Business Case

**Executive Summary**

The textile industry is saturated with a vast majority of clothing pieces, some fashionable and some downright outrageous but for whatever reason there seems to be a gap in the market. South Africa is a diverse country with numerous traditions, yet these traditional attires are hard to source online, and the price variations can be disastrous for the average person's budget. Our solution is digitization, an online e-commerce store to source cultural attires at competitive pricing and have them delivered to your doorstep.

**Proposed solutions:**

**Solution**:  *Ubuntu Wears* is a user-friendly marketplace connecting buyers with sellers of traditional attire (Zulu, Xhosa, Sotho, etc.),

accessories, and cultural artifacts. An online e-commerce store that will serve as the middleman between supplier and customers. Customers can order on the website and pay a delivery fee on top of the total cost of the items listed in their cart. Customer info is collected, and the payment is made to the supplier only after the courier service confirms delivery of the items

**Alternative 1**: *Heritage Wholesale* is an online wholesale platform for small-medium sized retailers to source bulk quantities of authentic traditional attire directly from artisans or manufacturers at a discount. Manufacturers will be able to list products on the site for bulk orders. Retailers benefit by getting these items at discounted prices delivered to their specified address.

**Alternative 2**: *Culture Swap* is a peer-to-peer platform that seeks to connect an owner of a traditional attire to an individual who would like to rent or purchased the used goods. This is because most people purchase the attire only to wear it once which is wasteful.

**Identify and Quantify Costs :**

* **Direct Costs for Business to Consumer (Ubuntu Wears)**

|  |  |
| --- | --- |
| **Item** | **Estimated Cost (ZAR)** |
| Web Development (Frontend, Backend, Database) | R600 000 – R1 200 000 |
| Payment Gateways (PayFast and Stripe setup and fees) | R60 000 – R120 000 |
| Hosting (server costs) | R20 000 – R50 000 |
| Content Production | R40 000 – R80 000 |
| Domain Registration | R200 - R500 |
|  |  |
| **Total Costs** | **R720 200 – R1 450 500** |
|  |  |

* **Indirect Costs for Business-to-Consumer (Ubuntu Wears)**

|  |  |
| --- | --- |
| **Item** | **Estimated Cost (ZAR)** |
| Project Maintenance and updates | R120 000 – R180 000 |
| Office Space and supplies | R150 000 -R240 000 |
| Team Training | R150 000 – R300 000 |
| Software Subscriptions | R6000 – R12 000 |
| Marketing Budget | R60 000 – R120 000 |
|  |  |
| **Total Costs** | **R486 000 - R852 000** |

* **Direct Costs for Business to Business (Heritage Wholesale)**

|  |  |
| --- | --- |
| **Item** | **Estimated Cost (ZAR)** |
| Web Development | R400 000 – R600 000 |
| Quality Certification System | R30 000 – R70 000 |
| Domain registration | R200 – R500 |
| Hosting(AWS and Firebase) | R20 000 – R50 000 |
| Payment Gateway Fees | R60 000 – R120 000 |
|  |  |
| **Total Costs** | **R510 200 – R840 500** |

* **Indirect Costs for Business to Business (Heritage Wholesale)**

|  |  |
| --- | --- |
| **Item** | **Estimated Cost (ZAR)** |
| Team Technical Training | R150 000 – R300 000 |
| Logistics Support Staff | R430 000 – R700 000 |
| Legal Fees (Contracts for the wholesale) | R60 000 – R120 000 |
| Warehouse | R230 000 -R520 000 |
|  |  |
| **Total Costs** | **R870 000 – R1 640 000** |

* **Direct Costs for Consumer to Consumer (Culture Swap)**

|  |  |
| --- | --- |
| **Item** | **Estimated Cost (ZAR)** |
| Rental Payment System | R80 000 – R150 000 |
| Fraud Prevention | R150 000 – R300 000 |
| Geo-Location Services | R20 000 -R50 000 |
| Hosting and storage | R60 000 – R150 000 |
| Review System Development | R50 000 - R100 000 |
| Payment Gateways | R60 000 – R120 000 |
|  |  |
| **Total Costs** | **R420 000 – R870 000** |

* **Indirect Costs for Consumer to Consumer (Culture Swap)**

|  |  |
| --- | --- |
| **Item** | **Estimated Cost (ZAR)** |
| Support staff(resolving dispute among peer rentals) | R90 000 – R150 000 |
| Community moderators(approve new listings) | R60 000 - R120 000 |
| Marketing and Ads | R80 000 - R150 000 |
| Software Subscriptions | R6000 - R120 000 |
|  |  |
| **Total Costs** | **R236 000 - R432 000** |

Commencement: August 2025

Phase 1 (Setup): 3 months

Phase 2 (Integration): two months

Finalized: December 2025

Total Investment :

**Business to Consumer (Ubuntu Wears)**: R1 206 200 – R2 302 5000

**Business to Business (Heritage Wholesale)**: R1 380 200 – R2 480 500

**Consumer to Consumer (Culture Swap) :**R656 000 – R1 302 000

**Identify and Quantify Benefits :**

**Business to Consumer (Ubuntu Wears)**

Tangible Benefits

* Promotes and monetizes indigenous craftsmanship
* Reduced marketing costs for artisans
* Room for employment creation
* Improved, fast, and secure payment process
* Steady income generation through commission fees
* Increased revenue as the business serves as an attraction to both local and international customers
* Wider product range for the consumers as authentic traditional wear is rare to find

Intangible Benefits

* Cultural Preservation as the business promotes and sustains the heritage of our country
* There is empowerment of the local artisans as they get to be exposed to a larger audience
* Through sales made internationally, there is increased brand awareness
* Due to the authenticity of the brand, buyer confidence is improved

Quantify

* Lower operational risk since the business does not keep the products
* Higher profit margin as compared to the other two alternatives
* There is an increase in the products sold by the artisans due to expanded reach
* There is less money spent by artisans on marketing their products
* More money is generated through commission
* Customers are retained due to the authenticity of the products

**Business to Business (Heritage Wholesale)**

Tangible Benefits

* Bulk sales can generate steady revenue
* Centralized market for purchasing traditional wear in bulk
* More artisans are employed as there is a need for increased production for bulk sales
* As the products are produced in bulk, customers will pay before receiving the order ensuring no products are left unsold

Intangible Benefits

* Artisans meet wholesale demands
* Through high production, a wider audience is reached through retail channel
* Many business relations are created
* Through the reviews left by customers, the authenticity of the business is built

Quantify

* High operational costs in terms of logistics and warehouses
* Less cultural impact
* There are increased cost savings as people are buying in bulk

**Consumer-to-Consumer (Culture Swap)**

Tangible Benefits

* There are cost savings as renting attire is cheaper than purchasing new attire
* Materials are less wasted on people who only wear the products once
* One can have access to a specific attire for an intended period
* Creates an income for those who are renting the attire

Intangible Benefits

* Creates a sense of community through shared resources
* There is access to different traditional wear
* One can discover unique sets of attire

Quantify

* Cost savings for the people renting as compared to buying
* There is an increased risk of fraud
* There is a great requirement for customer retention
* Marketing services for the people who are renting out the traditional wear

Cost Benefit Analysis (5 Year Period)

Total Costs Over 5 Years

**Business to Consumer (Ubuntu Wears)**

* Direct Costs: R1 085 350
* Five-year indirect costs: R3 345 000
* Five-year total cost: R6 048 000

**Business to Business (Heritage Wholesale)**

* Direct Costs: R2,490,000
* Five-year indirect costs:
* Five-year total cost: R6 048 000

**Consumer to Consumer (Culture Swap)**

* Direct Costs: R645 000
* Five-year indirect costs: R1 940 000
* Five-year total cost: R4 450 000

Cost-Benefit Comparison

**Business to Consumer (Ubuntu Wears)**

* Total Costs (5 years): R6 048 000
* Total Benefits (5 years): R67 960 000
* Net Benefit: R61 9121 000
* Benefit-Cost Ratio: 15:34

**Business to Business (Heritage Wholesale)**

* Total Costs (5 years): R4 048 000
* Total Benefits (5 years): R80 960 000
* Net Benefit: R90 9121 000
* Benefit-Cost Ratio: 7:11

**Consumer to Consumer (Culture Swap)**

* Total Costs (5 years): R4 450 000
* Total Benefits (5 years): R30 000 000
* Net Benefit: R26 850 000
* Benefit-Cost Ratio: 6:12

Analysis Comparison

Despite the merits inherent in all the proposed solutions, Ubuntu Wears remains the optimal choice due to the following key considerations :

* There is a high benefit-cost ratio, which outperforms the other two alternatives
* It enables a wide audience to reach while ensuring a good reputation for the brand
* Promotes conservation of our culture and promotes cultural heritage
* Most strategic solution with manageable costs and impactful, unique selling products
* Manageable risk profile as compared to Heritage Wholesale in terms of fraud and operational costs
* Fosters relations amongst artisans as well as reducing the costs needed by artisans to market and expose their products
* Job creation for people within the community

**Risk assessment**

Proposed Solution

Risk: Heritage Hub is open to dubious vendors looking to make a quick buck by listing low-quality items or not sending out orders.

Mitigation strategy: Heritage Hub will verify every vendor's business registration, confirm contact information and review its legal documentation. Customers will be able to write a review for each product and post pictures/videos of the items.

Alternative 1

Risk: Retailers run the risk of receiving low-quality items and products that may be tampered with given the sheer size of bulk orders.

Mitigation: Courier companies in charge of delivering packages will be responsible for stating the condition of the package at pickup, drop-off and all checkpoints.

Alternative 2

Risk: Clients could potentially rent an attire and return it in a condition worse than before receiving it. Furthermore some clients could suddenly choose to hold on to the item indefinitely.

Mitigation: All clients, customer, resellers will be required to verify their identity through the KYC(know your customer) process to prevent fraud and ensure compliance.