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ENTERPRISE **0454/13**

Paper 1 **May/June 2026**

INSERT **1 hour 30 minutes**

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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Aria's dropshipping enterprise

The background

Aria is interested in fitness and technology. She follows many influencers who post about these subjects on social media sites. Aria has recently noticed posts on social media discussing the benefits of a retail model called dropshipping.

The idea

Aria thought she could easily earn money using dropshipping. Dropshipping appeals to her as she would not have to pay in advance for stock. This would reduce the risk of being left with unsold stock. Aria would also not have to pay for transport and storage of the products.

With her interest in fitness and technology, she decided to sell fitness trackers. Aria knew that these products are always in demand.

The research

To start, Aria completed an online search on how to set up a dropshipping enterprise. One website listed six steps necessary to achieve this. These are shown in Figure 1.1.

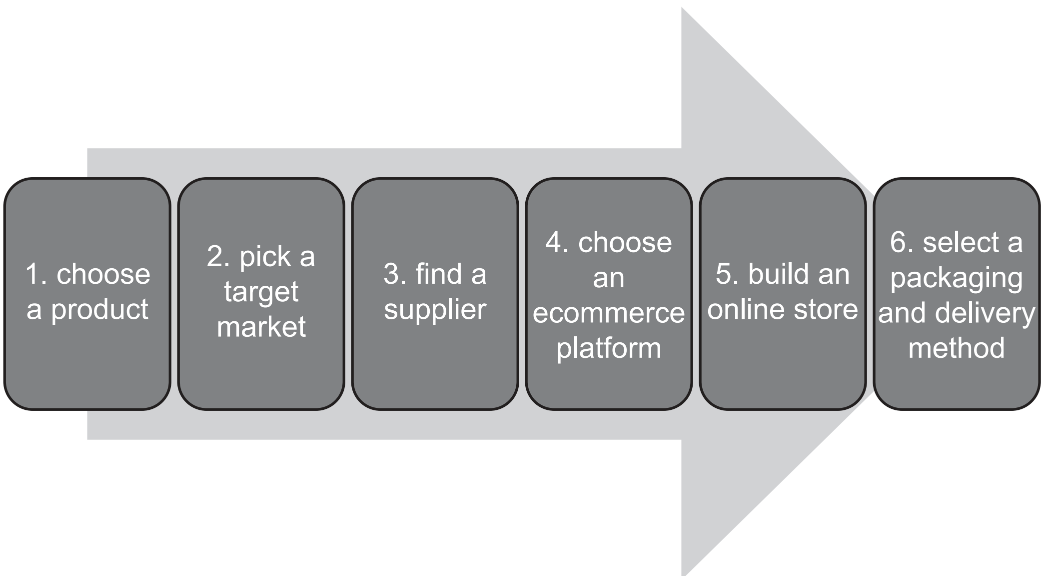

Figure 1.1

Aria had already chosen the product and picked a target market. Packaging and delivery would be organised by the supplier. Therefore, she thought that she only needed to complete steps 3, 4 and 5.

Aria found a supplier with no minimum order requirements which had positive customer reviews. This supplier listed two types of fitness trackers:

- high-quality fitness trackers at \$51 each
- basic fitness trackers at \$5 each.

Knowing that her family and friends did not have much money, she decided to sell the cheaper fitness trackers.

Next, Aria thought about the ecommerce platform she could use. She researched ecommerce platforms that build and manage websites for online stores. Aria chose the cheapest platform at a cost of $20 each month. She signed a contract and paid for 12 months.

The costs

Aria knew that an enterprise must make sure that the price of its products covers the costs. To help her to decide the selling price for her fitness trackers, she produced the cost budget shown in Table 1.1.

Table 1.1

cost budget	
fixed cost (ecommerce platform)	$20 each month
variable cost (fitness trackers)	$5 each

Aria estimated that she would sell 20 fitness trackers every month. By charging $10 for a fitness tracker, she would therefore easily make a profit.

The online store opens

Two weeks later, Aria launched her online store selling fitness trackers. She was pleased with how easy starting the enterprise had been. However, her revenue was lower than she had expected.

After three months, Aria had only sold two fitness trackers to her family. Another concern was that she had received an email asking her to make an unexpected payment for the use of the ecommerce platform. Aria did not know what had gone wrong as she had followed all of the steps in Figure 1.1 correctly. She asked her friend Jamelia, a successful entrepreneur, for advice.

The advice

Jamelia asked to see Aria’s business plan. Aria admitted that she had not produced this document. Jamelia then asked for details about the market research and marketing communication methods Aria used. Aria said that she had not completed any market research about the potential customers for her enterprise. She also explained that as it was an online enterprise she did not need to complete any marketing. Next, Jamelia examined the ecommerce platform contract. She saw that Aria had agreed to pay the platform a percentage of the selling price of each tracker sold. This should have been included in Aria’s cost calculations.

Jamelia is concerned. She is not sure whether the benefits of Aria continuing with the online store are greater than the risks.

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