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## STEP 3: WHO ARE YOUR CUSTOMERS?

A) Customers are very important to entrepreneurs because customers are the people who buy their product or service. Look at the chart below and circle the appropriate customer for each product or service.

<u>Product</u>	<u>Customer</u>	<u>Service</u>	<u>Customer</u>
1) Basketballs	NHL players	1) Mowing the lawn	Homeowners
	NFL players		Farmers
	NBA players		College students
2) Diapers	Teenagers	2) Dog walking	Cat owners
	Babies		Zookeepers
	Puppies		Senior citizens
3) Dresses	Men	3) Grocery delivery	Stay-at-home moms
	Women		Construction workers
	Boys		Army soldiers
4) Computers	Ballet dancers	4) Shoe shine	Surfers
	Wrestlers		Bankers
	Scientists		Gymnasts

B) Entrepreneurs use demographics to describe who their customers are. The official definition of demographics is **“the statistical characteristics of human populations (e.g. age or income) used to identify markets”**.

In more simple terms, **demographics are categories that describe your customers.**



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## STEP 4: WHO ARE YOUR COMPETITORS?

A) It is extremely important for entrepreneurs to identify their competitors. A **competitor is a person or business that sells the same or similar product or service as yours.**

Look at each of the groups listed below and circle the businesses that are in competition with one another.

<b>Group 1</b>	McDonald's	Macy's	Wendy's	AT&T	Burger King
<b>Group 2</b>	Mercedes	Wii	PlayStation	M&M's	Xbox
<b>Group 3</b>	Cheerios	Nike	Reebok	Target	Adidas
<b>Group 4</b>	Coke	Pepsi	Sprite	Levi's	Doritos

B) Now think about your own business idea. Are there other people or businesses who are selling the same or similar product or service as you? Make a list of your competitors in the space below.

- 1)
- 2)
- 3)
- 4)
- 5)




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## STEP 7: HOW MUCH WILL IT COST TO CREATE YOUR PRODUCT OR SERVICE?

A) It is very important for entrepreneurs to know how much it costs to make their product or provide their service. The official term for this piece of information is **COGS, or Cost of Goods Sold**. COGS is simply **the total amount of money it costs to make your product or deliver your service**. Refer to the examples below to learn how COGS is calculated.

1 PITCHER OF LEMONADE		HOUSE PAINTING SERVICE	
<u>Item</u>	<u>Cost</u>	<u>Item</u>	<u>Cost</u>
12 lemons	\$4.00	20 gallons of paint	\$100
1 gallon of water	\$1.50	10 paint brushes	\$30
1 cup of sugar	\$0.50	1 ladder	\$50
<b>Total Cost</b>	<b>\$6.00</b>	<b>Total Cost</b>	<b>\$180</b>

B) Use the table below to calculate the cost of producing your product or service. Use your imagination to determine how much an item will cost if you are not sure.

<u>ITEM</u>	<u>COST</u>
	\$
	\$
	\$
<b>Total Cost</b>	<b>\$</b>