CASE STUDY: GREEN CUP

Student Worksheet | First Practical Session

Read the case carefully

Green Cup is a small start-up founded by two university graduates who noticed that students and office workers often want a quick drink between classes or during work breaks. Many nearby cafés sell coffee and soft drinks, but the founders believe there is room for an affordable alternative offering fresh juices, smoothies, and light snacks.

The business will be called Green Cup. It will operate from a small rented shop on a busy street near a university and several office buildings in Blida. The founders chose this location because many potential customers pass through the area every day. The shop will offer orange juice, lemonade, seasonal fruit smoothies, and simple sandwiches. Customers can buy directly from the shop or place orders by phone and social media for collection.

Green Cup's main target customers are university students aged 18–25, university staff, and nearby office workers who want a convenient drink or snack at a reasonable price. The founders aim to distinguish the business through fresh ingredients, quick service, clean packaging, and student-friendly prices. They also plan to offer a small discount to customers who bring a reusable cup.

The marketing strategy will rely mainly on low-cost promotion. Before opening, the founders will create Instagram and Facebook pages, publish photographs of the menu, and announce an opening-week offer. They will distribute flyers near the university and ask early customers to share reviews online. A loyalty card will give customers one free drink after every nine drinks purchased. The founders will monitor which products sell best and adjust the menu based on customer feedback.

To start the business, the founders estimate that they will need 1800,000 DZD for equipment such as a juicer and refrigerator, 600,000 DZD for initial ingredients and packaging, 400,000 DZD for shop preparation and signage, and 300,000 DZD for launch advertising and other opening expenses. The total initial investment is the sum of these four items.

The founders expect to sell an average of 40 items per day. The average selling price will be 250 DZD per item, while the average variable cost of preparing each item—including ingredients and packaging—is estimated at 110 DZD. The shop's fixed operating costs, including rent, utilities, and other regular expenses, are expected to be 90,000 DZD per month. Assume that Green Cup operates 26 days per month and sells all 40 items each operating day. Ignore taxes, loan interest, depreciation, and unexpected costs to keep the calculation simple.

The founders know that their forecast may not be accurate. Some customers may prefer cheaper alternatives, fruit prices may rise, and demand may be lower during university holidays. They plan to review sales every week and begin with a limited menu. Their objective is to build a reliable customer base before expanding.

Questions

1. What is the name of the business?

2. Where will the business be located? Why is this location suitable?

3. What products or services will Green Cup offer?

4. Who are the main target customers?

5. What is Green Cup's value proposition or competitive advantage?

6. Identify THREE marketing strategies the founders plan to use.

7. What is the purpose of the loyalty card and the reusable-cup discount?

8. Calculate the total initial investment required to launch Green Cup.

9. Calculate the expected number of items sold in one month.

10. Calculate the expected monthly revenue.

11. Calculate the total monthly variable costs.

12. Calculate the expected monthly profit after variable costs and fixed operating costs. Show your steps.

13. What is the main financial assumption behind the founders' forecast?

14. Identify TWO risks that could affect the business and suggest one practical response to each.

15. Do you recommend launching Green Cup as planned, testing it on a smaller scale first, or changing the business idea? Explain your answer in 2–3 sentences.

Useful business vocabulary

Term	Meaning
Start-up	A newly established business
Target customers	The people a business aims to sell to
Value proposition	The main benefit offered to customers
Marketing strategy	A plan to attract and retain customers
Initial investment	The money needed to start a business
Revenue	Money earned from sales
Variable costs	Costs that change with the number of items sold
Fixed costs	Regular costs that do not directly change with sales volume
Profit	The amount remaining after relevant costs are deducted