Business case

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Group 19 WeSellCC

# 1. Executive Summary

WeSellCC is an online clothing store that aims on penetrating the market instantly due to its unbeatable prices, ease of use of its website and mobile application, the business sells clothing consisting of very well-known brands (eg. LEVIS etc…) for male and female. With warehouses in Johannesburg, Cape Town and Durban, the decision from which warehouse a product must be shipped depends on the customers location, the closest warehouse is chosen, to keep shipping costs at a minimal and focus mainly on speedy delivery. The company buys clothing in bulk to get it at a lower price , this will be discussed more in detail below. As well as the target market, various costs and profits associated with the business, the organizational structure, benefits, and how funds were acquired

WeSellCC mission is to present customers with a energizing and wide range of products to choose from, regardless whether it be clothing for running along the beach up until coats that one would wear if the outside temperature is below freezing

The company’s objectives are:

* An accessible website and mobile app that is easy to surf
* Speedy delivery of products
* Customer satisfaction
* Social popularity

A summary of the financial metrics is shown below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Year 1** | **Year 2** | **Year 3** | **Year 10** | **Total Cash Outlay** |
| **Investment Value (£) – Capital and Revenue** | **R308 500** | **R350 000** | **R408 000** | **R1 094 000** | **£x** |
| **Available / Committed Funding** | **R250 000** | **R291 500** | **R349 500** | **R1 035 500** | **£x** |
| **Return on Investment (ROI)** | **R100 000** | **R116 500** | **R139 800** | **R496400** | **£x** |

From the above table it is concluded with an initial investment of R308 500 and a profit mark up of 40% and a fixed amount of salary expenses, dividends of R58 500 a year

It is evident that the company can grow its investment value by 15% each year by re investing the ROI

The ROI grows by 16% each year, if the company carries on running the company in this manner for 10 years, the return on investment will be R496 400 a year, this is after the salaries and dividends have been payed to employees and shareholders.

# 2. Introduction and Overview

## 2.1) Company Description

WeSellCC will offer creative, branded male and female clothing, online, that is both functional and beautiful. Salmaan Vally and Marc Kishinkwa, co-owners of WeSellCC, will create a cost-effective operation that will eliminate the cost of inventory by having 3 warehouses within a 300 kilometre radius of each other, WeSellCC inventory control department, handle all buying and shipping of clothing to the customer. WeSellCC will process the order and collect the payment online using PayPal to ensure the customers trust to carry out the payment. The order will then be sent to the WeSellCC inventory control department, either Johannesburg, Durban or Cape Town is chosen depending on the client’s location, after the location is figured the order is filled and shipped. WeSellCC will focus on maintaining good relations with suppliers to ensure the best prices, and marketing of its products.

## 2.2) Types of Consumers/ Target market

* People that are too busy with their daily lives to be able to make it to a retail store
* Bargain hunters, people that search various online stores and physical stores to obtain the best price before purchasing.
* Consumers with a unique taste for fashion
* Consumers that prefer a large variety of products and ease of use of website and mobile application

## 2.3) Investors and capital

The two co-founders invested R50 000 each which amount to R100 000 and a long term loan of R208 500 was obtained from a financial provider that amounts to R308 500 of funding that is required in order to start the business



Figure : amount of start-up funding required

Start-up assets to fund includes purchasing of property and merchandise for the warehouses. Such a big amount is required since buying in bulk reduces the cost price which maximises the profit.

The businesses financial information will be discussed more in detail further on in this document under Cost/benefits assessment

## 2.4) Competitive advantages of E-commerce store (WeSellCC)

* Fewer employees needed , which means less expenses
* Automating inventory management
* Lower order processing costs
* Open 24/7
* Easier to understand customer preferences
* Wider range of customers from all over the country

These five advantages already elaborate that an E-commerce store is more profitable, the main advantage is that it is open 24/7 in comparison to a retail clothing store that is only open during certain hours, and that your product is for sale all over the country instead of it being only for sale in one specific location.

# 3. Market analysis: