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ENTERPRISE **0454/11**

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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 wood carving co-operative

The background

Temi's family have been wood carvers for many years. They sell carvings of animals to tourists from a roadside stall. There are many other similar stalls across the town. Temi works on his family's stall.

The problem

Recently Temi had noticed that fewer customers, including tourists, were visiting his family's stall. He thought that the reason for this was that competing stalls had started selling better quality carvings or had reduced their prices.

The research

Temi decided to do some research. He travelled around the town observing other stalls. When he talked to the stallholders, they shared his concern. Many of them had also noticed that there were fewer customers.

Temi talked to his friend, Druv, who works in a luxury hotel. Druv told him that the hotel was not as busy as normal and the tourists that did visit were staying for a shorter period of time. The tourists wanted to be advised of the best place to see a variety of woodcarvings as they did not have the time to search for the best places. Druv was not able to recommend one particular place where tourists could see a wide variety of woodcarvings.

The idea

The conversation with Druv gave Temi an idea. The stallholders could set up next to each other allowing tourists to visit one place and compare the different woodcarvings. The site could be near to the town's tourist area. Temi decided to ask the other stallholders if they would be interested in this idea of a woodcarving market place.

The meeting

Temi organised a formal meeting. He sent an email to a few stallholders that he knew, asking them to attend and bring along anyone else who may be interested.

At the meeting, Temi was disappointed by the number of people who attended. He did, however, explain the idea. The stallholders would rent a large space where each could sell their woodcarvings. All costs would be equally shared between the stallholders. Temi was confident that having many stalls in one place will attract customers.

Although some stallholders agreed, other stallholders thought that this new market place would be a big risk. They were worried that regular customers would not travel to a new location to buy from them. They asked the following questions:

- how much would they be expected to pay to rent a stall?
- would they be able to sell enough woodcarvings to break even?
- who would manage the day-to-day operation of the market?
- how would they attract customers to the new market place?

Temi could not answer these questions. He suggested that they arrange another meeting and meanwhile he would try to find the answers.

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The planning

With more research to complete, Temi was worried that he might forget to do something. He decided to write a list of tasks to complete.

Temi identified a suitable space to rent for the market place. The space, with room for 20 stalls, would cost US$1000 each month to rent. Temi then asked Druv which method of advertising he thought would appeal to tourists. Druv explained that the free local newspaper was delivered each day to the hotel. Temi agreed that an advertisement in this newspaper would be suitable.

Temi had intended to manage the enterprise himself. However, he thinks this may not be acceptable to the other stallholders. Operating the woodcarving market place as a co-operative type of business organisation may be a better choice.

An alternative idea

Temi was about to write an email to the stallholders to arrange another meeting when a pop-up advertisement appeared on his computer screen. The advertisement was for a sports store which was having a sale. Temi had previously browsed this website. The website had tracked his browsing activity and sent him a reminder of the sale.

Temi thought an ecommerce market place might be a better idea. He decided to research this alternative idea before arranging another meeting. Temi could sell his wood carvings through a website and the items would be delivered to the customer.

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