

Introduction to Capstone project



If there is a business that works in Morocco, it's the cafes.

They may be adjoining, whether in large avenues or in alleys, yet they are always full. There are cafes for all ranges, for all budgets, whether franchised or branded locally. The demand therefore still exists, fueled by this historic Moroccan culture of "take a coffee" to get some fresh air after a day of work or the weekend, to make an appointment or even to discuss business. The competition between cafes also exists, but does not seem to harm this business. Moreover, the cafe owners contacted confirm to be competing strongly by newcomers but still succeed in pulling out of the game.

This is precisely what has pushed many people to invest in this area. It must be said that with an investment, barely therefore, sustainable costs, profitability is very interesting.

Small presentation of the budget to start a café in Morocco

Still, we have to stand out, be creative and offer quality service as well as consumption. In this context, the investment can go from simple to double, depending on the means and the concept adopted. For starters, location is the first parameter to consider. In fact, a café must be located on a street or avenue with satisfactory attendance, in order to ensure a correct filling rate. Then come the other elements, namely the area, the layout and the equipment. Assuming a room with an area of 200m², taken at the beginning of activity for rent, it takes about 2 MDH for the development work, which include the layout of the space in several parts (kitchen, counter, latrines ...). In addition, 1.5 MDH must be reserved for equipment that includes tables and chairs, glasses, cups, ashtrays, kitchen tools and utensils (forks, knives, spoons, blender, coffee machine, etc.). This, in addition to the refrigerator, an oven, a microwave ... at the same time, do not begrudge the means to ensure a warm and friendly space, focusing on decoration, TV screens, air conditioning ...

Charges reach 663,600 DH per year

In addition, at the beginning of the activity, a working capital (100,000 DH) is necessary for the machine to turn, if only for the first three months, to pay the wages and the goods. In all, the investment cost amounts to 3.6 MDH for our model. Once coffee is created and put in place, there are recurring expenses and other variables. If the owner has opted for the rental, he will have to pay at least 25,000 DH per month for the local, or 300,000 DH annually. For the payroll, it takes 4 servers that take turns from 8h to 21h, paid to 800 DH monthly each, an annual load of 38,400 DH, 2 cleaning women at 800 DH each (19,200 DH); 2 bartenders for an average salary of 3,000 DH each, or 72,000 DH per year. Beside, the service charges (water, electricity, internet) drain 60,000 DH per year, at the rate of 5,000 DH per month. Place now to the goods. "Black coffee" is the reference drink in coffee shops in Morocco.

It has always been popular and it is not about to change. Thus, we must rely on the consumption of one kg of coffee per day, at an average price of 100 DH. Note that depending on the quality, the price of the kg of coffee can start at 50 DH and point or even exceed 200 DH. Which therefore requires a budget of 36,000 DH of coffee annually. For their part, other goods (fruits, milk, sugar, water bottles, butane gas ..) require about 250 DH daily, or 90,000 DH per year.

Similarly, it is necessary to allocate an envelope for the maintenance of the premises and the renewal of degradable material, in this case cups, glasses, light bulbs ... of nearly 4,000 DH. In all, the charges amount to 663,600 DH annually.

Taking into account these charges and this business model, the revenues generated are interesting. In fact, according to the owners, the turnover that can generate a well-located café, with a satisfactory filling rate, reaches on average 3,000 DH per day, all consumptions included.

To illustrate by the simple basic consumption: coffee, 1 kg of coffee at 100 DH, can give 80 cups of coffee. Suppose a cup is charged at 10 DH, the daily revenue of the only coffee is 800 DH. As a result, revenue points to just over 1 million DH.

By deducting all current expenses, the profit reaches 416,400 DH, ie a gross margin of 40%. You should know that to build this business, the owners opt either for the legal form SARL or natural person. In addition, the business is subject to a number of taxes, such as the one related to the flow of drinks, which is 2% to 10% of revenue, as well as that relating to the license, the terrace and The tarpaulin. These are calculated on the basis of the occupation rate of the public domain and the dimensions of the tarpaulin. This, not to mention the urban and building tax.

Problem

With this huge number of cafes in Morocco and this fierce competition between cafes owners, which place or neighborhood will be more appropriate to invest in a cafe to guarantee a good profitability and less competition ?!



Interest

As we have already said in the introduction, cafes in Morocco are very successful businesses in terms of profitability in our country Morocco, so this project will be useful to everyone who wants to take a step in this business by investing his money to own a cafe. They will have a good vision about the market in terms of clients and their interest depending on their living areas. That way, they will have all the characteristics to select the appropriate place to start his project.

