

Name _____

New Store Project Level 1

Read carefully! Answer the questions on the following page before hitting the Go button!

Review all old lessons and use as a guide to help open a new store. Complete all steps practiced in lessons. See the grading rubric in Canvas.

Go to the Retail Management software. Choose new store project. Read directions. **Before choosing a location, you must get a loan!** Try \$50,000. The larger loan will have higher interest rates for you to pay back. Refer to previous lessons. Be sure to preview the price of your store's rent when deciding on a location. Low rent may mean very little business. Large rent payments may make it difficult to be profitable but they may also have many customers. Your rent payment will be recorded on question 4.

Next, complete your **market research**. Go to the actions menu and survey 200 people on where they live. This will help you decide where to **place** your store. Choose a store location for a midsize store. Type a store name in the blank spot. Follow the steps to set up each part of the game. Make sure you are looking at the old lessons to see what worked best. Remember that you can use billboards in other parts of town to draw customers to your store. **Put a screenshot of that survey here.**

After starting the SIM, use a survey to find out who shops at your store and when they shop. **Place that screenshot here.** This will help you with your staffing.

Keep staffing low for the first week and then build up as your customers increase so that you are not spending so much money up front. Find out what products they use most so you will carry the correct inventory and purchase more of the popular items. At first, keep inventory low so not all of your money is tied up in product. Do not forget to have very small orders for expired items. Increase inventory as your store grows. Also, ask what radio station they listen to. Ask any other questions that will help you set up your store.

Set up your backroom. Pay attention to how much each rack will hold. As you order more, you will need more racks. Then setup your floor with the appropriate **products**. **Merchandise** your store for minimum theft. Put the necessary items in the back and the impulse items in the front. Place complimentary items together. Think of which items may be stolen and put them in the front near the cashier. Include affordable **security** options. **Take a screenshot of your store interior and explain your choices. Place that here. See the rubric in Canvas.**

Set your **purchasing** inventory levels. Remember to only order about two days of supply for products that expire often. Frequently check your backroom view to see if your purchasing levels are high enough or too high. Read your customer comments. Watch to see if your shelves are stocked.

Set your **prices** globally and then adjust individual products as needed.

Set up your **staffing**. **Salespeople are not needed**. You also need to have at least three stockers at that first shift at the start of the game. Stockers can work while you are closed. You can go back and remove them later if your wages are too high. Set enough cashiers so that your lines are not too long. Read customer comments and adjust as needed.

This is marketing class so you must advertise your new store but do not spend too much at the beginning. Increase as you go. Remember to use billboards, radio, free e-mail (not too often or you are accused of SPAM), and newspaper ads.

Helpful Hints:

Choose a mid-size or small store. Get a \$50,000 loan. Start with low staff and advertising to save money. Keep your inventory low at first so you are not spending all of your money. Increase as you go. Do not forget to keep expired numbers low. Watch your comments. Add staff as needed. Use your free e-mail lists to advertise and save. **If your store goes bankrupt before you finish the packet, you will have to have to start over!**

When you run the game, you have to read the reports. **Click on Income Statement and choose High to show all details**. How much money are you losing on expired good? **Go to the report for inventory/products to find out what is expiring**. Reduce your purchases! Check your sales on your items. If they are low, purchase less or adjust the prices. Check for stolen/shrinkage. Do you have a camera? Do you have a scanner? Move stolen items to the front of the store. **You do not need salespeople in a grocery! Do not spend \$4,000 on a billboard!**

I would be happy to help you but you must first read your reports and try to figure out what you are doing wrong.

Screenshot expired and stolen reports when asked. Screen shot financials and explain your choices and situation at weeks 4, 8, and 12.

Answer the following questions before hitting the Go button.

1. What is your goal for revenue and profit at the end of 12 weeks?
2. Where is your store located? **Screenshot an aerial view and place it here. Explain your choice.**
3. Complete a survey asking what products are used most often. **Place that screenshot here.**
4. How much is your rent?
5. Who does most of their shopping at your store? Complete a survey and **place the screenshot here.**
6. When do they shop?
7. How will this affect your staffing? **Screenshot the staffing chart showing your choices and place that here.** (Don't forget to start with more stockers and then adjust.)
8. How much is your payroll cost?

9. What level did you set for your profit margin?
10. Did you run an ad? Did you lower the prices for items used in ads? Why or why not?
11. Did you raise the price on certain items? Explain.
12. How many units will you reorder (replenish to number)?
13. When will you reorder (when below number)?
14. Did you adjust this for products that expire easily? Explain.
15. Did you remember to add security?
16. Do market research to find out what radio station your customers listen to. Discuss that here and include the screenshot.
17. You need to advertise your new store to get customers to come in at the beginning. What type of promotions are you using? (Billboards, e-mail, radio, newspaper) Explain in detail. **Use a screenshot** to show your advertising strategies.

Run your store at a slower pace. Make sure your customer comments show as you run the game. You will need to **stop frequently (at least at the end of each one week period but you can adjust after only a few days also)**, analyze how you are doing, and make adjustments. As you see comments stop and make changes. **Place a customer comment screenshot here.**

Run your store for two weeks but stop frequently and make changes as you go! Check for stolen items/shrinkage and expired goods at two weeks. **Screenshot this report and place it here.**

18. Record what was stolen and how much.

19. Did you need to change your merchandising?

20. What goods have expired?

21. Did you change your ordering? Explain.

Be sure to check your financial statements. Review any decisions you originally **made in questions 1-17** that may need fixed. Make any changes necessary. (Inventory purchases, loans, staffing, pricing, promotion, etc.) **In at least three sentences, discuss what is going well and what you have changed.**

22. What are your largest expenses?

If you are making a nice profit, you may not need to adjust expenses. Otherwise, see if there are expenses that can be reduced. **Discuss all of this in detail.**

If you do not promote your store, the customers will not show up.

23. How much are you spending on promotion?

24. How much on wages?

25. Check your profit at two weeks. Write that number here.

26. **Screenshot the lower half of the statement showing your profit and loss and place it here.**

27. Look at the bottom of the screen of your store. What is **your total** profit at two weeks?

After running the store for four weeks, (stop frequently and make changes as you go) recheck all of your decisions. **Keep the customer comments up while running. Check your income statement and chose the button that says high.** What do you need to change? See questions 1-17 and the list above for discussion items. **In at least three sentences record what is working and what needs to be fixed.**

28. What was your revenue at week 4? **Screenshot proof goes here.**
29. Record your profit or loss for this week.
30. Record your cumulative Profit/Loss from the bottom of your screen. Analyze and discuss in detail.
31. Check for stolen items/shrinkage and expired goods at four weeks. **Screenshot this report and place it here.** Discuss.
32. **Screenshot the bottom of your income statement at four weeks and place it here.**

Check your financial income statement at the end of eight weeks. Place the screenshot here.

Keep the customer comments up while running. Check your income statement and chose the button that says high. What do you need to change? See questions 1-17 and the list above for discussion items. **In at least three sentences record what is working and what needs to be fixed.** Make changes as needed. Discuss them here.

33. Record your profit for week 8. **Screenshot proof goes here.**

34. Record your cumulative Profit/Loss from the bottom of your screen.
35. Check for stolen items/shrinkage and expired goods at eight weeks. **Screenshot this report and place it here.** Discuss.

Run the store four more weeks.

36. What is your total revenue at week 12?
37. What is your total profit/loss from the bottom of your screen for 12 weeks?
38. **Screenshot the bottom of the Income Statement for week 12 and place it here.**

Try to run your store for a year. You may need to reduce your expenses or get more loans. Discuss your difficulties in keeping your store open. **If you last this long, record your cumulative profit/loss from a screenshot at the bottom of your store.**

