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INSERT **1 hour 30 minutes**

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INFORMATION

- This insert contains the case study.
- You may annotate this insert and use the blank spaces for planning. **Do not write your answers** on the insert.

This document has **4** pages. Any blank pages are indicated.

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The School Yearbook Enterprise

The background

Guilleary is in her final year at school. She and two of her school friends, Andreas and Luis, wanted to have something to help them remember their time at school. Guilleary is interested in design and thought that they could create something that other school leavers would want to buy.

The idea

Guilleary remembered her father showing her a book from his final year at school. This contained photographs and a short piece of information about every student in the year. Her father said every school leaver received a copy of this book, which was called a yearbook. Guilleary thought that she could design and print a yearbook for her own school.

Guilleary asked Andreas and Luis what they thought of the yearbook idea. They liked the idea and suggested that Guilleary ask their teacher, Mr Garcia, if the school could produce a yearbook.

The meeting

The next day, Guilleary met with Mr Garcia to explain the yearbook idea. Mr Garcia was impressed with the idea, but he said that the school could not afford the time or the money to produce a yearbook.

Although Guilleary was disappointed, she was not willing to give up on the yearbook idea. She thought she could negotiate with Mr Garcia to persuade him to change his mind. To do this, she would need to gather some information. Guilleary asked Andreas and Luis to help her to complete some research. The friends agreed to meet in one week to discuss the results of the research.

The research

Guilleary emailed a survey to all 120 students in the final year. The survey asked two questions:

1. Would you be willing to buy a yearbook?
2. If yes, how much would you be willing to pay for a yearbook?

Andreas researched the cost of printing the yearbook. Luis used the internet to find examples of yearbooks.

The results of Guilleary's survey were positive. The replies to question 1 showed that 80% of the students in the year would be willing to buy a yearbook. On average, the students were prepared to pay US$5.

Andreas had identified that the cost of printing in school would be 15 cents for each double-sided sheet of A4 paper. He thought each yearbook would have 30 double-sided pages.

Luis had found a good example of a yearbook online which they could adapt. He had also found an enterprise, YB4U, which professionally produced yearbooks. If the school ordered 100 or more copies, the cost to the school would be US$6 for each copy.

The friends realised that there would be an additional cost, advertising, to persuade the students to buy a yearbook. This would be the only fixed cost for the enterprise.

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Fig. 1 summarises this information.

Yearbook Summary	
Number of students willing to buy (80% of 120) = 96 students Average price students are willing to pay = US$5.00 Total cost of advertising = US$10.00	
Cost of printing each yearbook in school	
15 cents for each double-sided page multiplied by 30 pages	US$4.50
Cost of ordering each yearbook through YB4U	
1–49	US$8.00
50–99	US$7.00
100 or more	US$6.00
Taxes are included in the price charged by YB4U but could change.	

Fig. 1

The decision

Luis thinks that buying the yearbooks from YB4U would be the best choice. Guilleary thinks that keeping prices at or below US$5 for students would be vital.

Andreas disagrees with Guilleary. He thinks more students would be willing to buy a professionally produced yearbook, even at a higher price. However, this may be a risky strategy as they may not sell 100 yearbooks. Andreas thinks they should calculate break-even and profit.

Guilleary suggested that before they do anything, they should ask a group of students in a focus group for their opinions.

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