Cambridge Assessment International Education

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ENTERPRISE **0454/11**

Paper 1 **May/June 2023**

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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Chinmaya's ecommerce enterprise

The background

Chinmaya has completed his final year at school. He is applying for jobs and is hoping to find work soon. For his last birthday Chinmaya's father had bought him a smartphone. During the past year, he has developed his photography skills by taking photos of buildings that he likes.

The opportunity

Chinmaya has been uploading his photos onto social media pages. He has received many positive comments about the images from people all over the world and some have asked how they can buy copies of his photos. Before replying to these comments, Chinmaya decides to ask his friend Jiayi for advice. Jiayi has a successful ecommerce enterprise.

The problem

On his way to meet Jiayi, Chinmaya sees the latest edition of the local free newspaper. The newspaper has an article about the opening of a new museum. There is a photo of the museum which Chinmaya recognises. It is one he recently uploaded onto social media. An employee at the newspaper must have copied his photo and Chinmaya thinks this is illegal.

Chinmaya shows the article to Jiayi. Jiayi explains that although the employee's action is not illegal, it is unethical. By publishing his photos on social media, Chinmaya has not protected his legal rights.

Chinmaya wonders whether people would pay for his photos when they can copy them for free. Jiayi explains that copyright law protects his rights in this situation. If Chinmaya had put his name and the date onto the photo before he shared it, the newspaper employee would have known not to use it. Jiayi thinks that this law applies in most countries.

The planning

Jiayi explains that if Chinmaya is considering an ecommerce enterprise, he must complete some planning. This should include market research. Jiayi shows Chinmaya a layout of a business plan that she suggests he completes before starting his enterprise. Fig. 1 shows the business plan layout.

Sections of the business plan	Contents of the section
Preliminary information	
Operations	
Marketing	
Human resources	
Finance	

Fig. 1 business plan layout

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Chinmaya realises there are so many aspects he has not yet considered about setting up an ecommerce enterprise. He thinks that this may involve too much work for him.

Jiayi tries to persuade him to be more positive. She believes that this could be a profitable enterprise, as many organisations may be willing to pay for permission to use his high-quality photos. Jiayi is sure that Chinmaya has the enterprise skills needed to be a successful entrepreneur.

The research

After his discussion with Jiayi, Chinmaya is not sure that he is willing to put in the effort required to set up an enterprise. He had thought that selling his photos online would be easy. He now realises it will be more challenging than he had thought.

Chinmaya has noticed that most photographers sell their images through their own websites. Customers can pay to download the photo directly from the website or purchase prints to be delivered. Some photographers are charging up to US$50 for one photo. Chinmaya thinks that he could charge US$10 for each one of his photos.

Chinmaya knows that he does not have the technical skills to set up an ecommerce website. If he decides to do this, he will need to pay someone to design and set up the website. Further research revealed that this would cost approximately US$500. To collect payment he would need to accept money electronically. Any organisation arranging these payments for his enterprise would keep 5% of the sale price of each photo sold. This would be a variable cost for Chinmaya and would reduce the contribution towards fixed costs.

The next steps

Although Chinmaya knows that he will use his website and social media to advertise, he is still uncertain about other aspects of his proposed enterprise. He has not considered the type of business organisation, the possibility of customer complaints or the risks of operating an online enterprise. He decides to ask Jiayi to help him once again.

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