Accounts Receivables and Payable
- Keeping track of the payroll and managing the cash of the company
- Preparing the monthly income statement and balance sheet

Hours and Compensation:

- 20 hours/ week
- \$11.50 per hour
- \$1,150 per month

#### **5) General Manager**

The general manager will oversee all business operations to support the overall growth of the company.

Duties of the general manager:

- Purchase materials, equipment, or resources from other vendors
- Direct and coordinate activities of production, pricing, sales, distribution of product, marketing, IT, and other
- Prepare staff work schedules and duties
- Monitor suppliers to make sure that they are efficient in their goods and services
- Communicate with customers
- Inspect physical conditions of warehouse, the function of operations and equipment for screen printing
- Create and keep track of short-term and long-term plans for PNWearables operating procedures for receiving, handling, storing, shipping, and delivering products
- Supervise employees in the operations area
  1. Watch over all margins

Hours and Compensation:

- 40 hours/week
- \$25 per hour
- \$4000 per month

#### **Table 3 - Employee Hours and Wages**

Position	Hours/week	Monthly wages
E-commerce manager	40/\$20	\$3,200
IT manager	20/\$11.50	\$1,150
Product Designer	20/\$11.50	\$1,150
Accountant	20/\$11.50	\$1,150
General Manager	40/\$25	\$4,000
Total Wages		\$ 10,650 per month

## Capabilities of the Management Team - Geoff Groenendale

### Job Title - General Manager

#### Job Responsibilities

The general manager oversees all business operations. The general manager should be an individual with more than just a rounded business acumen. This individual needs to be comfortable with generating revenue through the ecommerce and be knowledgeable in sustainability. This role requires the individual to keep track of monthly sales revenue, online customer engagement through number of instagram followers, and ecommerce usability through the website analytics. It is important to watch the three of these factors at the same time and draw correlations between them. If instagram followers are increasing but sales are not increasing then more needs to be done to convert followers. Website analytics will tell you a lot about how you are reaching your customers. It might show you that there is a bigger target market than the pacific northwest. It may even tell you that the site needs to be redesigned if the average user doesn't stay engaged for long.

The general manager takes on many roles within the company as there are not yet enough employees to handle all of the roles a normal business has. What follows is a list of those duties:

- Handle all work scheduling, job duties, and tasks for all employees.



- The general manager will handle procurement. All materials, equipment and other resources are procured by the general manager. It is important to develop the business by engaging with suppliers about the quality of materials for PNWearables products.
- Interact with customers on issues of product quality and delivery.
- Manage all projects that develop the business as a leading provider of sustainable apparel.

### Required Experience

- Bachelor's degree in business will help the general manager to anticipate the changes needed for a growing business and prioritizing tasks will be crucial to managing this growth.
- At least two years retail experience in clothing and apparel which will help the manager to anticipate changes in seasonal purchases.
- Experience working with volunteer organizations.

### Preferred Qualifications

- An aptitude for operating a sustainable business
- Experience or at least an understanding of what it takes to sell products online and how it differs from selling in a brick and mortar store.
- Ability to prioritize daily and weekly tasks for the most benefit.

### Benefits

- Compensation: \$25/hour -- \$50,000 yearly salary
- Stock ownership plan
- Wholesale discounts on quality clothing.
- Other benefits include helping the community better itself and a fun atmosphere.

## Product Overview

We offer these 12 products because we know that we can find environmentally sustainable items at affordable prices that fit our keystone pricing model. Since environmental sustainability is one of our primary focuses and competitive advantages, this means the products perfectly align with our business model. Since we are able to mark the product up at least 50%, we are able to donate 10% of our profits to the shelter My Father's House. Since we believe in contributing to the community and decided to make that another focus, donating to a local charity is one of our ways of giving back, which fits well with our business model. Below is a list with a brief description of each of our products.

## Product List

**Cozy Knit Beanie:** A warm, cozy, environmentally friendly beanie.

**Slouchy Beanie:** A casual beanie for everyday use that features a slouchy, comfortable, and laid back design.

**Tie-beanie:** This is a tie dye beanie with vibrant colors in a cool design.

**Plain Cozy Sock:** A cozy environmentally friendly sock that is perfect for everyday use.

**Space Needle Cozy Sock:** Take a little bit of the PNW with you wherever you go with these socks inspired by Seattle's Space Needle.

**Washington Sock:**

**Fingerless Gloves:** When your hands get cold, put on a pair of cozy fingerless gloves.

**Gloves with Fingers:** Embrace the outdoors with these cozy nature-patterned gloves. Sustainable and environmentally friendly.

**Seattle Space Needle Scarf:** We hope that this inspired Space Needle scarf become an essential accessory that keep you warm meanwhile provide a touching point between your travel memory and place of belonging.

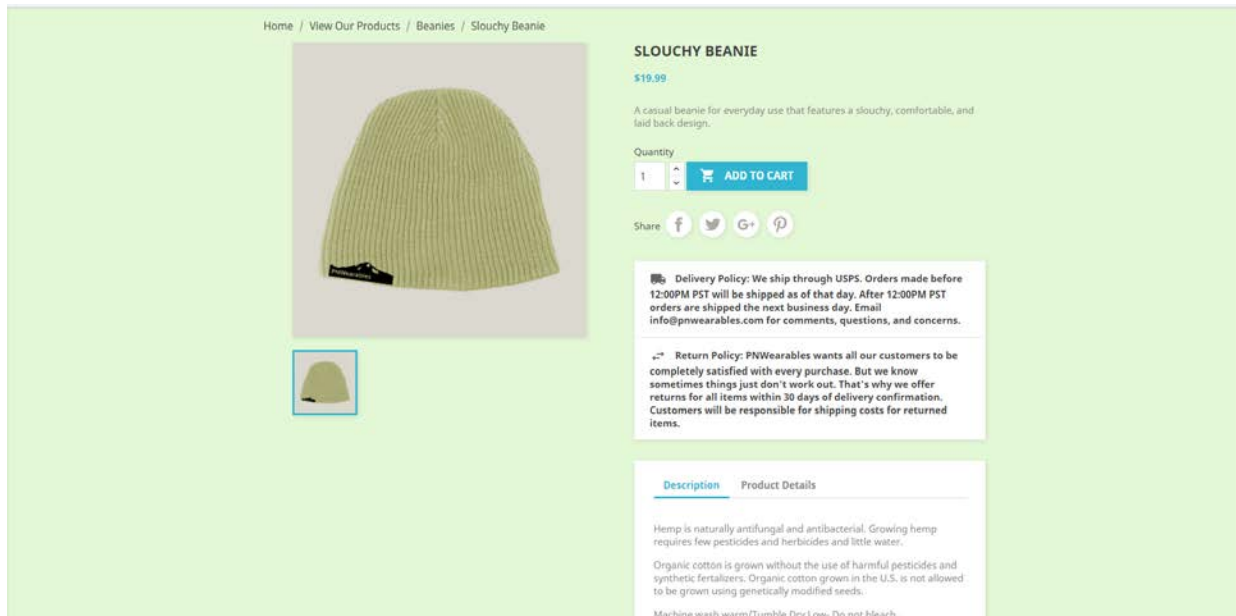
**Portland St. John's Bridge Scarf :** This gender neutral lightweight Portland inspired scarf is breathable and comfortable.

**St. John's Bridge Tote Bag:** Show Portland pride with this fun but sturdy tote made of 100% hemp

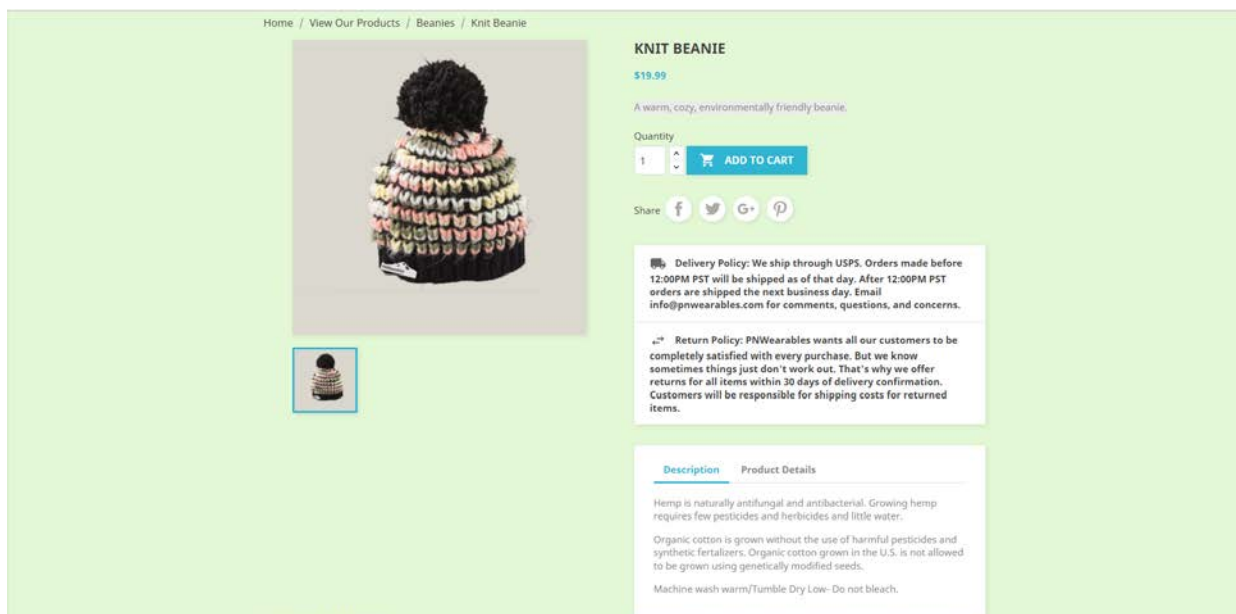
**Space Needle Tote Bag:** Washington themed bag for active lifestyle made from 50% hemp and 50% organic cotton.

# Product Pages

## Ty's Products





A product page featuring our slouchy beanie. The description below which is not captured here discusses the sustainability of the materials used, and the composition of the beanie itself.



A product page featuring our knit beanie. The description below which is not captured here discusses the sustainability of the materials used, and the composition of the beanie itself.

## Amanda's Products

[Home](#) / [View Our Products](#) / [Bags](#) / [Space Needle Tote Bag](#)



### SPACE NEEDLE TOTE BAG

\$24.99

Our Space Needle tote is fun and ready for adventure! Great for day trips, overnight trips and all the places you want to go.

Quantity: 1 [ADD TO CART](#)

Share [f](#) [t](#) [G+](#) [p](#)



**Delivery Policy:** We ship through USPS. Orders made before 12:00PM PST will be shipped as of that day. After 12:00PM PST orders are shipped the next business day. Email [info@pnwearables.com](mailto:info@pnwearables.com) for comments, questions, and concerns.

**Return Policy:** PNWearables wants all our customers to be completely satisfied with every purchase. But we know sometimes things just don't work out. That's why we offer returns for all items within 30 days of delivery confirmation. Customers will be responsible for shipping costs for returned items.

Description	Product Details
Hemp is naturally antifungal and antibacterial. Growing hemp requires few pesticides and herbicides and little water.	
Organic cotton is grown without the use of harmful pesticides and synthetic fertilizers. Organic cotton grown in the U.S. is not allowed to be grown using genetically modified seeds (GMO).	
Machine wash warm/Tumble Dry Low- Do not bleach.	

Product page featuring Space Needle Tote Bag

[Home](#) / [View Our Products](#) / [Bags](#) / [St. John's Bridge Tote Bag](#)



### ST. JOHN'S BRIDGE TOTE BAG

\$24.99

Our St. John's Bridge tote bag is sturdy, dependable, has you covered for all the activities in your life. Great for carrying groceries, workout clothes or your current knitting project!

Quantity: 1 [ADD TO CART](#)

Share [f](#) [t](#) [G+](#) [p](#)

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Machine wash warm/Tumble Dry Low- Do not bleach.	

Product page featuring St. John's Bridge Tote Bag

## Sarah's Products

Home / View Our Products / Socks / Space Needle Cozy Sock



SPACE NEEDLE COZY SOCK

\$16.99

Whether you're relaxing at home or out and about, take a little bit of the PNW with you wherever you go with these socks inspired by Seattle's Space Needle. Endurable, breathable, and comfortable, you will never want to take them off.

Quantity: 1 [ADD TO CART](#)

Share: [f](#) [t](#) [G+](#) [p](#)


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Hemp is naturally antifungal and antibacterial. Growing hemp requires few pesticides and herbicides and little water.	
Organic cotton is grown without the use of harmful pesticides and synthetic fertilizers. Organic cotton grown in the U.S. is not allowed to be grown using genetically modified seeds.	
Machine wash warm/Tumble Dry Low. Do not bleach.	

Product Page featuring the Space Needle Cozy Sock.

Home / View Our Products / Socks / Plain Cozy Sock



PLAIN COZY SOCK

\$12.99

Add comfort to your everyday routine with these plain cozy socks. Endurable, breathable, and comfortable, you will never want to take them off.

Quantity: 1 [ADD TO CART](#)

Share: [f](#) [t](#) [G+](#) [p](#)

**Delivery Policy:** We ship through USPS. Orders made before 12:00PM PST will be shipped as of that day. After 12:00PM PST orders are shipped the next business day. Email [info@pnwearables.com](mailto:info@pnwearables.com) for comments, questions, and concerns.

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Organic cotton is grown without the use of harmful pesticides and synthetic fertilizers. Organic cotton grown in the U.S. is not allowed to be grown using genetically modified seeds.	
Machine wash warm/Tumble Dry Low. Do not bleach.	

Product Page featuring the Plain Cozy Sock.

## Dan's Products



VIEW OUR PRODUCTS

Search our catalog



Home / View Our Products / Gloves / Gloves



## GLOVES

\$11.99

Embrace the outdoors with these cozy nature-patterned gloves.

Quantity

1



ADD TO CART

Share



**Delivery Policy:** We ship through USPS. Orders made before 12:00PM PST will be shipped as of that day. After 12:00PM PST orders are shipped the next business day. Email [info@pnwearables.com](mailto:info@pnwearables.com) for comments, questions, and concerns.

**Return Policy:** PNWearables wants all our customers to be completely satisfied with every purchase. But we know sometimes things just don't work out. That's why we offer returns for all items within 30 days of delivery confirmation. Customers will be responsible for shipping costs for returned items.

Product page featuring the cozy natural-patterned gloves.



VIEW OUR PRODUCTS

Search our catalog



Home / View Our Products / Gloves / Fingerless Gloves



## FINGERLESS GLOVES

\$9.99

When your hands get cold but you want to show some style, put on a pair of these cozy fingerless gloves.

Quantity

1



ADD TO CART

Share



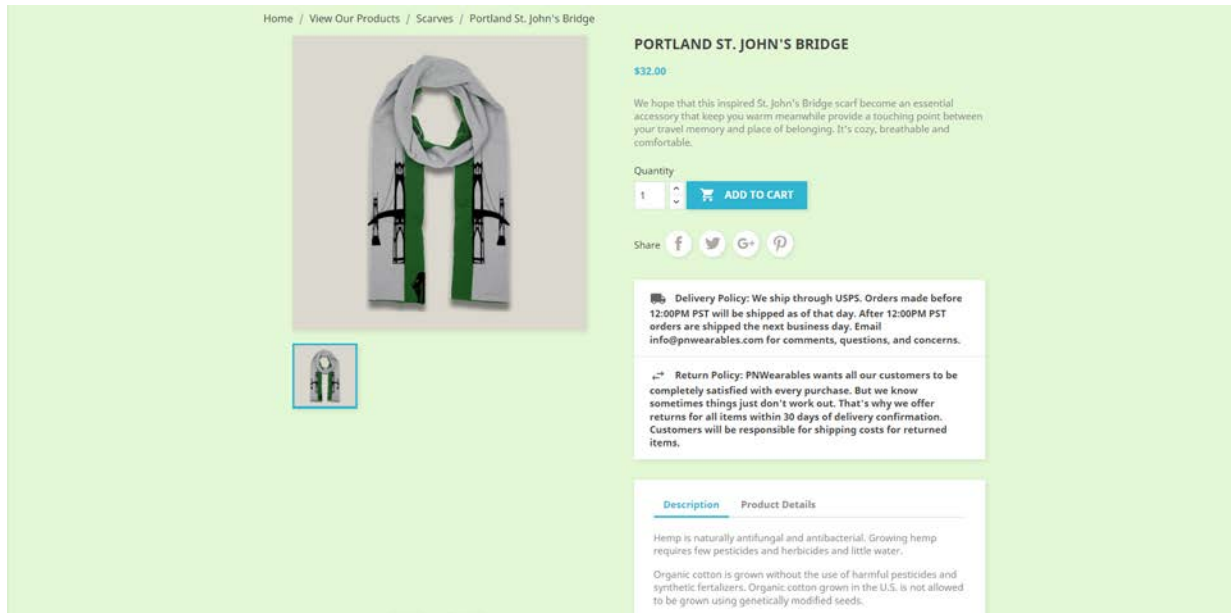
**Delivery Policy:** We ship through USPS. Orders made before 12:00PM PST will be shipped as of that day. After 12:00PM PST orders are shipped the next business day. Email [info@pnwearables.com](mailto:info@pnwearables.com) for comments, questions, and concerns.

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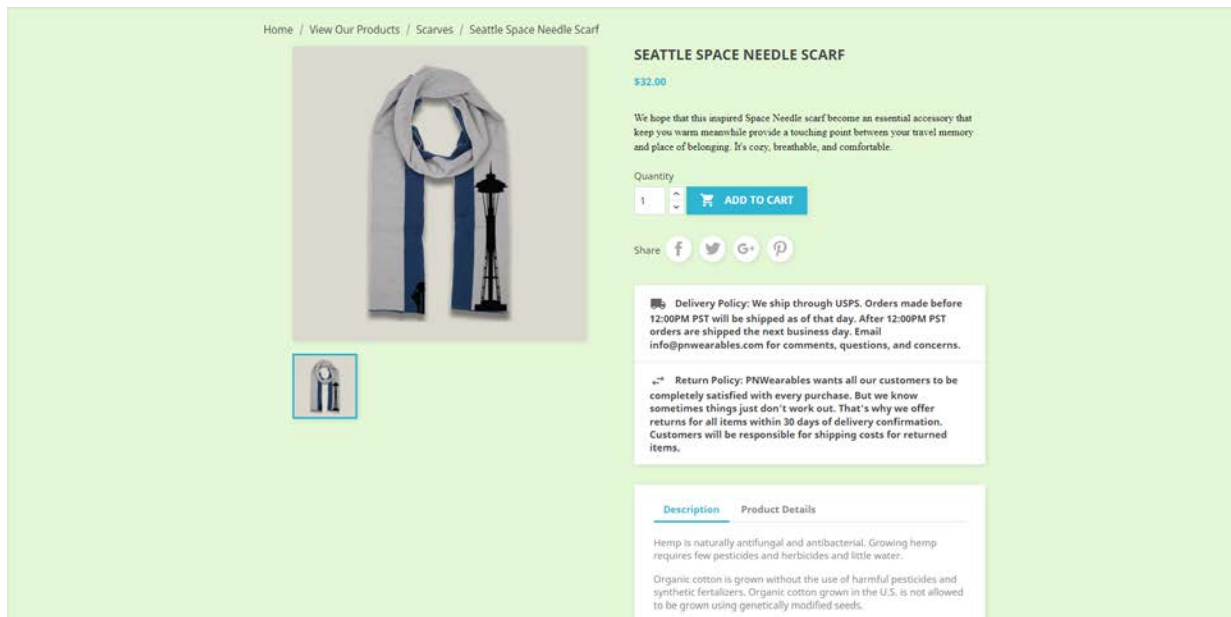
Product page featuring the cozy fingerless gloves

Geoff's Products

## **Holly's Products**



Product page featuring Portland St. John's Bridge scarf



Product page featuring Seattle Space Needle scarf



## Lessons Learned (Group Effort) 250 words max

Need 6 valuable lessons learned from this project and 6 new subjects to study 2-4 sentences each

### Planning Revenue - Sarah Anderson

For the individual business model element work, I chose to tackle revenue because I thought it would be a job that I knew the best how to do since I am working towards an Accounting degree. However, working through this project has made me realize that there is only so much that can be planned and budgeted. The market is predictable only to a certain extent, and it was hard to create an income statement without having any sort of revenue to base it off of. Through this, I learned how important it is to tie every piece of the business model together when planning the revenue and creating the estimated income statement. You must work heavily with the other departments to connect the different flows of money together, and that is a valuable lesson I will take away with me from this project.

### Examining your Competition - Amanda Foshaug

Working on this project really demonstrated how much you can learn about your competition. I had always heard, of course that you need to size them up, but I always assumed that everyone was probably doing things the same, so did it really matter? I now know that it does. There are so many variations companies can add to their business models that can set them apart. Sometimes you can find your market that way. We were able to find our niche of sustainable and PNW themed by researching local PNW apparel companies and seeing that there was an area other businesses weren't covering. It also really helps to compare things like shipping and return policies. They seem like minute details but can really affect whether people will choose you over a competitor.

## Working in a Group - Tyler Warneke

In working on this project I have learned how to better work in a group. It was a challenge to coordinate all of our busy schedules but we all were able to compromise and find reasonable and consistent meeting times. Splitting up work both evenly and effectively also proved to be a challenge as we all had to collaborate on several parts as a whole team, rather than simply breaking it up and delegating fragments of a part to each team member.

## Setting up for company's success through Organizational Design - Holly Ta

In this project, I have learned about the importance of setting up a good organizational design to better structure the business strategy. The organization design can help a company keep up with the ever-changing e-commerce markets as well as boosting their performances and standard. The human capital within the workforce plays a big role in enhancing the fundamental building block of the company. Therefore, it's important that the responsibilities, management of information, measurement of performance, and teamwork are being accountable. In addition, it's important to consider the company's work culture and value proposition. An employee usually thrives in places with positive workplace culture because it often leads to more productivity and better employee morale. rrv

## Analysing the environment - Dan Ostapenko

This project showed me the importance of how analysing the environment is very important when identifying a business model. The idea behind this is determining which factors currently have an impact on the business or may do so in the future, and understanding what the impact is likely to be. I learn how to pick a product so that it may be suitable in the place we live. Knowing the conditions of our whether in the northwest we were able to predict that majority of people would actually be interested in our hemp apparels. I was also able to identify all the future influences on the business that may impact the company such as how the environment may not be suitable to our customers and that could impact our business model. So it is always important to look into the future when introducing a new product. Also, I learned how to professionally cope with my group and work as team to finish our objective. The biggest take away when working with a group is making sure to communicate with each other so that every person will be on the same page.

## The Technical Requirement - Geoff Groenendale

Every ecommerce website has detailed technical requirements. This can range from what server requirements there are for the website to what technology is required for payment processing. It was also nice to realize how much of a requirement it is that there is someone on staff that is able to quickly solve problems with the website and be able to quickly enact changes. These technical people are also good at staying level headed when the rest of the staff is concerned that something isn't working. The debate about web platform gets even more complex when it comes to usability and content management. I learned that building websites from scratch can give you a lot of freedom. I plan on taking some classes for AngularJS in order to be able to make single page web apps which are more usable because of their load times. Content management is also important in order to be able manage changes easily and upload changes fast.

## Future Research (Group Effort) 250 words max

### Customer Size - Sarah Anderson

Moving forward, I think finding a more solid foundation for estimating the true size of our customers would be beneficial. Our products are focused on a niche group in the Pacific Northwest, and the amount of data on this group is limited. It would be beneficial to find other ways to narrow down this population size and give a clearer estimate on approximately how many people we can reach and influence. This will majorly affect how we try to reach the target segments through marketing, and it would lead to a less expensive and more efficient way to gain a larger customer base.

### Local Marketing through Google - Geoff Groenendale

We determined that since our project deals a lot with the local communities and local organizations that local e-commerce was a specific subject we ought to do more research on. An e-commerce model that works with local businesses and appeals to customers less than a day in shipping time could be good for our organization. One option would be to measure the customer satisfaction of using Uber Rush to get products to their door sooner. I think there is also a way to engage with local businesses and sell our products at their store. This would require some sort of wholesale costing. It may also be a good idea to sell at a local farmers market or holiday market as that is a great time to let the customers try on the products.

## Marketing-Amanda Foshaug

I think learning more about all the different options available to market your business online would be very interesting and helpful. It was really amazing to see the different ways a business can track what parts of their marketing strategy or website are working to make sales and retain customers. To not take advantage of all of that information could be detrimental to the ultimate success of the business.

## Automated order system - Dan Ostapenko

When a manufacturing company produces items it takes many steps for one item to be made. I would like to learn if it is possible to make our orders be automated so that when a consumer makes an order the item will then be produced based on the needs of the customer. The machines themselves will know the type of item a customer ordered online. I am interested in what system and business model will have to be implemented to make this idea happen. I believe that with automated order system it will reduce money for the manufacturing companies and also be efficient for the customers.

## Make or Buy? - Tyler Warneke

While doing this project we came across a few issues related to a make or buy decision. We wanted to know if it would be beneficial to produce our products ourselves and be able to say that our products are “handmade” or even “made in America”, as those things could potentially add value to our product offerings. Unfortunately, we didn’t know the cost of machinery and materials, and that information proved difficult to attain. We did do some research by contacting a potential supplier, but we couldn’t find what we were specifically after. If we were to actually make PNWearables a reality, we would want to do more in depth research on the cost of making the products versus just buying products and reselling them.

## Future designs- Holly Ta

As our company develop, we hope to expand our product designs to be more unique and elegant. We want to come up with creative ways to design multifunctional purpose for our product. For an example, one potential research we will look into is creating a scarf that is a PNW classic and stylish with many functions like pockets hand warmers for when the weather gets chilly. In addition, with our designs we will look into using icons to represent the main element of the product as a landmark of PNW. Through that, we will focus on the details of the product such as their form, fitting, and functionality. Another research we will focus on is the packaging of the products. In our packaging we want to truly express our company’s strong support for sustainability and environmentally friendly.

## Appendix A - Calculations

### Calculations for Total US Market Size:

<b>United States Census Bureau Information</b>	<b>Population Number</b>
Total Population of Washington % of age range 15 - 40	7, 405, 743 34.2%
<b>Total WA Population Age 15 - 40</b>	<b>2, 532, 764</b>
Total Population of Oregon % of age range 15 - 40	4, 142, 776 26.6%
<b>Total OR Population Age 15 - 40</b>	<b>1, 375, 402</b>
Upper Middle Class Percentage in WA above mean - \$72, 013 (defined by above mean household income)	43.6% (.436 X 2, 532, 764)
<b>% WA above mean X WA Pop. Age 15 - 40</b>	<b>1, 104, 285</b>
Upper Middle Class Percentage in OR above mean - \$84, 441 (defined by above mean household income)	34.5% (.35 X 1, 375, 402)
<b>% OR above mean X OR Pop. Age 15 - 40</b>	<b>474, 514</b>
<b>Total Target Market Population</b>	<b>5, 486, 968</b>

### Calculations for Income Statements

## Cost of Goods Sold

Total Cost of Goods Sold = variable costs + fixed costs

- Fixed Costs = 500
- Estimate based on depreciation of purchase of printing machine and development
- Variable Costs = Materials + Time
  - Materials: 15% of sales
  - Time: 20% of sales

Scenario - Monthly	Fixed Cost	Variable Costs	Total
<b>Best</b>	500	$(.35 \times 60,000) = 21,000$	$60,000 - 21,000 - 500 = \mathbf{38,500}$
<b>Most Likely</b>	500	$(.35 \times 35,000) = 12,250$	$35,000 - 12,250 - 500 = \mathbf{22,250}$
<b>Worst</b>	500	$(.35 \times 12,500) = 4,375$	$12,500 - 4,375 - 500 = \mathbf{7,625}$

## Profit Margin

Profit margin = Net Gross Profit / Sales Revenue

Scenario - Monthly	Calculation	Profit Margin
<b>Best</b>	$38,500 / 60,000$	64.2%
<b>Most Likely</b>	$22,250 / 35,000$	63.6%
<b>Worst</b>	$7,625 / 12,500$	61%

## Appendix B - References

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#### TO DO:

##### Photoshop Product Images:

- Geoff’s socks
- Beanies if necessary

##### 12 snips of product pages with a caption

- Dan
- Geoff
- Amanda

Lesson Learned:

- Geoff