

## ABSTRACT

### Play Records: A Business Plan for an Independent Record Store

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The story of a retail store does not begin on opening day. Instead, it begins humbly on paper. Long before a store opens, a business plan must be developed to describe every aspect of the store before a single dollar is spent. This plan describes the venture Play Records, a record store located in Waco, Texas that will capitalize on the recent repopularization of vinyl records. Play Records store sells recorded music, related electronics, and board games. Due to its focus on customer experience, this store will house a small coffee shop with a study area to cater to local college students. To provide customers the opportunity to fully experience recorded music, the store will sell both new and used media in several different formats, as well as provide areas for customers to listen to music before purchasing. Play Records will not only help customers find music by artists they like, but foster an environment in which they can develop a love for new music. Unfortunately, the financial statements project a net loss due to lack of demand. This business plan then serves as an indication that a record store of this scope would be an unwise investment in this particular area.

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PLAY RECORDS: A BUSINESS PLAN FOR AN INDEPENDENT RECORD STORE

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By

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## PREFACE

When inventing the light bulb, Thomas Edison said, "I have not failed 700 times. I have succeeded in proving that those 700 ways will not work. When I have eliminated the ways that will not work, I will find the way that will work." I suppose if he were starting a business, he might have said the same thing.

Before starting a business, it is important that it be planned out thoroughly before making any kind of investment. That being said, part of the business planning process often involves detailed development of ideas that, ultimately, will not be successful in practice. As it turns out, this is one such idea.

After researching the ins and outs of the industry, developing a record store, and forecasting the implementation of the business, my research indicated that this particular business would not likely be successful in this location and at this time. While this may seem insignificant at first sight, it is precisely what can save a potential entrepreneur thousands of dollars, months of work, and years of debt. It also provides an indication of how a similar business might be structured so that it is easier to assess whether it could be successful in alternate circumstances.

Like Edison, I dare say I have successfully taken the first step towards starting a business in establishing that this particular iteration would not work. The pages that follow will walk through this business from the early planning stages to opening day. Though the financial statements indeed indicate loss, this project has succeeded in informing me of exactly what I needed to know: whether or not this business would be a good investment.

*To my parents, who love, support, and encourage me with everything they have.  
I never would have made it this far without you.*

## CHAPTER ONE

### Executive Summary

Play Records is a record store that focuses on recorded music and customer experience. The store will primarily sell new and used records and compact discs, but will also have a highly curated selection of music-related electronics, board games, novelty items (such as notebooks, pens, and tchotchkes), coffee, and tea.

Located near downtown Waco, Texas, Play Records will cater to music lovers of all ages, elder generations who are less comfortable with digital music, Magnolia Market tourists, and the college students of Baylor University, McLennan Community College, and Texas State Technical College.

Our unique customer experience is what will set us apart from other music sellers in the area. We want to offer incredible customer service in a welcoming atmosphere where people are able to easily browse music, listen to any music before purchase, or even just chat with a friend over coffee.

Due to the recent uptick in vinyl listening and sales, we believe the future of the record store is currently more optimistic than it has been in the recent past. While digital media is also growing, the quickly rising vinyl industry indicates that customers really do need more than just digital music. Play Records will fulfill that need in a way that best connects with our target markets.



## CHAPTER TWO

### General Company Description

#### *i. Introduction*

Play Records will be the premier source of recorded music in Central Texas. We will primarily sell compact discs and vinyl records, both new and secondhand, in addition to cassette tapes and 8-tracks. Play Records will offer a variety of genres and a thoughtfully curated selection of titles within each genre. Staff will have a thorough knowledge of the titles we offer, the store will be well organized for maximum accessibility to the customer, and customers will be able to demo all music before purchasing. In addition to selling music, we will also have a small coffee shop with free wifi and sell games, novelty items, and music-related electronics.

#### *ii. Mission, Goals, and Objectives*

Our mission as a company is to provide means and support for people to fully experience recorded music while also supporting the music artists. We are looking to not only help customers find music by artists they like, but also to foster an environment in which they can develop a love for new music.

Our aim is to be a company that is known for its excellent customer service and has many loyal repeat customers. We would like Play Records to be a financially successful local business, profitable enough to sustain our small size. To supplement these goals, we aim to sell 10,000 new records and CDs by the end of our second year of business. We would also like to be financially stable enough to bring in live music artists by year 3.

### *iii. Business Philosophy*

Our business philosophy is oriented towards customer satisfaction. We want to provide the best possible experience for every customer that comes through the door. This means employing knowledgeable and friendly staff, creating an inviting atmosphere, and stocking inventory that appeals to our customer base. We want it to be easy for customers to find whatever they are looking for, whether they have something specific in mind or are simply looking for something new that aligns with their tastes. To supplement customer satisfaction, we believe it is important that our products, including our secondhand items, be consistent in quality. Finally, we believe in supporting the music industry financially because it is the reason we have music to listen to at all. This is largely done by selling physical albums, but could also be accomplished through hosting live music events.

### *iv. Market*

There are three primary types of customers that Play Records will market to: music lovers, college students, and those who prefer to rely less on digital technology (primarily the older generation). Since we sell analog media in a digital world, it is important that we cater most to those who prefer physical copies of their music and higher sound quality because these will be the people who purchase music from us instead of listening to it online. Another anticipated market is tourists since our store is in close proximity to Magnolia Market, but this market will be emphasized less due to the fact that these customers are transient.

#### *v. Industry*

With the increased use of streaming media, the record store industry has been in decline in recent years.<sup>1</sup> That being said, the decline has been slowing as vinyl sales grow faster with every year.<sup>2</sup> Due to this recent resurgence, the fact that buying CDs is still quite popular,<sup>3</sup> and the fact that overall album consumption is increasing,<sup>4</sup> we believe a record store has potential to be sustainable in the coming years. Regardless of trends, music aficionados are expected to continue to buy recorded media, which guarantees a steady demand that can best be met by an independent record store.<sup>5</sup>

#### *vi. Company Strengths*

Our greatest strengths are our customer experience and uniquely curated inventory. As mentioned above, we plan to have excellent customer service due to our qualified staff. However, the customer experience is not limited to staff interactions. Customers will also be able to enjoy a cozy atmosphere, coffee and tea, and the ability to listen to any album in stock before purchasing. Additionally, everything we carry, from albums to board games to novelty pens and journals, will be carefully selected for

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<sup>1</sup> Edward Rivera, *Record Stores in the US*, IBISWorld Industry Report (Melbourne, Australia: IBISWorld Services, December 2015), accessed October 18, 2016, <http://clients1.ibisworld.com.ezproxy.baylor.edu/reports/us/industry/default.aspx?entid=1087>.

<sup>2</sup> Ellen Huet, “Resurgence In Vinyl Records Means Booming Business -- And Growing Pains -- For Factories,” *Forbes.com* (July 8, 2015): 31–31.

<sup>3</sup> Bert Weijters and Frank Goedertier, “Understanding Today’s Music Acquisition Mix: A Latent Class Analysis of Consumers’ Combined Use of Music Platforms,” *Marketing Letters* 27, no. 3 (September 2016): 603–610.

<sup>4</sup> “Nielsen Releases 2016 Mid-Year U.S. Music Report,” accessed October 22, 2016, <http://www.nielsen.com/us/en/press-room/2016/nielsen-releases-2016-mid-year-us-music-report.html>.

<sup>5</sup> Rivera, *Record Stores in the US*.

inventory – in other words, Play Records will carry many items that cannot be found anywhere else in Waco.

*vii. Ownership*

Play Records is a Limited Liability Company (LLC). We have chosen this form of ownership because it prevents our owner from being fully and solely liable for the financial success of the business. It also prevents double taxation of the owner.

## CHAPTER THREE

### Products and Services

#### *i. Description*

While Play Records will carry several different kinds of products, our primary offering will be recorded music. This will include both new and used records, CDs, and cassettes. We will carry a variety of genres but will have the widest selection of Rock, Alternative, and Pop because these genres contribute to over 68% of vinyl sales.<sup>6</sup> Research also indicates that independent record stores can greatly benefit from selling electronics.<sup>7</sup> In order to supplement the buyer's music listening experience, we will sell music players, speakers, headphones, and vinyl accessories (such as cleanser, sleeves, and needles). Together with the recorded music, these products will be the main source of income and the biggest selling point for the store.

In addition to music and related items, we will sell coffee and tea in a small café area to encourage customers to stay in the store longer or even come in to chat with a friend or work on homework. This area will also be equipped with free WiFi. Finally, we will stock novelty items, board games, and store t-shirts so that customers are able to find unique items in the store.

#### *ii. Competitive Advantages and Disadvantages*

Play Records has two main types of competition: digital (streaming) media and big-box or online stores that sell physical music. Digital competition is anticipated to be

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<sup>6</sup> The Nielsen Company, *2015 Nielsen Music U.S. Report*, 2016, accessed October 22, 2016, <http://www.nielsen.com/content/dam/corporate/us/en/reports-downloads/2016-reports/2015-year-end-music-report.pdf.pdf>.

<sup>7</sup> Ibid.

a bigger challenge due to its low price, large selection of music, and portability. However, we have the advantage of physical recorded media, which in itself is more dependable, works without a computer, and comes with beautiful artwork that is generally unattainable by other means. In comparison to digital media, physical media also has a higher quality sound overall. For many customers, these factors are more than enough to make a sale.

Selling recorded music also supports the artists and music industry financially, which is something that streaming media does not do well. Play Records has the advantage of having a brick-and-mortar store, so customers are able to browse more easily, ask questions of a knowledgeable staff, get recommendations based on their interests, find out about concerts that are playing nearby, and enjoy a welcoming atmosphere that the internet cannot offer.

While many big-box stores have begun selling records in recent years, independent record stores sell over 45% of all records due to their unique advantages.<sup>8</sup> In comparison to local big-box stores, Play Records will have a much larger selection of both records and CDs. According to Consumer Insights, music listeners are looking for better ways to discover new music.<sup>9</sup> Though it may be slightly less convenient to shop for music at a specialty store instead of stores such as Best Buy or Target, we will have a much more knowledgeable staff, a much more comfortable atmosphere, and ways for people to listen to their music before purchasing, which is usually not an option. We also

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<sup>8</sup> The Nielsen Company, *2015 Nielsen Music U.S. Report*.

<sup>9</sup> “Consumer Insights: The Music Experience in 2014,” *Viacom Corporate*, accessed October 22, 2016, <http://blog.viacom.com/2014/08/consumer-insights-the-music-experience-in-2014/>.

purchase customers' used media and sell some music secondhand, which creates price points not offered in major retail chains.

### *iii. Pricing Structures*

For most purchases, payment will be made in full at the time of purchase. If a customer wants to order something in to the store to pick up, they may pay at the time of pickup as long as it is not a collector's item. We will also purchase customers' used recorded media if it is in good condition.

## CHAPTER FOUR

### Marketing Plan

#### *i. Economics*

With the rise of streaming music, the record store industry is changing rapidly. Although the industry has been on the decline, it is not declining as quickly as it once was. Research shows that there are several aspects of the record store industry that indicate a continued demand for physical recorded media even in a digital climate.

The general economy is currently in favor of record stores, since demand for recorded media grows alongside the rising disposable income. Research has also shown that despite the growth of streaming media, there will always be customers who will want to buy physical recorded media.<sup>1</sup> These music enthusiasts are our primary target market due to their steady demand. The general public, however, sustains a demand for recorded media as well. Over 65% of people purchase CDs either regularly or sometimes, including those who prefer to stream and download media.<sup>10</sup>

Perhaps the biggest opportunity for independent record stores lies in the recent resurgence of vinyl records. Sales of LP records are currently at a 28-year high and are growing at a faster rate each year.<sup>11</sup> And since independent record stores sell more vinyl records than any other type of seller (over 45% of all records), a local record store is the best place to be in the vinyl market.<sup>12</sup> This, combined with the fact that music

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<sup>10</sup> Weijters and Goedertier, “Understanding Today’s Music Acquisition Mix.”

<sup>11</sup> Huet, “Resurgence In Vinyl Records Means Booming Business -- And Growing Pains -- For Factories”; Chris Morris, “Vinyl Record Sales Are At A 28-Year High,” *Fortune.com* (May 26, 2016): 828–828.

<sup>12</sup> The Nielsen Company, *2015 Nielsen Music U.S. Report*.



consumption is increasing across the board (and across markets), suggests that a record store will be profitable even in a digital music age.

The primary and possibly only barrier to entry in the record store industry is competition.<sup>13</sup> While there is some competition in other brick-and-mortar stores, the biggest threat to the industry is streaming music. Since a large library of music is offered online for free or at extremely low prices, it is nearly impossible for a record store to compete on prices and convenience. It is important, then, that we focus on our strengths. For example, we are able to carry music that is not available on streaming services such as Spotify and Apple Music. We will also have very knowledgeable staff that can help customers discover new music, since many music listeners do not know how to filter through the thousands of options to discover what they will enjoy.<sup>14</sup>

Changes in technology, the economy, and the music industry could each have a positive or negative affect on the independent record store. While technology is already changing drastically, the future of streaming media could still affect our business. If the increasing demand for streaming media begins to slow down or the streaming market becomes saturated, there could still be a steady demand for record stores. If streaming media continues to drastically increase in popularity, the demand for physical recorded media may decline to the point where the business is no longer sustainable. However, this seems unlikely due to the increasing demand for vinyl records and the even more recent trend of cassette tapes. New developments in music technology could potentially

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<sup>13</sup> Rivera, *Record Stores in the US*.

<sup>14</sup> "Consumer Insights."

provide an opportunity for record stores to offer a new product that is not available digitally, but that is not a reliable prospect at this time.

Like technological changes, economic change has the potential to have a positive or negative affect on the record store industry. Since the demand for physical recorded media is partly dependent on personal disposable income, a drastic decrease in disposable income could lead to decreased profits.<sup>15</sup> As mentioned earlier, however, the economy is currently growing and is expected to continue doing so in the future.

The biggest factor in the record store industry that could affect the profitability of the business is the demand for vinyl records. If the demand for vinyl records were to decline before another popular physical format emerged, independent record stores could lose the advantage they have in music distribution. However, the demand for vinyl records has been growing more every year, which has positively impacted the demand for record stores.

## *ii. Product*

As a recorded music store, Play Records' primary products will be CDs and vinyl records. These feature high-quality sound, original artwork, liner notes with song lyrics, and a more reliable product than digital media due to its physical nature. Owning physical recorded media will give the customer the advantage of permanent ownership, which has the lowest risk of loss when compared to streaming and digitally downloaded music. It is also extremely easy to play CDs or vinyl, especially if a customer is not great with technology. There is no uploading, downloading, registration, subscription, or advertising associated with CDs or vinyl records. For younger generations, vinyl records

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<sup>15</sup> Rivera, *Record Stores in the US*.

offer a new and unique way to experience music compared to Spotify, iTunes, or their parents' CD collection. Music enthusiasts can enjoy the feeling of listening to music “the old-fashioned way”, and customers of all types can feel good knowing that they have supported their favorite artists financially.

We will also sell coffee and tea. While we are not primarily a coffee shop, we will have a small selection of drink items for college students to purchase if they would like to have a drink while they are using our study space. Caffeinated beverages have the potential to increase energy levels and focus, which will make people more likely to come study in our store. Coffee and tea are also a common way for people to socialize, so offering even a small selection of unique products will draw people to our store even if they are not actively seeking new music.

### *iii. Customers*

Play Records will have three primary target customers: the music enthusiast, the college student, and the technophobe. Music enthusiasts, as mentioned earlier, are likely the group with the steadiest demand since they are interested in buying physical recorded media. This contains people of all ages who love music and may also consider themselves to be traditionalists. Even when compared to these music lovers, however, college-aged people have actually consumed the most vinyl records in the last several years.<sup>16</sup> Since Waco is home to Baylor University, McLennan Community College, and Texas State Technical College, there is a very large number of college students in the area, making college students a very important market for our business. The last segment is “technophobes” – people who are not comfortable using digital means of acquiring

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<sup>16</sup> Rivera, *Record Stores in the US*.

music. This segment primarily focuses on middle-aged and older generations who do not download or stream music but look to buy all their music as a physical recording. Traditional compact disc sales have proven to be an effective way to reach this market.<sup>17</sup>

On the following page is a breakdown of our three targeted customer types.

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<sup>17</sup> Weijters and Goedertier, “Understanding Today’s Music Acquisition Mix.”

Figure 1: Target Market Analysis

	<b>Music enthusiasts</b>	<b>College students</b>	<b>Technophobes</b>
<b>Age</b>	18+	18-25	45+
<b>Income level</b>	Average	Low	Med-high
<b>Preferred music genre</b>	Alternative, indie, rock, pop	Pop, alternative, rock, R&B	Pop, oldies, country
<b>Preferred music format</b>	Vinyl and other physical formats	Streaming, some CD	CD, some vinyl
<b>Recorded music listening habits</b>	<ul style="list-style-type: none"> <li>• Listens as often as possible</li> <li>• Connects with people over music</li> <li>• Listens on phone, computer, car stereo</li> </ul>	<ul style="list-style-type: none"> <li>• Studying</li> <li>• Getting ready in the morning</li> <li>• In the car</li> <li>• Listens on phone, sometimes on computer</li> </ul>	<ul style="list-style-type: none"> <li>• In the car</li> <li>• Entertaining or when working around the house</li> <li>• Listens on home stereo, mostly CDs</li> </ul>
<b>Live music</b>	<ul style="list-style-type: none"> <li>• Music discovery</li> <li>• Bands they love</li> <li>• Social not as important as music</li> <li>• Support artist</li> </ul>	<ul style="list-style-type: none"> <li>• Bands they love</li> <li>• Social reasons</li> </ul>	<ul style="list-style-type: none"> <li>• Nostalgia</li> <li>• Bands they have loved for a long time</li> </ul>
<b>Personality profile</b>	<ul style="list-style-type: none"> <li>• Attend at least a few concerts per year</li> <li>• Wears band T-Shirts, gets updates about concerts, follows new album releases</li> <li>• Shares favorite music with friends</li> <li>• Interested in quality of music and artists as a whole</li> <li>• Strong loyalty to many artists</li> <li>• Very willing to purchase</li> </ul>	<ul style="list-style-type: none"> <li>• Enjoys various types of music</li> <li>• Discovers music by radio and word of mouth</li> <li>• Listens to top 40</li> <li>• Attends concerts or festivals occasionally, not top priority</li> <li>• Purchases music if they really like the band</li> <li>• Interest in popular music, fun music, catchy songs</li> <li>• Weak/moderate loyalty to most artists, strong loyalty to a select few</li> <li>• Hears about major album releases from friends/social media</li> <li>• Hesitant to make purchases due to money and availability of streaming</li> </ul>	<ul style="list-style-type: none"> <li>• Prefer to do things the “old fashioned way”</li> <li>• Working or retired</li> <li>• Enjoys music on a casual level</li> <li>• Interested in style of music artist</li> <li>• Strong loyalty to artists</li> <li>• Unaware of new releases</li> <li>• Most willing to purchase (versus other methods of listening)</li> </ul>

#### *iv. Competition*

As a record store in Waco, TX, we have three main types of competitors: other record stores, big-box stores such as Wal-Mart and Target, and online music providers. Each of these competitors requires a different focus in order to compete.

There is only one other record store in Waco, Spin Connection. While they have a wide selection of music, Spin Connection has high prices, is in an inconvenient location, and has a very poor atmosphere, so we will compete with average prices, a high-traffic location, and a more welcoming atmosphere.

Big-box stores are somewhat more difficult to compete with because they have low-to-average prices and are very convenient since customers often frequent these stores. In Waco, these stores are Best Buy, Target, Wal-Mart, and Barnes and Noble. To compete with big-box stores, we will offer a wider selection of music, have a very knowledgeable staff, and provide means for customers to listen to music before purchase – three things that these large retailers are missing.

Online music providers are perhaps the most aggressive competitors because they are so easily accessed and so attractively priced – some are even free. The main competitors here are Spotify, Pandora, and Apple Music. While we will not be able to compete on price, there are several advantages we have over online providers. Physical media is in itself an advantage to the music enthusiast and technophobe markets, not to mention we have higher quality music, personable staff, and a relaxing physical environment. These features are not available when using online streaming or downloading music.

On the following page is a table that compares our offerings with our competition and gauges how important each factor is to each type of customer (music enthusiast, college student, and technophobe).

Figure 2: Competitive Analysis (1 = critical, 5 = not important)

Factor	Me	Strength/ Weakness	Spin Connection	Big-Box Retail (Best Buy, Target, Wal- Mart, Barnes & Noble)	Streaming (Spotify, Apple Music, Pandora, iHeartRadio)	Importance to Customer		
						ME	CS	TP
<b>Products</b>	Vinyl, CD, cassette, electronics, band merch, concert tickets, games	Strength	Vinyl, CD, vintage collectibles, books, magazines	Vinyl, CD, cassette, electronics, games	Digital recorded music (for “rent”, nothing that can be owned)	1	4	1
<b>Services</b>	In-store study area	Strength	In-store live music	n/a	n/a	1	1	5
<b>Product longevity</b>	High	Strength	High	High	Low	1	5	1
<b>Price</b>	Moderate	Neutral	High	Moderate	Low	3	1	4
<b>Quality</b>	High	Strength	High	High	Low	1	5	3
<b>Selection</b>	Medium-large Medium range of genres, deep selection within certain genres	Strength	Med-Large	Small-Med	Med-Large	1	3	3
<b>Service</b>	Interactive, personal, unique to each customer	Strength	Interactive, personal, unique	Less personal	No regular customer service	2	3	1
<b>Product Reliability</b>	Very reliable	Strength	Very reliable	Very reliable	Not reliable, technology/internet dependent	1	3	1
<b>Expertise</b>	High	Strength	High	Low	None	1	4	2
<b>Company Reputation</b>	Good	Strength	Good	Average	Average	2	5	2
<b>Location</b>	Single location, high foot traffic area Also booth at farmer’s market	Weakness	Single location, low foot traffic area	Stores may be more convenient since customers visit for more than just music	Available anywhere	5	1	2
<b>Atmosphere</b>	Alternative/cool aesthetic, places to study/hang out	Strength	Little to no atmospheric appeal	Little to no atmospheric appeal	n/a	2	1	5
<b>Sales Method</b>	In-store, retail transactions	Neutral	In-store, retail transactions	In-store, retail transactions	Instantly obtain music from anywhere	3	1	4
<b>Advertising</b>	Social media, flyers/event ads at local businesses, website, farmer’s market, event sponsorship	Neutral	Social media	Social media, TV, internet ads, website	Social media, internet ads, advertise through artists’ promotions, website	4	3	1
<b>Image</b>	Alternative, young, hipster, cool, for discovering new music, experiencing music	Strength	Emphasis on collector’s items, little atmosphere/aesthetic	Big-box	Emphasis on availability, ease of use	1	1	5



#### *v. Niche*

Play Records is the best source of analog recorded media in Central Texas. We cater heavily to music lovers, but offer a lot for college students and traditionalists. Our store features many unique ways for customers to experience music, from our inventory offerings to recommendations from knowledgeable staff, as well the ability customers have to listen to music before they purchase it. Lastly, we put an emphasis on the local community, selling tickets to nearby shows, having a booth at the farmers market, and providing a unique study space for local college students.

#### *vi. Marketing Strategy*

##### *Promotion*

Advertising for Play Records will take several different forms. One of the biggest outlets of advertising will be social media. This will reach college students, music enthusiasts, and the general public. We will use Facebook, Instagram, Snapchat, and even have Spotify playlists of featured music to help customers discover new music. We will also have a website. We will also have a booth at the farmers market, which will display a small sampling of selected inventory and will encourage people to come to our main store. Lastly, we will have branded items available such as stickers, pens, and t-shirts, which will be available at our store with purchases. Any used media that we take in will also be branded with our store logo on the packaging.

The image we will project is an alternative, lively one that focuses on rock and pop music culture while still being warm and inviting. We do not want to come across as fancy or high-end, but relaxed and upbeat so that people of all types will feel comfortable

in our store. The environment will be clean, colorful, and organized with whimsical posters, displays, and music paraphernalia as decoration.

To support our brand, we will have a logo which will be featured on stickers, T-shirts, business cards, and packaging for used media. We will use ShopKeep as a Customer Relationship Management system, as it keeps track of customer information on every purchase made and compiles sales data, which can be used to target specific customers.

### *Promotional Budget*

Before startup, we want to have social media, a website, business cards, stickers, pens, and T-shirts ready to go. This will cost us approximately \$2,500. Additionally, we will want to have a banner for the table at the Farmers Market, which will cost around \$50. Our total promotional budget before startup is \$2,550.

Our ongoing promotional budget includes our web hosting fee, farmers market fee, the cost of event flyers, and the cost of event sponsorship at local venues. These costs total approximately \$1,337 per month.

### *Pricing*

Since we are a small business, we will use mid-level pricing on our products so that we are able to make a profit while still competing with those who are in the higher price range. Price is somewhat important to this business because the other brick-and-mortar competition (such as big-box stores) will be very price conscious. However, most buyers of physical music will not ultimately make the decision to buy based on price alone. If this were the case, they would likely be using streaming media instead of

shopping for music in a retail store. Because of this, we can assume that customers in our store anticipate average pricing for most items.

### *Proposed Location*

Our proposed location is in a new shopping strip center, the Mary Avenue Market, located just two blocks away from Magnolia. It is within walking distance to Magnolia, downtown Waco, and the neighboring shops. It is very important that our store is located in an area with high levels of foot traffic since it is the best way to attract impulse buyers.<sup>18</sup> Additionally, our store may be considered a tourist attraction since it is in close proximity to Magnolia Market.

This location is not near any direct competition. Spin Connection, Waco's only other record store, is several miles away and is not in an area of high foot traffic. Additionally, there are no big-box stores located downtown, so we have the advantage of being the only seller of recorded music in a downtown location.

### *Distribution*

We will distribute our media, electronics, and coffee in our brick-and-mortar retail store. In the future, depending on demand, we may expand to offer our recorded music to-order online.

### *vii. Sales Forecast*

It is estimated that we will sell approximately \$200,000 worth of merchandise each year. Given our hours, location, and clientele, the numbers presented in the table are reasonable estimates for sales in the first year.

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<sup>18</sup> Rivera, *Record Stores in the US*.

Figure 3: Sales Forecast

	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Annual Totals
New CDs sold	400	400	400	400	400	400	550	300	400	400	400	400	4850
Sale price @ unit	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	
<b>New CDs TOTAL</b>	4,800	4,800	4,800	4,800	4,800	4,800	6,600	3,600	4,800	4,800	4,800	4,800	58,200
Used CDs sold	250	250	250	250	250	250	300	250	250	250	250	250	3050
Sale price @ unit	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	
<b>Used CDs TOTAL</b>	1,000	1,000	1,000	1,000	1,000	1,000	1,200	1,000	1,000	1,000	1,000	1,000	12,200
New Records sold	240	240	240	240	240	240	500	240	240	240	240	240	3140
Sale price @ unit	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	
<b>New Records TOTAL</b>	5,280	5,280	5,280	5,280	5,280	5,280	11,000	5,280	5,280	5,280	5,280	5,280	69,080
Used Records sold	240	240	240	240	240	240	500	240	240	240	240	240	3140
Sale price @ unit	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	
<b>Used Records TOTAL</b>	1,920	1,920	1,920	1,920	1,920	1,920	4,000	1,920	1,920	1,920	1,920	1,920	25,120
Music Players & Speakers sold	6	6	6	6	6	6	15	6	6	6	6	6	81
Sale price @ unit	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	
<b>Music Players TOTAL</b>	900	900	900	900	900	900	2,250	900	900	900	900	900	12,150
Headphones sold	14	14	14	14	14	14	25	14	14	14	14	14	179
Sale price @ unit	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	
<b>Headphones TOTAL</b>	840	840	840	840	840	840	1,500	840	840	840	840	840	10,740
Vinyl Accessories sold	30	30	30	30	30	30	50	30	30	30	30	30	380
Sale price @ unit	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	
<b>Vinyl Accessories TOTAL</b>	360	360	360	360	360	360	600	360	360	360	360	360	4,560
Coffee & tea sold (1 cup)	350	350	350	350	350	350	350	350	350	350	350	350	4200
Sale price @ unit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
<b>Coffee &amp; Tea TOTAL</b>	350	350	350	350	350	350	350	350	350	350	350	350	4,200
Games sold	10	10	10	10	10	10	25	10	10	10	10	10	135
Sale price @ unit	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	
<b>Games TOTAL</b>	150	150	150	150	150	150	375	150	150	150	150	150	2,025
Novelty Items sold	45	45	45	45	45	45	60	45	45	45	45	45	555
Sale price @ unit	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	
<b>Novelty Items TOTAL</b>	450	450	450	450	450	450	600	450	450	450	450	450	5,550
T-Shirts sold	10	10	10	10	10	10	10	10	10	10	10	10	120
Sale price @ unit	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	
<b>T-Shirts TOTAL</b>	150	150	150	150	150	150	150	150	150	150	150	150	1,800
<b>TOTAL</b>	16,200	16,200	16,200	16,200	16,200	16,200	28,625	15,000	16,200	16,200	16,200	16,200	205,625

## CHAPTER FIVE

### Operational Plan

#### *i. Production*

Since we are a retail store, we will not be producing our own goods. Nearly all of our inventory will be purchased from suppliers and resold as-is to customers. Coffee and tea will be purchased from suppliers and prepared in-store. In order to maintain quality, we will order fresh coffee and tea regularly and prepare drinks to-order. New music will be kept in its original packaging until it has been sold to customers. Used music will be carefully cleaned and put in clean sleeves or cases to maintain its highest potential quality.

As a store with a lot of price competition, customer service is one of our greatest assets. Our staff will be friendly, enthusiastic, and knowledgeable about music. One of our primary focuses will be helping customers find what they are looking for and discovering new music based on their current interests, so our staff will be willing and able to help customers with these needs. The staff will also keep the store well-organized so customers are able to find what they need as easily as possible. Lastly, we will be able to order in specific merchandise for customers if they are looking for something we do not have in stock. This will build customer loyalty and encourage repeat customers.

We will be using ShopKeep to manage our inventory. Sales will be set up on a barcode system and merchandise will be scanned both when it is brought into our inventory and when it is purchased by customers. Coffee and tea will be sold on ShopKeep as well so that all our sales are tracked in one place. ShopKeep also provides data on inventory and sales and sends alerts when items are running low.

## *ii. Location*

Play Records will be located at the new development, the Mary Avenue Market, in downtown Waco. Mary Avenue Market is located at 300 S. 6<sup>th</sup> Street, and our store will be located in the center of the strip. Since it is only one block from Magnolia Market, over 30,000 people come through this location each week.<sup>19</sup> The space is 1,678 square feet, which will accommodate our inventory, a storeroom, a restroom, and a study area, and costs approximately \$2,935 per month. The location is licensed for retail space and equipped with the necessary utilities for our business. Since it is located in a strip and near both Magnolia Market and downtown Waco, foot traffic will be high so we will be able to attract visitors and impulse buyers in addition to our regular customer base.

*Please refer to Appendix B for store floor plan.*

Figure 4: Store Hours

Monday	Closed
Tuesday	10:00 am – 7:00 pm
Wednesday	10:00 am – 7:00 pm
Thursday	10:00 am – 7:00 pm
Friday	10:00 am – 9:00 pm
Saturday – Farmer’s Market	9:00 am – 1:00 pm
Saturday – Store	10:00 am – 9:00 pm
Sunday	1:00 pm – 7:00 pm

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<sup>19</sup> Harrell Real Estate Services, “Mary Avenue Market” (Loopnet, September 20, 2016), accessed November 22, 2016, <http://x.lnimg.com/attachments/CD8DAD2C-863C-4643-97DE-10008D7FEB7B.pdf>.

Figure 5: Proposed Location



### *iii. Legal Environment*

As an independent record store, we have many legal considerations to take into account before opening for business. In order to establish ourselves as a retail business, we must register for an Employer Identification Number with the IRS, as well as attain an Assumed Name Certificate, a Seller's Permit, and a Texas Sales Tax Permit. This will cost approximately \$14. Since we are serving beverages, we also need a Retail Food Establishment Permit, Food Manager Certification, and Food Handler's License. This will total approximately \$378. Employees will be responsible for their own certification as needed.

In addition to operating permits, we will need general liability insurance, property insurance, and worker's compensation insurance, which will cost about \$1,000 annually.

Since our building is zoned for retail and food service businesses, there are no additional concerns about zoning. Lastly, it will cost about \$50 to trademark our logo.

#### *iv. Personnel*

Play Records will have five employees, including the owner. We will have one full-time manager and three sales associates. We will find our employees by advertising online and at local college campuses. Employees will be paid hourly, with the manager making \$14 and sales associates \$8.50 since most of the labor is unskilled.

During working hours, our employees will be responsible for several different things. Workers will organize inventory, keep a clean storefront, prepare coffee and tea, restock shelves, clean and package any used media, check out customers, and assist customers with anything they have questions about. Since there will be two employees working at any given time, one person will be available to perform several different tasks while the other will take care of transactions. In addition to these tasks, the manager will process secondhand purchases and trade-ins, check inventory status, and run the booth at the farmers market. Training will be provided for all tasks. Ordering, buying, social media, and other advertising will be reserved for the owner.

Shifts begin half an hour before opening hours and end half an hour after closing. Before opening, employees will organize and restock inventory. During opening hours, they will prepare beverages, restock any music that has been purchased off the floor, package used media, keep the storefront clean, and put away music that has been used at a listening station. At closing, employees will clean house so the store is ready to open the next day.



Figure 6: Shift Schedule  
(Note: O = owner, M = Manager, SA1 = Sales Associate 1)

Day & Opening Hours	Shift	Employees
<b>Monday</b>	Closed	
<b>Tuesday</b> 10:00 am – 7:00 pm	9:30 am – 2:30 pm	M, SA1
	2:30 pm – 7:30 pm	M, SA2
<b>Wednesday</b> 10:00 am – 7:00 pm	9:30 am – 2:30 pm	M, SA3
	2:30 pm – 7:30 pm	M, SA2
<b>Thursday</b> 10:00 am – 7:00 pm	9:30 am – 2:30 pm	O, SA3
	2:30 pm – 7:30 pm	M, SA2
<b>Friday</b> 10:00 am – 9:00 pm	9:30 am – 3:30 pm	O, SA1
	3:30 pm – 9:30 pm	M, SA3
<b>Saturday</b> 10:00 am – 9:00 pm Farmers Market 9:00 am – 1:00 pm	FM 8:30 am – 1:30 pm	M
	9:30 am – 3:30 pm	O, SA2
	3:30 pm – 9:30 pm	M, SA1
<b>Sunday</b> 1:00 pm – 7:00 pm	12:30 pm – 4:00 pm	O, SA3
	4:00 pm – 7:30 pm	O, SA1

#### *v. Inventory*

Our store will sell finished goods. Our main product will be recorded music, both new and used. We will also sell music players, headphones and accessories, coffee, tea, t-shirts, board games, and small novelty items. Our rate of turnover will be approximately 3 times annually, which is consistent with the industry average. On opening day, we will have approximately \$42,295 worth of inventory (*see Appendix C*). Note that for records and CDs, we will carry 2 of each title on average. Although we will

carry only one inventory copy of the majority of titles, we will keep several copies of popular albums, featured albums, and new releases in stock. We will also have a demo copy available of any title we carry at any time, even if the titles are no longer in stock. This way, customers will be aware of what we carry and able to listen to these titles even if we have not yet received a shipment of new inventory. Once established, we would like to expand our offerings and carry more titles given that there is room to do so financially. Finally, we will likely need to order extra stock around Christmas since recorded music is often purchased as a gift.<sup>20</sup>

#### *vi. Suppliers*

Our suppliers will be major record label distributors Alliance Entertainment and URP Music Distributors. We will also purchase some more niche vinyl records from smaller companies such as SMLXL Vinyl. We will purchase coffee from Land of a Thousand Hills Coffee and tea from Mountain Rose Herbs. For electronics, games, and novelty items, we will use smaller suppliers in order to closely tailor our limited offerings. Lastly, for secondhand items, we will purchase from eBay, Craigslist, and Alibris, as well as pay customers in cash or store credit to sell us media they do not want anymore.

#### *vii. Accounts Payable*

While the initial inventory will be paid off before opening day, our turnover rate will require us to regularly purchase more inventory. We will purchase inventory as needed throughout the month, but pay off all suppliers at the end of every month so as not

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<sup>20</sup> Rivera, *Record Stores in the US*.

to extend beyond the 30-day payment period. With \$42,295 in inventory and a turnover rate of 3 times per year, we will pay approximately \$10,575 at the end of each month.

## CHAPTER SIX

### Management and Organization

#### *i. Management*

Play Records will have one owner and one general manager. The owner and manager will be responsible for major store operations on a day-to-day basis. At any given time, there will be two employees in store: one manager on staff and a sales associate. There are a few shifts each week that a manager is not on staff, and during these shifts the owner will work alongside a sales associate. All part-time employees will work 4 shifts per week. The managerial position is full-time.

The owner is responsible for ordering and buying, checking inventory, and managing advertising. Many of these tasks will be done when the owner is not working in the store. The owner will also take on responsibilities of management when she is on-site. These responsibilities include processing secondhand purchases and managing social media accounts. A manager will also be responsible for the Farmers Market booth on Saturday mornings. The sales associates will be responsible for basic store operations, such as assisting customers, processing sales, cleaning, organizing inventory, and making coffee and tea. These responsibilities can also go to the manager on duty as needed.

In the event that the owner is incapacitated, the manager will be trained to take proper action. He will be able to run the business smoothly until he is able to either purchase or sell it.

OWNER: Isabelle Kazarian

Experience and Skills:

- B.S. Mathematics from Baylor University
- Courses in Accounting, Entrepreneurship, Economics, Marketing, and Finance
- Strong familiarity with music/alternative culture
- Strong interest in music, music discovery, secondhand music
- Organizational and problem solving skills
- Design/artistic skills
- Conversational Spanish
- 

*Please refer to Appendix D for resumé.*

MANAGER: to be hired

Required Experience and Skills:

- High school diploma, GED, or equivalent
- Minimum 2 years in customer service
- Minimum 1 year in managerial position
- Proficiency in social media (Facebook, Twitter, Instagram, Snapchat)
- Good communicative and organizational skills
- Strong interest in music, especially the pop, rock, and alternative genres
- Food handler's license
- Bilingual (Spanish/English) preferred

*For descriptions of each position, refer to Personnel on page (PG#).*

*ii. Professional and Advisory Support*

Since Play Records is a small business, much of our professional support will be informal. We will have an attorney, accountant, insurance agent, and banker locally, but not do expect to require services on a day-to-day basis. For advisory support, we will contact family, friends, and business contacts. This will include experts in finance, marketing, legal considerations, small business management, and retail store ownership.

## CHAPTER SEVEN

### Startup Expenses and Capitalization

To estimate startup expenses, everything from construction to marketing and legal fees has been taken into consideration. Due to the wide range of merchandise Play Records will offer, inventory is our greatest startup expense. This includes all of our recorded music, players, accessories, coffee, and other items. This is also where we took into account the cost of demo CDs, which are not for sale but are part of the customers' buying experience. Though this was a large expense, it is important that customers are able to fully experience the music they are purchasing while in the store. Since this is one of the biggest advantages that we have over other music sellers, it is considered a necessary expense.

Construction costs are our next biggest expense. Since we want the store to be conducive to customers finding what they are looking for easily, it is imperative that we have adequate shelving for our media where customers are able to easily browse music. Again, although this will be expensive, it is an integral part of the customer experience in the store. Other construction costs include lighting, wall shelves, construction of an office and bathroom, and installation of the coffee counter.

Equipment is our third biggest expense, consisting of machinery and tools to keep store operations running smoothly and improve customer experience. Included here are record and CD players (along with headphones) to be placed at listening stations around the store. This will enable customers to easily listen to any music we have in inventory before purchasing. Also included in this section are sound equipment, coffee equipment, and a security system.

Other startup expenses for this store include office supplies, furniture, displays, setup for the Farmers Market, and legal fees. Our total estimated expenses are approximately \$141,000. To avoid taking out any loans, this startup will be financed by the owner, friends, and family.

*For a detailed breakdown of startup expenses, please see the following page.*



## CHAPTER EIGHT

### Financial Statements

Figure 7: Startup Expenses

Startup Expenses			
Inventory (4 months)		\$58,295.00	
New Records		\$22,000.00	
New CDs		\$12,000.00	
Used Media		\$3,500.00	
Music players/speakers		\$1,890.00	
Headphones		\$1,500.00	
Vinyl Accessories		\$630.00	
Coffee/tea		\$400.00	
Novelty items		\$225.00	
Board games		\$80.00	
T-Shirts		\$70.00	
Demo music (not for sale)		\$16,000.00	
Office & Supplies		\$4,188.00	
iPad		\$499.00	
Shop/Keep system		\$1,659.00	
Shelf unit		\$200.00	
File cabinet		\$100.00	
Safe		\$100.00	
Printer		\$100.00	
Telephone		\$60.00	
Pens,pencils,etc		\$50.00	
Record/cd sleeves - used		\$150.00	
Record/cd sleeves - demo		\$275.00	
Label maker		\$30.00	
Box cutter		\$20.00	
Price gun		\$65.00	
Trash cans		\$20.00	
Cleaning supplies		\$60.00	
Inventory dividers		\$800.00	
Construction/Fixtures		\$28,000.00	
Record & CD Shelving		\$10,000.00	
Coffee bar/register		\$2,000.00	
Counter		\$4,000.00	
Lighting		\$4,000.00	
Wall shelving		\$3,000.00	
Office/bathroom walls		\$3,000.00	
Booth		\$2,000.00	
Equipment		\$10,750.00	
Demo record players (4)		\$1,000.00	
Demo CD/cassette (4)		\$200.00	
Headphones (6)		\$100.00	
Microphone		\$100.00	
Amplifiers, cables		\$600.00	
Sound system		\$500.00	
Refrigerator/freezer		\$1,000.00	
Coffee equipment		\$4,000.00	
Security system		\$2,500.00	
Record cleaning machine		\$500.00	
CD repair machine		\$250.00	
Marketing		\$5,802.00	
Web design		\$1,000.00	
Banner sign		\$50.00	
Business cards		\$50.00	
Stickers, pens		\$200.00	
T-shirts		\$1,250.00	
Exterior channel letter sign		\$2,500.00	
Shopping bags (500)		\$390.00	
Reusable bags (200)		\$362.00	
Furniture, Décor		\$5,400.00	
Tables (4)		\$300.00	
Dining chairs (7)		\$250.00	
Stools (9)		\$450.00	
Armchair (consignment)		\$100.00	
Display tables		\$2,000.00	
Listening tables (4)		\$600.00	
Farmers Market setup		\$200.00	
Wall/window décor		\$500.00	
Rugs		\$500.00	
Misc décor		\$500.00	
Legal Fees		\$4,877.60	
Assumed Name Certificate		\$14.00	
Retail Food Establishment Permit		\$258.00	
Food Manager Certification		\$100.00	
Food Handler's License		\$20.00	
Trademark Logo		\$50.00	
Rent - first month		\$2,935.60	
Security/utility deposits		\$1,500.00	
Anticipated total		\$117,312.60	
Contingencies		\$23,462.52	
TOTAL		\$140,775.12	

Figure 8: Opening Day Balance Sheet

Opening Day Balance Sheet	
ASSETS	
<b>Current Assets</b>	
Cash in Bank	\$8,000.00
Inventory	\$42,295.00
Prepaid Expenses	\$2,935.90
Other	\$0.00
Total Current Assets	\$53,230.90
<b>Fixed Assets</b>	
Machinery & Equipment	\$13,183.00
Furniture & Fixtures	\$28,800.00
Leasehold Improvements	\$0.00
Real Estate / Buildings	\$5,000.00
Depreciation	\$0.00
Total Fixed Assets	\$46,983.00
<b>Other Assets</b>	
Specify	\$0.00
Specify	\$0.00
Total Other Assets	\$0.00
<b>TOTAL ASSETS</b>	<b>\$100,213.90</b>
LIABILITIES & NET WORTH	
<b>Current Liabilities</b>	
Accounts Payable	\$0.00
Taxes Payable	\$0.00
Notes Payable ( <i>due within 12 months</i> )	\$0.00
Current Portion Long-term Debt	\$0.00
Other current liabilities ( <i>specify</i> )	\$0.00
Total Current Liabilities	\$0.00
<b>Long-term Liabilities</b>	
Bank Loans Payable ( <i>greater than 12 months</i> )	\$0.00
Less: Short-term Portion	\$0.00
Notes Payable to Stockholders	\$0.00
Other long-term debt ( <i>specify</i> )	\$0.00
Total Long-term Liabilities	\$0.00
Total Liabilities	\$0.00
Owners' Equity (Net Worth)	\$100,213.90
<b>TOTAL LIABILITIES &amp; NET WORTH</b>	<b>\$100,213.90</b>

Figure 9: 12 Month Profit and Loss Projection

12 Month Profit and Loss Projection													
	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	YEARLY
REVENUE													
New CDs	4,800	4,800	4,800	4,800	4,800	4,800	6,600	3,600	4,800	4,800	4,800	4,800	58,200
Used CDs	1,000	1,000	1,000	1,000	1,000	1,000	1,200	1,000	1,000	1,000	1,000	1,000	12,200
New Records	5,280	5,280	5,280	5,280	5,280	5,280	11,000	5,280	5,280	5,280	5,280	5,280	68,080
Used Records	1,920	1,920	1,920	1,920	1,920	1,920	4,000	1,920	1,920	1,920	1,920	1,920	25,120
Music Players/Speakers	900	900	900	900	900	900	2,250	900	900	900	900	900	12,150
Headphones	840	840	840	840	840	840	1,500	840	840	840	840	840	10,740
Vinyl Accessories	360	360	360	360	360	360	600	360	360	360	360	360	4,560
Coffee/Tea	350	350	350	350	350	350	350	350	350	350	350	350	4,200
Games	150	150	150	150	150	150	375	150	150	150	150	150	2,025
Novelty Items	450	450	450	450	450	450	600	450	450	450	450	450	5,550
T-Shirts	150	150	150	150	150	150	150	150	150	150	150	150	1,800
TOTAL REVENUE	16,200	16,200	16,200	16,200	16,200	16,200	28,625	15,000	16,200	16,200	16,200	16,200	205,625
COST OF SALES													
New CDs	2,400	2,400	2,400	2,400	2,400	2,400	3,300	1,800	2,400	2,400	2,400	2,400	29,100
Used CDs	125	125	125	125	125	125	150	125	125	125	125	125	1,525
New Records	2,640	2,640	2,640	2,640	2,640	2,640	5,500	2,640	2,640	2,640	2,640	2,640	34,540
Used Records	960	960	960	960	960	960	2,000	960	960	960	960	960	12,560
Music Players/Speakers	450	450	450	450	450	450	1,125	450	450	450	450	450	6,075
Headphones	420	420	420	420	420	420	750	420	420	420	420	420	5,370
Vinyl Accessories	180	180	180	180	180	180	300	180	180	180	180	180	2,280
Coffee/Tea	98	98	98	98	98	98	98	98	98	98	98	98	1,179
Games	75	75	75	75	75	75	188	75	75	75	75	75	1,013
Novelty Items	315	315	315	315	315	315	420	315	315	315	315	315	3,885
T-Shirts	75	75	75	75	75	75	75	75	75	75	75	75	900
TOTAL COST OF SALES	7,738	7,738	7,738	7,738	7,738	7,738	13,906	7,138	7,738	7,738	7,738	7,738	98,427
GROSS PROFIT	8,462	8,462	8,462	8,462	8,462	8,462	14,719	7,862	8,462	8,462	8,462	8,462	107,198
EXPENSES													
Manager wages	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	23,400
Part time wages	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	25,920
Outside services	0	0	1,000	0	0	0	0	0	0	0	0	0	1,000
Supplies (office and operating)	75	75	75	75	75	75	75	75	75	75	75	75	900
Repairs and maintenance	400	0	0	0	0	0	400	0	0	0	0	0	800
Advertising	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Accounting and legal	0	1,000	0	0	0	0	0	0	0	0	0	0	1,000
Rent	2,936	2,936	2,936	2,936	2,936	2,936	2,936	2,936	2,936	2,936	2,936	2,936	35,228
Telephone & internet	125	125	125	125	125	125	125	125	125	125	125	125	1,500
Utilities	400	400	400	400	400	400	400	400	400	400	400	400	4,800
Insurance	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Depreciation	3,212	3,212	3,212	3,212	3,212	3,212	3,212	3,212	3,212	3,212	3,212	3,212	38,544
Farmers market	140	175	140	175	140	140	175	140	140	175	140	140	1,820
TOTAL EXPENSES	11,598	12,233	12,198	11,233	11,198	11,198	11,633	11,198	11,198	11,233	11,198	11,198	137,312
NET PROFIT	(3,136)	(3,771)	(3,736)	(2,771)	(2,736)	(2,736)	3,087	(3,336)	(2,736)	(2,771)	(2,736)	(2,736)	(30,114)

## CONCLUSION

This business plan illustrates how a Play Records would play out in the real world, reflecting both its strengths and weaknesses.

There are many positive aspects of the business. For instance, its location within Waco is one of the more populous ones, with tens of thousands of people coming through every week,<sup>21</sup> and participation in the Farmers Market would generate sales in a way that larger businesses are not able to. Play Records also caters well to several local markets and puts great emphasis on customer experience, which is essential to establishing a solid reputation with the local community and generating repeat customers.

However, even the most customer-centered business cannot always make up for lack of demand. Although Play Records has a good location within Waco, the net loss shown in the 12-Month Profit and Loss Statement indicates that Waco may not be ideal for selling recorded music. Some cities, such as Nashville, Los Angeles, and Austin, attract residents and tourists because they are known for having great music. These, as well as other highly populated cities, would likely be better candidates for a store that is part of an industry with mixed demand.

The lack of demand, of course, stems from competition with streaming music and digital downloads. Since streaming media is extremely low-cost and highly convenient, competition is high, especially in smaller cities such as Waco, which has a more limited market for physical recorded music. The continuing renaissance of vinyl will likely keep record stores in business in the future, but, as evidenced by the financial plan, the market is still not large enough in Waco to establish a record store of this scope.

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<sup>21</sup> Harrell Real Estate Services, “Mary Avenue Market.”

## APPENDICES

## APPENDIX A

### Real Estate Information

# MARY AVENUE MARKET

300 S 6th St., Waco, TX 76701



Southwest Corner



Southeast Corner

#### Property Information:

**Building Size:** 10,955 s.f.

**Min. Divisible:** 800 s.f.

**Max Contiguous:** 7,000 s.f.

**Floor Plan:** Open – Additional Patio Areas

**Frontage:** S 6th St. & Mary Ave.

**Asking Rate:** \$21/s.f./Year

**Lease Type:** Modified Gross

#### Exclusively Offered By:

Gregg Glime | 254-399-2200

greggglime@harrellrealty.us

HARRELL Realty

Office: 254-776-7599 ext. 121

Website: [www.harrellrealty.us](http://www.harrellrealty.us)



#### Property Description:

The Mary Avenue Market is a premier repurpose development that is transforming a former warehouse district property into an aesthetic downtown retail center. This property is undergoing extensive renovations and is ready for its future retailers to commence build-out.

The property is located directly across from the Dr. Pepper Museum and neighbors the highly anticipated Altura Luxury Lofts. Just a block over from the Magnolia Market, this location is exposed to over 30,000 pedestrians per week. The property is surrounded by numerous residential developments and located just blocks from I-35 and Baylor University.

# MARY AVENUE MARKET *Elevations*

300 S 6th St., Waco, TX 76701



East Elevation



West Elevation



North Elevation

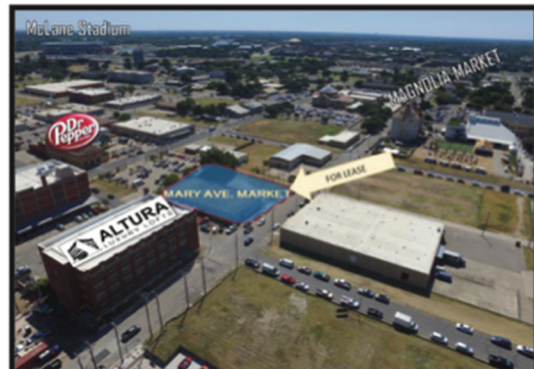


South Elevation

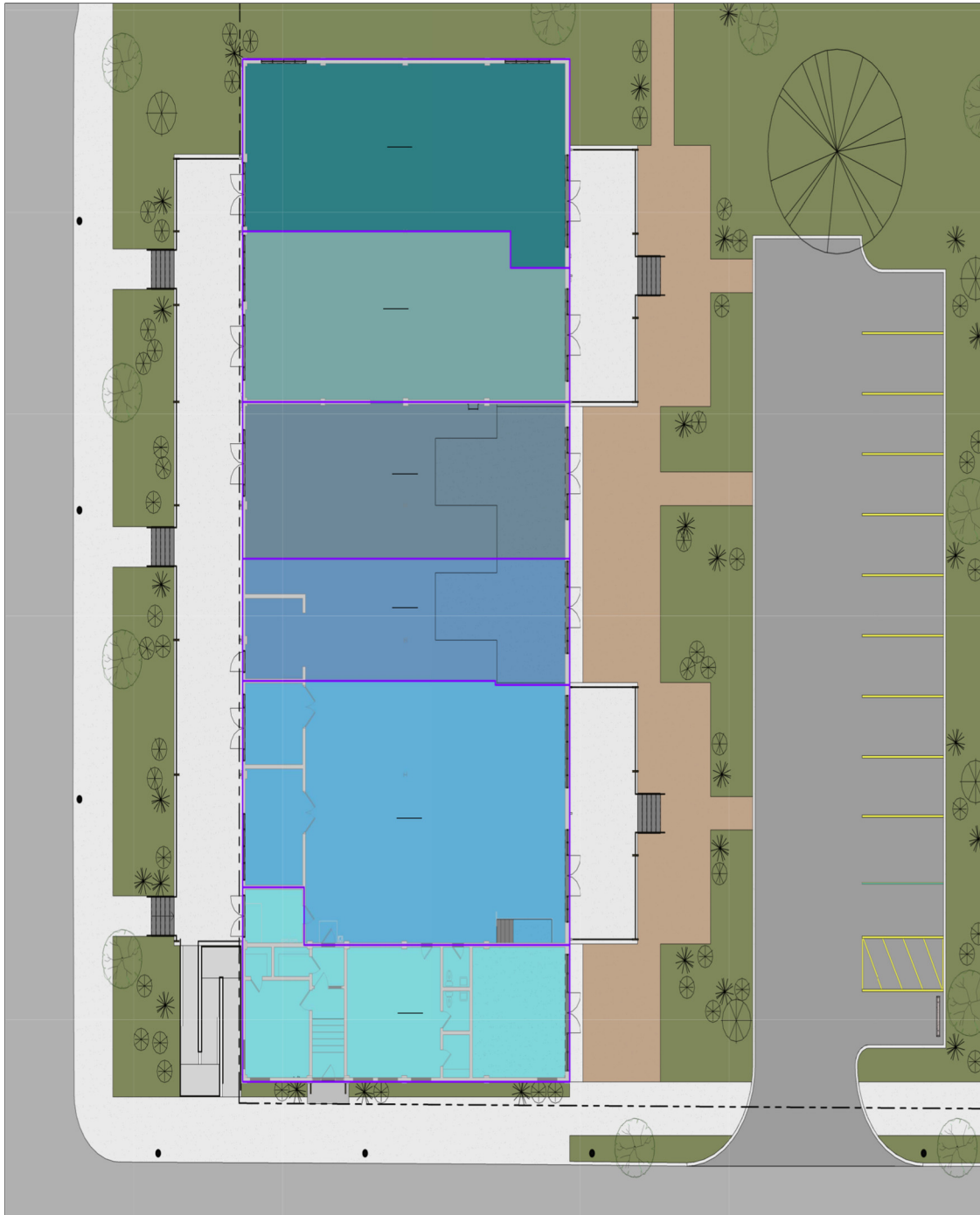


# MARY AVENUE MARKET *Urban Fabric*

300 S 6th St., Waco, TX 76701

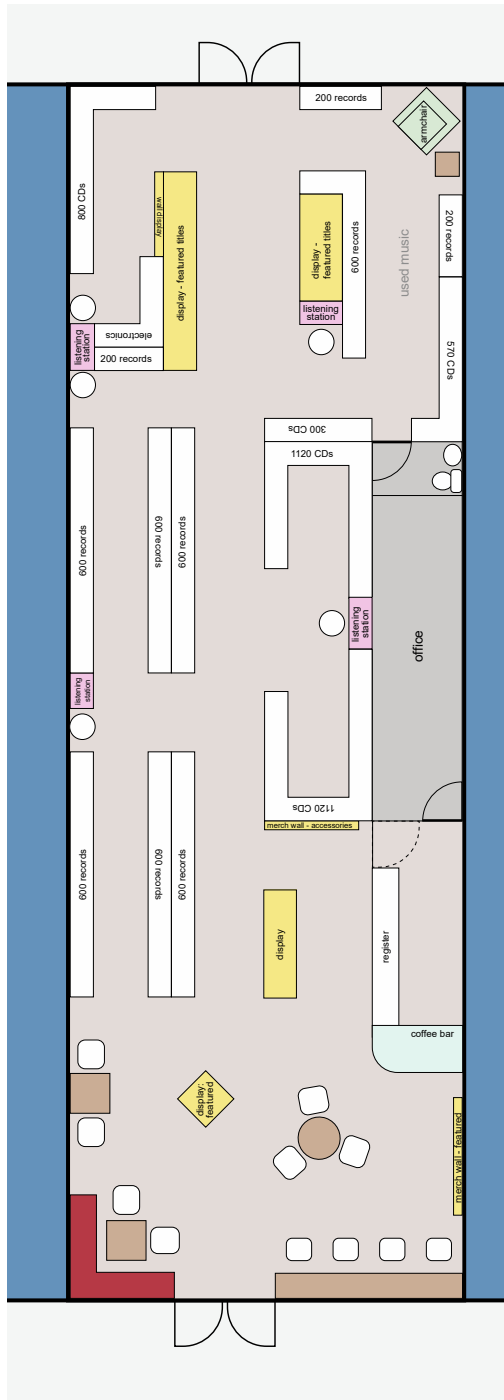






## APPENDIX B

### Floor Plan and Company Logo



## Play Records Initial Inventory Investment

44

## APPENDIX D

### Owner Resumé

# Isabelle Kazarian

203.382.3164  
irkazarian@gmail.com  
linkedin.com/in/isabellekazarian  
isabellekazarian.portfoliobox.net

**EDUCATION** **BAYLOR UNIVERSITY** · Waco, TX  
BS Mathematics, minor in Studio Art – expected May 2017  
Cumulative GPA 3.73 · Honors Program, Dean's List

**PARSONS NEW SCHOOL OF DESIGN** · New York, NY  
Summer Intensive Study · Graphic Design I · Summer 2016

**EXPERIENCE** **WACO ISD · MIDWAY ISD**  
*Teaching Associate* · September 2015–April 2016  
Developed and implemented lessons and other instructional materials for the Texas mathematics curriculum. Assisted students as needed with in-class work. Continuously reviewed student data and adapt instruction accordingly. Collaborated with professionals in regards to student development and personal growth.

**BAYLOR UNIVERSITY CAMPUS LIVING & LEARNING**  
*Graphic Designer* · Summer 2013, May 2014–April 2015  
Designed promotional print materials and web graphics for Baylor Campus Living & Learning and on-campus residence halls using Adobe Photoshop and Adobe Illustrator.

**CARNEGIE POLLAK TEST PREP**  
*Assistant Tutor · PSAT and SAT Math* · September 2011–May 2012  
Assisted students in solving math problems and reviewed their work.

**TASTI D-LITE**  
*Service Associate* · October 2010–May 2011  
Prepared ice cream and served customers. Maintained the storefront by restocking product and cleaning.

**ACHIEVEMENTS** Dean's List · Baylor University · Spring 2013–Present  
Best Overall Proposal · Principles Of Marketing HEB Challenge · Fall 2013  
President's Gold Scholarship · Baylor University · Awarded 2012

**ACTIVITIES** **Freshman Reading Project Leader** · Baylor University · September 2016  
Community Group · Grace Church · November 2015–Present  
**Tutor** · Waco ISD Challenge Academy · Spring 2015  
Baylor Swing Dance Society · Fall 2012–Fall 2014  
**Props & Backdrop Assistant** · Sing Alliance · Fall 2013  
All-University Sing · Sing Alliance · Fall 2012–Fall 2013

**SKILLS** Adobe Photoshop & Illustrator, basic InDesign  
Creative strategy & problem solving  
Microsoft Office  
Conversational Spanish

**COURSEWORK** **ART** · Graphic Design · 2D & 3D Design · Photography · Drawing & Figure · Ceramics · Jewelry & Metalsmithing · Art History  
**MATHEMATICS** · Ordinary Differential Equations · Complex Variables · Analysis  
Combinatorics · Structures of Modern Geometry · Linear Algebra  
**BUSINESS** · Economics · Accounting · Marketing · Entrepreneurship  
**OTHER** · Great Texts · Logic · Secondary Education · Personal Finance

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