

July 31, 2025

Jennifer Johnson, Investor  
University of California, Santa Barbara  
1672 Patterson Lane  
Goleta CA, 93117

Dear Dr. Johnson:

We are pleased to submit the attached business plan for Coastal Refill, a zero-waste and sustainable company serving Santa Barbara, Goleta, and UCSB students. This plan analyzes and reviews the structure of the upcoming Coastal Refill project.

Santa Barbara and Goleta are to be an eco-conscious population. This will help everyone reduce their carbon footprint and contribute to a healthier Earth by enabling this business to offer reusable, refillable, and sustainable alternatives to products we use in everyday life. Customers can bring their containers to fill with various soaps, laundry and cleaning products, as well as reusable utensils (such as bamboo or silicone). With these services, this business will thrive due to the target audience that resides in this area.

We believe this business has strong growth potential, aligns with community values, and offers a meaningful solution for sustainability in the region. Thank you for taking the time to review our plan, and we welcome any feedback or questions you may have.

Sincerely,

Coastal Refill



Where Tide Meets Sustainability

# *Coastal Refill* Business Plan

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# Executive Summary

## 1.0 Introduction

Many liquids we use every day, like hand soaps, shampoo, and laundry detergents, are all sold together with containers made with plastics and other materials. However, the production and disposal of these containers are bad for the environment, and we would like to reduce the use of these containers. Therefore, we plan to build a store that allows students to refill their own containers with these liquids, and this will be similar to how a water dispenser works. In the introduction section, we will describe how our store will work, our marketing strategy, and our future plans.

## 2.0 Market Analysis

Coastal Refill targets two key area principals: UCSB and Isla Vista college students, who move around frequently and are open to sustainable services, and eco-conscious residents of Goleta and Santa Barbara seeking eco-friendly alternatives. The core demographics are aged 18-35, with a secondary demographic market of adults 35-55. These groups value sustainability, minimalism, and environmental responsibility, and often have the financial means to invest in eco-friendly solutions. The market shows strong growth potential due to the annual student turnover, ongoing community sustainability efforts, and opportunities for local partnerships.

## 3.0 Marketing Strategy

Coastal Refill will use a multi-channel strategy focused on community engagement and digital outreach. Tactics include:

- Posting flyers and posters in high-traffic campus and community areas
  - Running sustainability-focused campaigns on social media outlets
  - Partnering with UCSB environmental clubs and recruiting student ambassadors
  - Hosting pop-up booths during peak moving seasons and at local events
- To build customer loyalty, the business will introduce a membership program featuring point-based rewards, student discounts, and incentives for bringing reusable containers.

## 4.0 The Business

In the business section, we will outline our hiring practices, staff assignments, logistics operations, customer management, and emergency response procedures. Our business will operate in full compliance with federal and state laws, prioritizing the safety and well-being of both employees and customers. By implementing clear protocols for staff, customers, and suppliers, we aim to create a positive and efficient environment that enhances satisfaction for everyone involved—whether they work at our store or shop with us.

## 5.0 Financials

Our financial section outlines the startup costs required to get the store up and running, provides a thorough breakdown of ongoing fixed and variable operating costs, and explains the revenue model and future projections. After a thorough industry and market analysis, we concluded that Coastal Refill has the potential to capture a large market share, which would be able to cover the startup costs and begin to generate net profit after the second year. Coastal Refill's profitability, combined with its position in a rapidly growing market, makes the business an attractive and secure venture for investors.

## 6.0 Conclusion

After we have analyzed the feasibility of opening this store based on market analysis, marketing strategy, management strategy, and financials, we believe that our store will be profitable because many students and faculty at UCSB have environmental awareness, and we are able to achieve lower prices than local grocery stores. If the store at UCSB is successful, we will further expand our business and open stores around other UC campuses.

## **1.0 Introduction**

Coastal refill is the solution to the pollution from the production and disposal of cleaning products, personal care products, pantry staples, etc. The store will offer reusable alternatives to many products we use every day, like straws and water bottles, and offer direct refilling of liquid or powder products into containers brought here by customers.

### **1.1 The Business**

Coastal Refill will be located at IV, where students and local residents are easily accessible by walking. Our store will be open from 8:00 am to 11:00 pm so that students are able to access the store when they need to use the products. The store will employ staff for the counter and the storage. The employees at the counter are mainly responsible for checking the orders of the customers and instructing new customers to use the refilling machines. The staff at the storage facility is responsible for transferring the products in the storage onto the shelves if they are sold out. They are also responsible for checking the status of the refilling machines and filling the storage tanks with new products if they are out of stock.

### **1.2 Our Products**

Our store will be divided into seven sections, selling different products:

- a. Cleaning products, including refilling machines selling dish soaps, laundry detergents, etc.
- b. Personal Care, including refilling machines selling shampoo, lotions, etc.
- c. Pantry Staples, including refilling machines that could sell products like rice, pasta, coffee, etc.
- d. Kitchen reusables, including reusable bags, lids, etc.
- e. Bathroom reusables, including toothbrushes, razors, and other bathroom products made of reusable materials.
- f. On-the-Go reusables, including reusable straws, cutlery, cups, etc.
- g. Lifestyle goods, including compost bins, loofahs, etc.

All of our products will be reusable and refillable, so we are able to reduce the massive disposal of trash polluting the environment.

### **1.3 Target Market**

A specific target market is a very important factor to consider when we need to do marketing. For our business, we will consider two primary customer groups: UCSB students and local residents who care about the environment. In the last century, there



was an oil spill near the coast of Santa Barbara, and this event finally led to the establishment of Earth Day. UCSB is also a school with a beach and a lagoon where many wildlife live. Therefore, we believe that both groups would be aware of the environment and like to find new eco-friendly approaches to everyday life.

### **1.4 Marketing Plan**

There will be plenty of strategies to advertise Coastal Refill and reach our potential customers. These strategies include setting up flyers and posters, posting information on social media, collaborating with the UCSB environmental clubs, etc. There will also be a membership and loyalty program set up for customers who are willing to purchase at our store frequently. The membership program will provide discounts and awards for college students and customers who engage in recycling containers or use their containers for refilling.

### **1.5 Future Plan**

If Coastal Refill succeeds at UCSB and Isla Vista, we are planning to expand our business to other areas of Santa Barbara and Goleta. Other UC campuses like Berkeley and UCLA are also within our consideration for the future plan. Besides opening more stores, we plan to launch a door-to-door service where customers only need to order products on their phones, and then there will be an employee will deliver the things they ordered to their homes.

## 2.0 Market Analysis

### 2.1 Target Market

Coastal Refill serves two primary customer segments:

1. **College Students (UCSB and Isla Vista):**

These students frequently move and are increasingly open to sustainable alternatives, especially those that reduce stress and waste during move-in/move-out seasons.

2. **Eco-Conscious Residents (Goleta and Santa Barbara):**

Individuals and families actively looking to reduce single-use plastics and support green living through practical, sustainable alternatives for household products.

### 2.2 Demographics

- **Age:** Primarily 18-35 (students and young professionals), with a growing secondary market of 35-55-year-olds (families and adults seeking eco-friendly solutions)
- **Values:** Sustainability, minimalism, environmental responsibility
- **Income:** Medium to high income; students with access to campus budgets and local residents with disposable income
- **Location:** Isla Vista, UCSB campus, Goleta, Santa Barbara

### 2.3 Market Opportunity

- The UCSB student body provides a **reliable, recurring customer base** for the reusable moving kit rental service due to annual housing transitions.
- Santa Barbara and Goleta have a **strong community commitment to sustainability**, supported by local government programs and incentives.
- **Partnership opportunities** with local farmers' markets, campus organizations, and eco-friendly businesses can enhance visibility and trust.

## **2.4 Market Potential Growth**

Coastal Refill is well-positioned for growth due to both consistent demand and increasing public interest in sustainable living.

- **Student Turnover:** UCSB's annual influx of new students ensures a steady and renewable customer base for the reusable moving kit rental service. Each academic year creates fresh opportunities to market to incoming and outgoing students.
- **Rising Environmental Awareness:** The Santa Barbara and Goleta communities continue to promote **green initiatives**, creating a socially supportive environment for eco-conscious businesses.

## **2.5 Competitor Analysis**

### **2.5.1 Direct Competitors**

- **ReFill Shoppe (Ventura):** Offers a refill station for soaps and cleaning products, but is located outside the immediate Santa Barbara/Goleta area. They cater more to established households than transient student populations.
- **Amazon & Big Companies:** Sell reusable goods but do not emphasize sustainability, local connection, or community involvement. No refill options or rental services.

### **2.5.2 Indirect Competitors**

- **U-Haul & Moving Services:** Offers moving supplies but focuses on traditional (and often disposable) materials
- **Campus Thrift/Free & For Sale Groups:** Provide secondhand moving supplies or containers

## 3.0 Marketing Strategy

Coastal Refill's strategy focuses on **local engagement** and **digital presence**, designed to meet the values and behaviors of its eco-conscious audience.

### 3.1 Logo



### 3.2 Marketing Goals

The main objectives of Coastal Refill's marketing efforts are to increase visibility and build lasting community relationships.

- **Short-Term (0-6 months):**
  - Launch brand across UCSB and Isla Vista with 500+ flyer placements
  - Gain 200 Instagram followers and 200 TikTok followers in first month
  - Secure partnerships with at least 2 campus clubs or sustainability groups
- **Long-Term (6-18 months):**
  - Build a membership base of 500 customers
  - Reach 2,000+ followers on social media with consistent engagement

### **3.3 Risk Assessment**

Every business faces risk, and Coastal Refill is prepared to navigate key challenges proactively and sustainably.

<b>Risk</b>	<b>Strategy</b>
Low student awareness or adoption	Use targeted social media, flyers, and ambassadors
Competitors copying model	Build strong brand identity and community loyalty
Operation logistics (delivery/pickup)	Develop a simple, scalable delivery/pickup process

### **3.4 Promotional Channels**

- **Flyers & Posters:** Strategically placed around the UCSB campus (UCen, lecture halls, bus stops, parking structures) and Isla Vista restaurants
- **Social Media Marketing:** Instagram and TikTok campaigns featuring sustainability tips, refill hacks, and product highlights
- **Campus Collaborations:** Partnerships with UCSB environmental clubs and potential ambassador programs to spread brand awareness
- **Pop-Up Booths:** Visibility during high-traffic periods such as student move-in/move-out and local events or markets

### **3.5 Membership & Loyalty Program**

To encourage repeat business and promote eco-friendly habits, Coastal Refill will offer:

- **Student Discounts:** Special pricing for those with a valid student ID
- **Points-Based Rewards:** Earn points for purchases and container returns, redeemable for discounts or free refills
- **Refill Incentives:** Customers who bring their reusable containers receive 10% off per refill
- **Exclusive Offers:** Loyalty members may access early product launches and seasonal bundles

### **3.6 Conclusion**

Coastal Refill is community-driven and creates a solution to everyday waste. By offering convenient, eco-friendly services tailored to the needs of both students and residents, the company taps into a strong and growing market.

## **4.0 Business**

Our business section will include the plan to set up our business and operate our store. We plan to hire employees acting as cashiers, storage managers, cleaners, and safeguards. We are also going to set up a logistics chain that aligns with our commitment to saving the planet. Besides, we will explain how we manage the store during emergencies in this section.

### **4.1 Employees & Their Duties**

In this part, we will explain how we will hire and manage our employees, their positions, and how we will pay their salaries. Coastal Refill will be a store that aims to create jobs not only for the students on campus but also for the local community members who are currently searching for jobs.

We are going to put the profile of Coastal Refill and the hiring information on Handshake, Indeed, and LinkedIn so that both students and local residents are able to find them and apply for the jobs online. The positions include part-time for college students and full-time for local residents legally allowed to work. We will ensure that there are at least three employees present: one at the cashier and another two responsible for the storage and the customers. Before closing every day, the employees should wipe the floors, the shelves, and the machines to make sure that they are clean.

When a new employee is hired, they will receive pre-opening training as required by the state, and we will pay them wages during this period. After the pre-opening training, the employee becomes eligible for work, and they will be asked to choose the time slots that best fit their schedule. When an employee cannot show up at a particular time, we will ask other employees if they can come by this time. All employees will show up by tapping our machines to record attendance, and they will be paid biweekly. Part-time employees can work up to 20 hours per week, and full-time employees can work up to 40 hours per week.

We also hire an accountant to keep track of each employee's payroll and tax forms. Employees will also be given a chance to apply for the manager positions if they have worked for two years at our store.

## **4.2 Logistics**

Our store will purchase goods directly from manufacturers. For the liquid and powder materials, we will buy our own reusable and movable tanks and send them to the manufacturers by truck. Each tank will be labeled and can only be used for one particular liquid or powder. The manufacturers will be asked to refill our tanks and send them back to our store. The tanks will then be placed inside the storage, which keeps the temperature and humidity levels for preservation. While our machines and shelves are nearly empty, the staff will be responsible for refilling them from the tanks in the storage and placing the empty tanks in another part of the warehouse so that they can be reused. Solid commodities will just be transported and stored like in usual stores.

Since we are a small store, we will just rent trucks with truck drivers from truck rental companies for logistics. To ensure the functioning of our store, we will allow the trucks to leave and come two times per week, on Mondays and Thursdays, when our business is set up, so that our store will not be out of storage. If the number of customers goes up and there is a higher demand for our store, we will purchase more storage tanks and increase the frequency of shipping per week.

Although our store mainly sells reusable items, there will still be waste produced by our store. The garbage will be strictly classified as Recyclable, Organic, Hazardous, and Solid so that they will be treated to reduce the wasting of resources and the pollution of the environment, which aligns with our goal of running an eco-friendly store.

## **4.3 Customer Management**

Coastal Refill is going to be set up in Isla Vista, where a bunch of crowds are walking on the street, especially on nights and weekends. A recent poll suggests that most students agree that the community is somewhat safe. There are noticeable safety concerns, and there are times I don't feel safe. Therefore, we should consider managing the security of the store and our customers by using cameras and radio-frequency gates. Smoking, drinking alcohol, and guns will be prohibited in our store, and our staff will also be responsible for reporting suspicious people walking into our store. Refer to section 4.4 for more information about our response to activities such as shoplifting and other crimes.



Besides dealing with security issues, we will also make sure that our store is clean. Our products include those made of ceramics and other fragile materials, so customers, especially children, might damage them unintentionally. Therefore, our staff are responsible for preventing damage to the products by actively communicating with the customers. If some products are already damaged, they need to clean up the ground and the shelves at first to prevent hurting other people.

## **4.4 Emergencies**

Every store needs to have a plan for dealing with emergencies and train its employees to deal with them. Our employees will learn and be trained on how to deal with emergencies during the pre-opening training session. There are some highlights of our plan to deal with emergencies.

### **4.4.1 Criminal Activities**

As mentioned in 4.3, our staff will be responsible for reporting suspicious activities in our store. Then they need to call 9-1-1 immediately as they see someone engaging in criminal activities such as shoplifting and arson. By the law of California, self-defense is allowed to be used only if a person thinks that it is justifiable to use under certain circumstances, including the need to defend other people and property. It is not advisable for the staff to directly confront the shoplifters because that might hurt themselves and lead to legal issues. Instead, they should call the police and keep other customers away from them. While we are involved in legal issues, we will pay for attorneys at court to deal with that. Our insurance will also cover damage after criminal activities.

### **4.4.2 Fire Hazards**

Fire Hazard is a very common issue among businesses and residents. Buildings are required by law to have fire alarms installed and working 24 hours a day. Besides fire alarms, we will also have fire extinguishers in our buildings so that both staff and customers have access to them if they notice fires. Our fire extinguishers may also be used for neighboring stores and the street if there is a fire hazard here. If the fire alarm is on, our staff should immediately call 9-1-1 and organize all people to evacuate the building. Fire damage will be covered by our insurance.

#### **4.4.3 Earthquakes, Floods, and Other Natural Disasters**

Santa Barbara is located on the seismic belt. Although there have been no severe earthquakes here in the last 100 years, it is still advisable to have some preparation. Our store will be small so that it will be easy to evacuate when an earthquake is detected. There will be training for staff annually to organize an evacuation of the store during an earthquake to minimize casualties and hurt. Santa Barbara also encountered floods in the last few years, so we will have a plan to deal with that. We will have sandbags in our store to prepare for flooding. If there is an alarm about a severe natural disaster or an evacuation order issued by the government, we will consider shutting down our store for a couple of days for the safety of our staff and customers.

## 5.0 Financials

Our financial section will include the initial investment required to get our store operational. We will then dive into the breakdown of ongoing operational costs incurred in a business-as-usual context. Then, we will examine our first five-year projections and the range of products offered.

### 5.1 Startup & Capital Investment Requirements

This section will cover the various factors that contribute to startup costs. This includes the opening inventory stock, insurance and permits, initial staff costs, branding and marketing costs, and retail rent.

We anticipate total startup costs ranging from **\$47,595 to \$59,545** to bring Coastal Refill to full operational readiness. These expenses will be distributed across the store's first year and follow a phased rollout. First, we will secure a retail lease and complete necessary fixture and equipment upgrades. Next, we will finalize the legal setup, including business registration, permits, and insurance. Following that, we will begin the hiring process to meet our initial staffing needs. Finally, once the store is prepared to launch, we will initiate our pre-opening marketing and branding campaign.

*Fig. 1 Initial Investment Costs*

Subcategory	Estimated Range
Legal Setup & Permits	\$1,800 - \$2,000
Insurance (1st year)	\$1,100 - \$2,200
Marketing & Branding	\$1,000 - \$2,100
Initial Staffing	\$1,150 - \$2,300
Rent Security (First 6 Months)	\$28,725.00
Inventory (Opening Stock)	\$6,020
Fixtures & Equipment	\$7,800 - \$16,200
<b>Total Estimate</b>	<b>\$47,595 - \$59,545</b>

#### 5.1.1 Opening Inventory Stock

Our initial inventory strategy is designed to strike a balance between variety, functionality, and budget. We will stock a curated selection of approximately 45 SKUs across seven product categories: cleaning products, personal care, pantry staples, kitchen

and bathroom reusables, on-the-go essentials, and sustainable lifestyle goods<sup>1</sup>. Each category reflects our commitment to reducing single-use waste and offering practical, eco-friendly alternatives.

Inventory is sourced in moderate quantities to support early customer demand while minimizing excess. Refillable products—such as dish soap, shampoo, and oats—are purchased in bulk volumes (10 gallons or 25 pounds per SKU), while durable reusables—like beeswax wraps or menstrual cups—are ordered in smaller unit counts aligned with slower turnover. The total cost of opening inventory is estimated at \$6,020, based on supplier pricing research and projected sales mix. Inventory levels will be closely monitored and restocked on a dynamic basis depending on product performance.

*Fig 2. Opening Inventory Stock*

Category	SKU Examples	# SKUs	Units/SKU	Cost/Unit	Subtotal
Cleaning Products	Dish soap, all-purpose, laundry	5	10 gal	\$20/gal	\$1,000
Personal Care	Shampoo, conditioner, lotion, etc.	8	10 gal	\$30/gal	\$2,400
Pantry Staples	Rice, pasta, oats, coffee, tea	8	25 lbs	\$2/lb	\$400
Kitchen Reusables	Beeswax wraps, bags, lids	6	20 units	\$4/unit	\$480
Bathroom Reusables	Toothbrushes, razors, menstrual cups	6	15 units	\$6/unit	\$540
On-the-Go Reusables	Straws, cutlery, cups, water bottles	5	15 units	\$8/unit	\$600
Lifestyle Goods	Compost bins, loofahs, brooms, etc.	6	10 units	\$10/unit	\$600
Total					\$6,020

<sup>1</sup>EarthHero. (n.d.). Eco-friendly wholesale products.

<https://earthhero.com/?srsltid=AfmBOopWWPy0VTDQAM-BFwB5rOsIcXv2eQdfQo8U3EkLbWKdLLby5wRq>

<sup>2</sup>Jungle Culture. (n.d.). Wholesale eco-friendly products.

[https://jungleculture.eco/pages/wholesale?srsltid=AfmBOor4l9JAAtU3g8qn\\_bbkjMVFEZOrAhNK44TDKJ2UFI815yvf-eY2y](https://jungleculture.eco/pages/wholesale?srsltid=AfmBOor4l9JAAtU3g8qn_bbkjMVFEZOrAhNK44TDKJ2UFI815yvf-eY2y)

<sup>3</sup>Faire. (n.d.). Sustainable wholesale marketplace. <https://www.faire.com/discover/sustainable>

Fulfilled Goods. (n.d.). Bulk refill collection. <https://fulfilledgoods.com/collections/bulk-refills/refills>

### 5.1.2 Insurance and Permits

Our store will require certain permits and insurance. Some of the insurance plans required would be General Liability (GL), Product Liability, and Workers' Comp. Additionally, the permits required include the SB Business License<sup>1</sup>, Sign Permit<sup>2</sup>, Building Permit (for renovations), a Fire Inspection, Retail Food Facility permit<sup>3</sup>, Sellers Permit, and a Business Registration (LLC). The total estimate for the permits and insurance after year 1 comes out to be around **\$3,000 - \$4,100**.

Coastal Refill will secure all necessary business permits and insurance policies to operate legally and responsibly within the city of Santa Barbara. Key insurance requirements include:

- **General Liability Insurance (GL)**<sup>4</sup> to cover customer and premises-related incidents
- **Product Liability Insurance**, particularly important due to our sale of liquid and personal care refills
- **Workers' Compensation Insurance**, required in California for businesses with employees

In addition, we will obtain a series of local and state permits to comply with regulatory standards. These include:

- **Santa Barbara Business License**
- **Sign Permit** for exterior branding
- **Building Permit** for any interior renovations
- **Fire Department Inspection**
- **Retail Food Facility Permit** for pantry staples sold by weight
- **Seller's Permit** for collecting sales tax
- **LLC Business Registration**

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<sup>1</sup>City of Santa Barbara. (n.d.). General business permit. <https://santabarbaraca.gov/business/business-permits>

<sup>2</sup>City of Santa Barbara. (n.d.). Sign permit.

<https://santabarbaraca.gov/services/construction-land-development/forms-applications/planning-forms-applications>

<sup>3</sup>County of Santa Barbara. (n.d.). Retail food or chemicals permit. <https://www.countyofsb.org/2118/Retail-Food>

<sup>4</sup>Insureon. (n.d.). Retail business insurance cost. <https://www.insureon.com/retail-business-insurance/cost>

The estimated total for initial permit and insurance-related expenses ranges from **\$3,000 to \$4,100**, with only minimal renewal fees (approximately \$1,600 annually) expected after Year 1. These legal and compliance costs ensure Coastal Refill meets all health, safety, and operational standards from day one.

*Fig 3. Insurance*

Type	Est. Cost
General Liability (GL)	\$400-\$800
Product Liability	\$200-\$400
Workers Comp (if staff)	\$500-\$1,000

*Fig 4. Permits and Legal Setup*

Permits		
<i>SB Business License</i>	200.00	\$/year
Sign Permit	100.00	\$
Building Permit (renovation)	500.00	\$
Fire Inspection	200.00	\$
Retail Food Facility permit	750.00	\$
Sellers Permit	Free	\$
Business registration (LLC)	150.00	\$
<b>Total Estimate:</b>	1,900.00	\$
<b>Annually after Year 1:</b>	200.00	\$/year

### 5.1.4 Initial Staff Costs

*Fig 5. Initial Staff Costs*

Type	Est. Cost
Pre-opening training pay	\$1,000-\$2,000
Payroll system setup	\$50-\$100
Uniforms	\$100-\$200

This section outlines the estimated staffing-related expenses required to prepare for store launch. These include **pre-opening training pay** for part-time employees, **setup costs for a payroll system**, and **basic uniforms**. Details on long-term employee structure and ongoing payroll expenses will be provided in a later section. The total estimated cost for initial staffing ranges from **\$1,150 to \$2,300**, reflecting a lean and scalable approach to early operations.

### 5.1.5 Branding & Marketing (Pre-Launch)

*Fig 6. Branding and Marketing*

Item	Est. Cost
Logo & brand assets	\$250-\$500
Website setup	\$200-\$400
Grand opening promo	\$300-\$600
Social media ads	\$300-\$600

This section outlines Coastal Refill’s initial branding and marketing strategy to support a successful launch. Hurrdat Marketing<sup>1</sup> states that, “a comprehensive marketing strategy, plain text isn't enough—you need other types of media to engage users and create compelling content that performs well”. Therefore, key

efforts include **developing a professional logo and core brand assets, building a user-friendly website, organizing a grand opening promotion, and launching targeted social media advertising** to build local awareness. These marketing investments are designed to establish a strong visual identity and attract early customer interest. Total pre-launch branding and marketing costs are estimated between **\$1,050 and \$2,100**.

### 5.2 Ongoing Operating Costs

This section outlines Coastal Refill’s expected ongoing operating costs, divided into **fixed** and **variable** expenses. Fixed costs include **retail rent** and **staffing**, while variable costs primarily reflect **inventory turnover** and **restocking cycles** based on product demand. Understanding these recurring expenses is essential for evaluating profitability and supports the **Return on Investment** analysis discussed in a later section.

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<sup>1</sup>CityFeet. (n.d.). Average Santa Barbara retail rent.

<https://www.cityfeet.com/cont/santa-barbara-ca/retail-space-for-lease?sk=c4d1735839e84e9da9809fffa094d4ad>

<sup>2</sup>Hurrdat Marketing. (2022, October 12). How much does social media marketing cost?

<https://hurrdatmarketing.com/digital-marketing-news/how-much-does-social-media-marketing-cost/>

## 5.2.1 Fixed Costs

### 5.2.1.1 Rent

This section outlines the estimated rent for Coastal Refill's retail space. Based on market research of commercial properties in Santa Barbara, the average rental rate ranges from **\$3.33 to \$3.83 per square foot per month**<sup>1</sup>. After evaluating the space requirements for our refill stations, product displays, and storage needs, we determined that a **1,250 square foot** storefront would be appropriate for our operations. Using this size and a higher potential rate, we estimate a **monthly rent of approximately \$4,790**, resulting in an **annual rental cost of \$57,450**. These figures serve as the basis for our fixed facility costs in Year 1.

*Fig 7. Rent*

Rent		
Store sq ft	1,250.00	sq ft
Cost per sq ft per month	3.83	\$/sq ft
<b>Estimated Monthly Rent</b>	4,787.50	\$/month
<b>Estimated Yearly Rent</b>	57,450.00	\$/year

### 5.2.1.2 Staffing

To ensure smooth operations and a high-quality customer experience, Coastal Refill will be staffed by **3 to 5 part-time employees** working across the store's open hours: **8 hours per day, 7 days a week**. In the first year of operation, **one of the founding team members will serve as the acting store manager**, allowing for close oversight of daily operations, strong quality control, and efficient issue resolution during the early growth phase.

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<sup>1</sup>Salary.com. (n.d.). Retail store manager salary in Santa Barbara, CA.

<https://www.salary.com/research/salary/benchmark/retail-store-manager-salary/santa-barbara-ca>

<sup>2</sup>Indeed. (n.d.). Retail sales associate salaries in Santa Barbara, CA.

<https://www.indeed.com/career/retail-sales-associate/salaries/Santa-Barbara--CA>



This approach not only reduces initial labor costs but also helps establish a strong service culture and internal processes. The acting manager role is budgeted at **\$30/hour**, equivalent to approximately **\$60,000 annually**<sup>1,2</sup>, though no formal salary will be drawn during Year 1. Part-time staff wages are estimated between **\$20-\$25 per hour**, depending on experience and role. As the store becomes operationally stable, we plan to **hire and train a permanent store manager**, enabling us to focus on expansion and long-term growth while maintaining quality standards at our Santa Barbara location.

## 5.2.2 Variable Costs

### 5.2.2.1 Estimated Inventory Turnover

This section outlines Coastal Refill's projected inventory turnover and corresponding restocking costs. We began by reviewing our initial inventory categories and estimating the **annual sales share** for each based on product type, expected demand, and customer purchasing habits. Based on these projections, we determined the **recommended restocking frequency** for each category, ranging from monthly to annually.

*Fig 9. Inventory Turnover Rate*

Category	Est. Annual Sales Share	Recommended Restocking Frequency
Cleaning Products	High	Monthly (12x/year)
Personal Care	Medium-High	Every 2 months (6x/year)
Pantry Staples	Medium	Quarterly (4x/year)
Kitchen Reusables	Low-Medium	2x/year
Bathroom Reusables	Low-Medium	2x/year
On-the-Go Reusables	Medium	3-4x/year
Lifestyle Goods	Low	1-2x/year

Using these frequencies, we developed a detailed **annual stock turnover table** to calculate our **estimated yearly inventory expenditure**. This analysis allows us to anticipate variable costs more accurately and adjust ordering schedules as customer demand evolves.

Fig 10. Annual Stock Turnover Costs

Category	Est. Restocks	Annual Spend (Est.)
Cleaning Products	12×	\$12,000
Personal Care	6×	\$14,400
Pantry Staples	4×	\$1,600
Kitchen Reusables	2×	\$960
Bathroom Reusables	2×	\$1,080
On-the-Go Reusables	3×	\$1,800
Lifestyle Goods	1.5×	\$900
Total	—	~\$32,740

### 5.3 Revenue Model & Projections

Coastal Refill’s revenue model is built on a hybrid pricing structure that reflects both the cost dynamics of bulk refill products and the value-added nature of reusable and sustainable lifestyle goods. Our pricing strategy is designed to remain competitive with traditional retailers while still maintaining healthy margins to support long-term financial sustainability.

#### 5.3.1 Product Pricing Strategy

According to Kearney<sup>1</sup>, “Green products often cost much more than many people are willing to pay. Wholesalers and retailers that adjust their accounting logic can gain a competitive edge by creating products with prices that consumers will tolerate”. Given this information, Coastal Refill will implement the following **dual pricing strategy**<sup>2</sup> based on product type:

- **Refillable Goods** (e.g., cleaning products, personal care items, pantry staples) will be sold by **weight or volume**. Prices are set to remain **competitive with conventional packaged alternatives**, while also reflecting the added convenience and environmental value of refilling.

<sup>1</sup>Kearney. (2023, February 20). Why today’s pricing is sabotaging sustainability.

<https://www.kearney.com/industry/consumer-retail/article/-/insights/why-todays-pricing-is-sabotaging-sustainability>

<sup>2</sup>Mass.gov. (n.d.). Calculating costs and setting a price.

<https://www.mass.gov/info-details/chapter-4-calculating-costs-setting-a-price>

- **Reusable and Lifestyle Products** (e.g., bamboo toothbrushes, beeswax wraps, compost bins) will follow a **category-based markup model**. We plan to use a **keystone markup** strategy (typically a **100% markup**, or a **50% gross margin**), with adjustments made depending on product category, customer price sensitivity, and perceived value.
- Real-world published refill prices, such as **\$0.25-0.95 per fluid ounce** of concentrate, support our competitive pricing of \$0.35/oz for refillable cleaner products. Industry data shows that sustainable and eco-conscious goods typically command **40-60% gross margins**, or keystone pricing with a **100% markup structure**. Therefore, our strategy to price bamboo toothbrushes at  $\sim 2.5\times$  wholesale (e.g. \$2 cost  $\rightarrow$  \$5.50 retail) aligns with widely adopted retail norms.

### 5.3.2 First-Year Revenue Estimates

Our first-year revenue projections are grounded in **conservative<sup>1</sup> and realistic assumptions<sup>2</sup>** based on expected customer behavior and seasonal foot traffic trends. We anticipate an average purchase<sup>3</sup> falling into one of three main basket categories:

- **Low basket:** \$15: refill-only purchases
- **Typical basket:** \$30: refill + reusable goods
- **High basket:** \$50+: larger restocks or gift purchases

Based on our expected product mix and customer behavior, we used the following weighted average:

- **50%** of customers purchase a **\$30** basket
- **30%** purchase a **\$15** basket
- **20%** purchase a **\$50** basket

This yields an **average transaction value of approximately \$30**, which we have modeled across three revenue scenarios: **low**, **mid**, and **high** estimates, using average sale values of **\$30, \$32, and \$35**, respectively.

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<sup>1</sup>Vena Solutions. (2023, March 7). Small business revenue statistics.

<https://www.venasolutions.com/blog/small-business-revenue-statistics>

<sup>2</sup>Equidam. (n.d.). Average growth rate for startups. <https://www.equidam.com/average-growth-rate-for-startups/>

<sup>3</sup>McKinsey & Company. (n.d.). The ten rules of growth.

<https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/the-ten-rules-of-growth>

Month	Customers	Avg. Sale	Revenue
Jan-Mar	300	\$30	\$9,000
Apr-Jun	450	\$30	\$13,500
Jul-Sep	600	\$30	\$18,000
Oct-Dec	750	\$30	\$22,500
Total	—	—	\$63,000

*Fig 12. First Year Projection - Mid Estimate*

Month	Customers	Avg. Sale	Revenue
Jan-Mar	300	\$32	\$9,600
Apr-Jun	450	\$32	\$14,400
Jul-Sep	600	\$32	\$19,200
Oct-Dec	750	\$32	\$24,000
Total	—	—	\$67,200

*Fig 13. First Year Projection - High Estimate*

Month	Customers	Avg. Sale	Revenue
Jan-Mar	300	\$35	\$10,500
Apr-Jun	450	\$35	\$15,750
Jul-Sep	600	\$35	\$21,000
Oct-Dec	750	\$35	\$26,250
Total	—	—	\$73,500

These projections reflect a **gradual increase in customer traffic** throughout the year as the store gains visibility, builds a loyal customer base, and leverages seasonal opportunities such as Earth Day campaigns and move-in/move-out periods for college students. The figures provide a clear revenue baseline for evaluating growth, reinvestment, and return on investment timelines in future sections.

### 5.3.3 Growth Projections (Years 2-5) and Return on Investment

According to BizBuySell<sup>1</sup>, “While it can vary by industry, business model, and overall market conditions, a good growth rate generally falls between 10-20% annually”.

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<sup>1</sup>BizBuySell. (n.d.). Small business growth rate.

<https://www.bizbuysell.com/learning-center/article/small-business-growth-rate/>

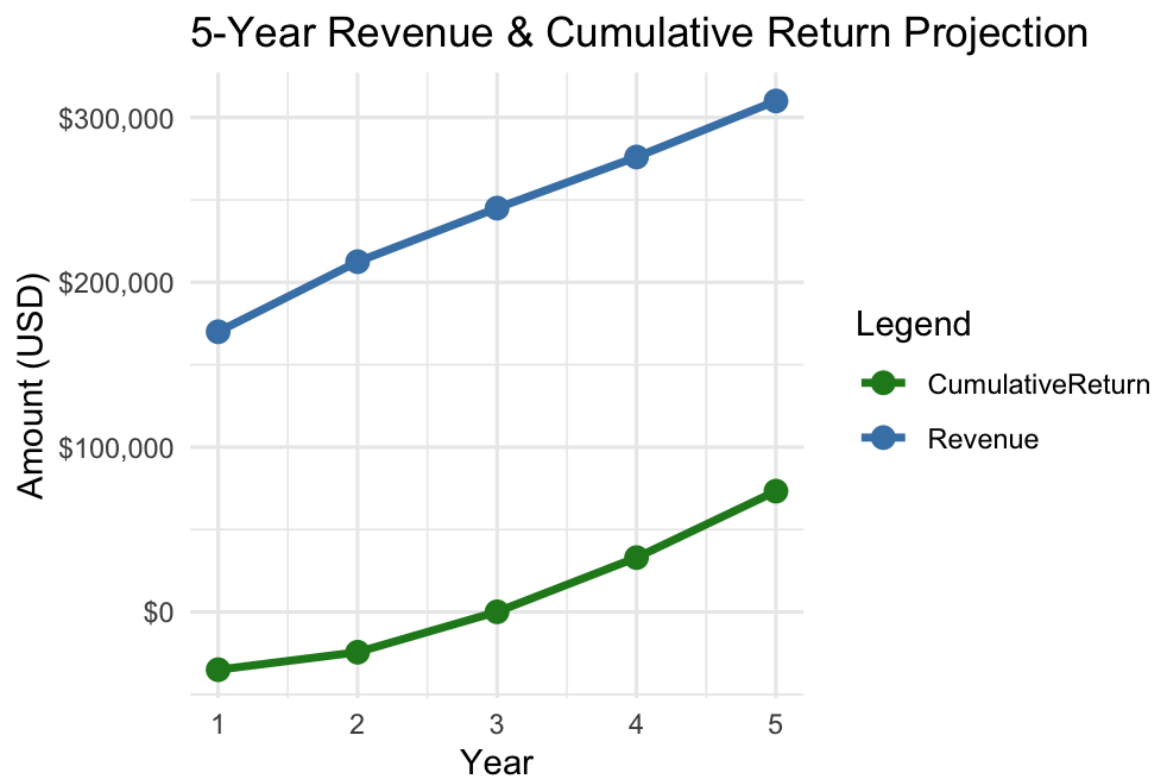
Based on Year 1 performance, we project **steady annual revenue growth between 15-20%** over the following four years. These projections reflect increased customer awareness, enhanced brand loyalty, seasonal marketing campaigns, and growing demand for sustainable retail in Santa Barbara and beyond.

The table below summarizes expected revenue growth, net profit margin improvements, annual net income, and cumulative return relative to our initial investment. For these return calculations, we used an estimated initial investment of approximately **\$39,000**, which aligns with our earlier startup cost projections but accounts only for the **first three months of rent** rather than a full six-month cycle.

*Fig 14. Growth Projections (2-5 years) and ROI*

Year	Revenue	Net Margin	Net Income	Cumulative Return
1	\$170,000	~0%	\$0	-\$39,000
2	\$212,500	5%	\$10,625	-\$24,375
3	\$245,000	10%	\$24,500	\$125
4	\$276,000	12%	\$33,120	~\$33,000
5	\$310,000	13%	\$40,300	\$73,300

*Fig. 15 Projected Revenue and Cumulative Return (Years 1–5)*



As shown, **break-even is expected in Year 3**, with the business achieving full recovery of startup costs and entering profitability. From there, Coastal Refill is projected to generate strong and increasing returns, reaching **over \$73,000 in cumulative profit by Year 5**.

Net margins are expected to improve as fixed operating costs are spread over higher sales volumes, marketing efforts yield better customer retention, and operational efficiency increases.

These figures demonstrate a **sustainable and scalable model**, laying the financial groundwork for future expansion, such as opening additional locations or investing in mobile refill services and product lines.

## **5.4 Conclusion**

Our financial outlook for Coastal Refill reflects a grounded, mission-driven approach to growth. With a clear plan and a strong position in a growing market, we believe the store has real potential to carve out a meaningful presence and capture a solid share of the local eco-retail space.

We've kept our startup costs as low as possible and spaced them out over time to help minimize early risk. Our first-year sales estimates are realistic and based on what we think we can genuinely achieve. As our brand and customer loyalty build, we anticipate steady increases in revenue and net margins. By Year 3, we expect to break even and begin generating meaningful returns, allowing us to reinvest and scale our business to other locations or include other services.

## 6.0 Conclusion

In conclusion, Coastal Refill gives an innovative approach to retailing and helps with addressing the problem of environmental pollution caused by the use of non-recyclable and non-reusable items. Through our detailed analysis of market trends, marketing strategies, operational planning, and financial projections, we are confident that Coastal Refill is both feasible and impactful. Our model offers a sustainable alternative to conventional retail, aiming to reduce environmental harm while meeting consumer demand for eco-friendly options.

One of our key strengths is our start-up location within a walkable, environmentally conscious community. The visibility and accessibility of our store, combined with the awareness of sustainability issues among local residents, make our business well-positioned to attract and engage customers. Coastal Refill will significantly reduce reliance on disposable items like plastic containers and straws, lowering production costs and opening up chances for long-term profitability.

While we acknowledge that unforeseen challenges may arise in operations, we believe in the strength of our business model and its potential to become a landmark in eco-friendly retailing. We welcome collaboration and feedback from investors and future customers in areas such as marketing, management, and finance to help refine and strengthen our plan even further.

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