

XYZ Eatery

Business Plan

Prepared by Ubuntu Equity (Pty) Ltd

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1. Executive summary

XYZ Eatery is seeking funding of ZAR350,000 to set up an Afrocentric fast food outlet in Diepsloot, Johannesburg. Based on research, plausible assumptions and financial analytics that have been included in this business case, XYZ Eatery can make net profits after tax of ZAR350,000 by year 5 of operation at a penetration of 8% of the total addressable market in Diesploit.

XYZ Eatery is a small food outlet focused on serving traditional African grub to its primary target market in and around the Diepsloot area. The eatery is also a proudly 100% black woman owned venture, based presently only in Johannesburg, but with the aim of rolling out operations nationwide with a particular focus on malls/ centres in township areas.

XYZ Eatery seeks to bring locally relevant food items and a unique menu building option to the community served by the Diepsloot Shopping Mall, provided they can secure a rental space within the Mall.

The vision for XYZ Eatery is to become the most well-known and recognised name in African food takeaways in the country. Our unique value proposition lies in the design of our menu – which incorporates traditional African food elements (like samp, pap, meat, tripe, fat cakes, etc.) that will be individually priced per portion, and added together as customers *build their own dishes* and pay only for what they want.

There is currently little competition given the type of eateries in operation at the Diepsloot Mall, and XYZ Eatery is confident that they will be more than able to serve the niche ~37 thousand target market within the Diepsloot area, at least once a month from the date of launch currently earmarked for November 2017.

2. Analysis of the Current Situation

THE SITUATION

The Diepsloot Mall currently has only two food-serving tenants; being Romans Pizza and Fish & Chips.

As an African-centric business, XYZ Eatery is concerned about two things within this setup:

- **The clear gap in the provision of homely, African-based meals** at the Mall, especially given that there are predominantly Africans living in and around the area
- **The nutritional quality offered** by these limited options to those local residents who either want to grab something to eat over a short lunch, or who wish to entertain the whole family for a meal at the Mall every once in a while

THE PROPOSED RESOLUTION

XYZ Eatery proposes to fully address these concerns by specialising in hearty, African-style meals to not only counter act the consumption of empty calories, but to also create a space that feels like a home away from home given all of the relevant and delicious food offerings.

The company was founded essentially to improve the average township resident's quality of life through enlarging their pool of options when it comes to fast food.

Some images follow to give the reader an idea of what the setup will be for XYZ Eatery.





3. Business Overview

3.1. Ease of Doing Business 2017

- Region: Sub-Saharan Africa
- Income Category: Upper middle income
- Population: 54,956,920
- GNI Per Capita (US\$): 6,050
- City covered: Johannesburg

According to the World Bank's "Doing Business", it will be relatively easy for XYZ Eatery to start operating within South Africa, as it ranks 74/190 in ease of doing business.

Categories that were evaluated are listed below.

- Overall (74/190)
- Starting a business (131/190)
- Dealing with Construction Permits (99/190)
- Getting electricity (111/190)
- Registering property (105/190)
- Getting credit (62/190)

- Protecting minority investor (22/190)
- Paying taxes (51/190)
- Trading across borders (139/190)
- Enforcing contracts (113/190)
- Resolving insolvency (50/190)

With starting an independent restaurant business in South Africa, there are a number of steps to be completed, many of which can be tackled simultaneously; and/ or through a third party. It is imperative however, to get all of the relevant licences and permits before opening for trade, else various penalties can be levied against XYZ Eatery by the different authorities.

No.	Description of procedure	Time	Costs
1	Reserve the company name <i>Agency: Companies and Intellectual Property Commission (CIPC)</i>	~1 day	ZAR 50 for online ZAR 75 for manual
2	Register the company at the Companies and Intellectual Property Commission (CIPC) <i>Agency: Companies and Intellectual Property Commission (CIPC)</i>	~7-10 days	ZAR 125
3	Open a business bank account <i>Agency: Commercial bank of choice</i>	~1 day	None
4	Register for relevant taxes* <ul style="list-style-type: none"> • Income tax, IT77C form submitted to SARS with a copy of the owner's ID 	~1 day	None

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	<ul style="list-style-type: none"> • Pay as you earn (PAYE) – if total annual payroll exceeds R 500k per annum • Unemployment Insurance Fund (UIF) – if total annual payroll exceeds R 500k per annum • Skills Development Levy (SDL) – if total annual payroll exceeds R 500k per annum • OPTIONAL: Register with the Commissioner in deference to the Compensation for Occupational Injuries and Diseases Act • VAT registration with SARS – once the business' annual turnover exceeds or is pivoted to exceed R1 Million <p><i>Agencies: SARS at www.sars.gov.za</i></p> <p><i>Dept of Labour at www.labour.gov.za</i></p> <p><i>Office of the Compensation Commissioner at www.labour.gov.za</i></p> <p><i>*As a business earning less than R1 Mn per annum</i></p>	<p>~1 day</p> <p>~5 days</p> <p>~1 day</p> <p>~30 days</p> <p>~7 days</p>	<p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p>
5	<p>Acquire relevant trading licences/ permits</p> <ul style="list-style-type: none"> • Trading license for the sale or supply of meals, takeaways, and/ or perishable food items • Liquor license, in the event that you want to sell alcohol as well (can take up to a year for approval) <p><i>Agencies: Business Licensing Department of City of Johannesburg Metropolitan Municipality at https://www.localgovernment.co.za/metropolitans/view/2/City-of-Johannesburg-Metropolitan-Municipality</i></p>	<p>Depends, inspection by 5 divisions</p>	<p>Depends</p>

	<p><i>Liquor Board at</i></p> <p>http://www.ecodev.gpg.gov.za/LiquorLicense/Pages/Wheretosapply.aspx</p>		
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3.2. SWOT Analysis

Because of our drive for excellence, when it comes to running XYZ Eatery, we are able to critically examine our own strengths, weaknesses, opportunities and threats.

Strengths: Internal factors that make us better than our competitors

- **Unique value proposition/ innovation in the design of our menu** – which incorporates traditional African food elements (like samp, pap, meat, tripe, fat cakes, etc.) that will be individually priced per portion, and added together as customers build their own dishes and pay only for what they want
- **Flexible pricing** in that you only pay for what you request per portion, as opposed to having pre-designed menu selections often with additional items you may not have necessarily wanted included in your meal choice
- **Customer-centricity in providing options** in that we do not presume to know how the client likes their food items combined
- **Traffic pull** through special promotions, like “buy two meals, get one free – only available between 3pm and 5pm on weekdays” – to bolster traditionally ‘slow/er traffic periods’
- **In-depth understanding of our target market**
- **Top skills and expertise** in the successful running and management of business
- **100% black woman owned** business (BEE contributor)
- **Passion** for the food industry

Aside from the fact that XYZ Eatery was built by an African entrepreneur for a uniquely African market, the restaurant will also be managed by a highly skilled top team, and trained waiters to ensure that XYZ Eatery meets the demands of both the discerning and price-sensitive consumer, offering a myriad of unique benefits to both the Mall and our clients.

Weaknesses: Internal factors that we need to watch out for lest they create stumbling blocks to our success

- No extensive expertise in the food industry
- Lack of access to premises from which to operate
- Stringent trading license requirements
- Supply issues can result in out of stock menu items

As a new food outlet, we are aware of the need for excellence from the first day of operating – and as such have committed ourselves to recruit and train only the top skilled cooks and waiters in order to ensure our customers are best served, and leave wanting to come back for more. We are also aware that we need to get access to a trading license, however this can only be finalised once XYZ Eatery has confirmed premises from which to operate. In this regard, we are looking to the Diepsloot Mall Management team for support in granting our request for a small shop from which to operate.

XYZ Eatery will also mitigate the supplier challenge by getting a number of different but reputable suppliers on-board and ensuring that the pre-ordering of best sellers is done on a daily basis. These are our mitigating strategies.

Opportunities: External factors over which we have little to no control, but that may well play in our favour and propel our business forward

- **The increasing use of technology** such as mobile websites and applications – these can be used to advertise to our market and thereby create awareness; they can also be used to book orders in advance, such that customers can simply come to pay and pick-up their orders
- **Access to a ~160k overall market size** that is being served formally at present by only the Diepsloot Mall (no other Malls serving this node) – which means we get access to the existing Diepsloot Mall clientele and we can create a greater flow of customers into the Mall to try our meals
- **The promotion of black women owned businesses by government and the private sector alike** – meaning access to both start-up and growth funding, if and when required, ultimately ensuring that XYZ Eatery becomes a long-standing tenant at Diepsloot Mall
- **The potential to franchise XYZ Eatery** to other key Malls/ Shopping Centres that serve a similar market

The opportunities to implement relevant technology and build a loyal client-base from existing and new Mall-goers is massive for XYZ Eatery. Funding should also prove relatively easy to get a hold of should the eatery ever need to bring external funders into the picture. Ultimately, XYZ Eatery is poised for both success and continued growth, and is ready to take advantage of any opportunity that comes our way.

Threats: External factors beyond our control that may have a negative impact on our business, should we fail to plan and mitigate the risks

- **High levels of crime** in the country in general, but specifically targeting Malls – this presents an opportunity for XYZ Eatery and other Diepsloot Mall tenants to work together with the Centre Management to ensure safe behaviours by all staff members, and adherence to all safety regulations. XYZ Eatery will also incorporate the option for clients to swipe as opposed

to using cash, and have a drop safe on site to further ensure safety of staff members handling cash

- **Competition from existing eatery tenants**, such as KFC, Fish & Chips and Chesa Nyama – which may be better known at this stage than XYZ Eatery. We will however work hard to advertise and create awareness of our brand, and the uniqueness of our offering compared to the competition
- **Rising prices for certain foods**, like beef or lamb could mean that XYZ Eatery would have to pass the price increase on to consumers. We will however mitigate by constantly checking for good deals and negotiating (as this is one of our professional strengths as a management team) the best possible terms for XYZ Eatery with our suppliers
- **High staff churn in the industry** given all of the other opportunities offered by other restaurants and eateries. XYZ Eatery will ensure that all our staff members are well taken care of, both financially and interpersonally/ emotionally. They will be involved in strategic decisions and will also receive continual training and development

Some of the major threats that we may likely face as a new food outlet operating from Diepsloot Mall in South Africa relate to high levels of crime and competitive rivalry. We are however confident that we will implement the needed mitigating strategies to ensure that XYZ Eatery will be able to navigate around these challenges.

4. Company Overview

4.1. Company Summary

XYZ Eatery was founded in 2017 as an African answer to the need for truly traditional options, at affordable prices. The food outlet is currently seeking to serve residents of and those working in and

around the Diepsloot area in Johannesburg, South Africa; through providing both eat-in and takeaway options to its clients.

Our chosen location for launch in November 2017 is the Diepsloot Mall which is situated in Diepsloot township and is the only formal retail offering in the node. It is a semi-enclosed, single storey shopping centre, where the banks and line shops are located in the enclosed section of the centre, while the majority of the larger shops face onto the parking area. The centre is also easily accessible off the R511, via taxi from the onsite taxi rank and on foot from the surrounding township. The Mall serves clients from LSM 2 to 5 (discussed in detail under target market analysis section).

4.2. Our Team

Current roles

Founder and CEO: Joanne Muloti

- Responsible for providing direction for the business
- Available to coach and gather feedback from staff members
- Communicates values, strategies, and objectives; assigns accountabilities; plans, monitors, and appraises job results; develops incentives; facilitates a climate for offering information and opinions; provides educational opportunities
- Creates, communicates, and implements the organization's vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization's strategy
- Responsible for signing checks and documents on behalf of the company
- Evaluates the success of the organization

Roles to be filled (short-term)

Shop Manager & Supplier Liaison:

- Must have experience managing a restaurant or takeaway
- Familiar with locally available supplier sources and methods
- Able to open and close the shop daily
- Responsible for placing orders, managing the cash register, tracking stock levels, training and managing staff, dealing with suppliers, overseeing and inputting into the marketing and sales strategy, overseeing all outsourced functions, and handling other miscellaneous duties as and when these arise
- Passionate about service excellence, and able to resolve customer queries satisfactorily and speedily
- A team player and motivator who inspires other staff members to go the extra mile
- Able to capture/ oversee the capturing of daily and weekly financial KPIs like sales, purchases, expenses, etc.
- The manager will also handle all administrative filing and related duties

Cook/s:

- Start out with one full-time cook, and potentially add a part-time cook to be called upon only as needed and thereby reduce fixed overheads
- Cooks must have experience in cooking the African food items on XYZ Eatery menu
- Responsible for preparing all menu items within 5-10 minutes of order placement
- Must be highly organised and methodical, pay attention to detail, have detailed knowledge of menu items and ingredients (especially critical as it relates to food allergies)
- Responsible for overall levels of hygiene in the kitchen, highlighting food needs on a daily basis to Shop Manager, and overseeing any junior or part-time cooks

Waiting/ Serving Staff:

- XYZ Eatery will hire two full-time and two part-time serving staff members to cater for peak and off-peak periods
- Servers must be able to work well under pressure, meeting the demands of customers at several tables while maintaining a positive and pleasant demeanour
- Servers will double up as Bus persons, who are responsible for setting up and clearing tables and filling water glasses after customers are seated

Outsourced functions:

- Human Resources: Recruitment, selection, placement and training of staff; labour relations
- Accounting: Annual tax filing, monthly capturing of financial statements, monthly reconciliation of accounts
- Marketing and Sales: Social media and other forms of marketing, including the design and running of relevant promotional campaigns
- IT: Web design, development and maintenance
- Cleaning/ Dishwashing: Kitchen, counters and client tables – hired only during peak periods of each day

The above describes our ideal team. XYZ Eatery will ensure that we hire people that are qualified, hardworking, creative, customer centric and are ready to work to help us build a prosperous business that will benefit all the stakeholders – the owner/s, workforce, clients and community at large.

4.3. Our Offering

XYZ Eatery will initially provide clients with a quick takeaway African meal option, or an opportunity to sit down and enjoy a hearty meal at our outlet. We will serve with excellence and heart, ensuring our clients return for more of our feel-good food and feel-good ambience.

Our Menu

XYZ Eatery will offer the following menu items – which can be coupled in any way the client wishes to create delicious, customized dishes.

Food Items

- Samp @ R15
- Mabele @ R10
- Mogodu/ Tripe @ R25
- Skop/ Smiley @ R35
- Amancina x2 @ R32.50
- Wors x1 @ R15
- Gravy @ R7.50
- Steamed bread @ R10
- Pap @ R7.50
- Magwinya/ Fat cake @ R2.50
- Chakalaka @ R10
- Potato salad @ R17.50
- Liver & giblet skewer 6 pc @ R17.50
- Chicken necks and legs @ R17.50
- Boiled egg (with aromat) @ R3.50
- Grilled mealies @ R9.50
- Creamy spinach @ R15
- Fried cabbage @ R9.50
- Chicken wings X 4 @ R25
- Lamb stew @ R40
- Beef stew @ R32.50
- Chicken Stew @ R28
- Coleslaw @ R9.50
- Tjhotlo @ R30
- Soup of the day @ R10

Cold Beverages (all Kingsley)

- Still water @ R6.50
- Cola 500ml @ R8.50
- Cola Light 500ml @ R8.50
- Ginger Beer 500ml @ R8.50
- Lemon 500ml @ R8.50
- Granadilla 500ml @ R8.50
- Pineapple 500ml @ R8.50
- Fruto Mango juice 340ml glass @ R10.50
- Fruto Mediterranean juice 340ml glass @ R10.50
- Fruto Tropical juice 340ml glass @ R10.50

4.4. Values & Objectives

Our company values are...

- **EXCELLENCE:** without which we believe no organization can succeed. We therefore build our team only from like-minded, excellence-driven individuals who seek to provide all of our clients with what they want and need – without prejudice or presumption
- **HEART:** the glue that keeps XYZ Eatery together! This refers to our strong commitment to preparing our food and serving our clients with an attitude of care and positivity. This applies within our team settings as well
- **COMMUNITY:** we value the contribution of all our employees and clients, and treat everyone equally, regardless of age, race, sex, religion or national origin; we also endeavour to add value to our community in every decision we make

- **AUTHENTICITY:** we not only do as we promise, but also seek to be as real with our clients and team members on our journey as we expect others to be with us. A little bit of plain old honesty goes a long way...

Our objectives are to ...

- Achieve consistent and fair profits at 60% minimum gross margins
- Grow our business by a conservative 10% per annum, while maintaining our principles
- Take advantage of every relevant opportunity that comes our way
- Safeguard the assets of our company, which includes our people

4.5. Vision, Mission & Tagline

- *Our vision is* to become the most well-known and recognised name in African food takeaways in the country
- *Our mission is* not only to offer great tasting African food prepared by a skilled cook with a love for the same cuisine, but to do so with efficiency, courtesy and warmth. Our dining environment is simple but welcoming, with African art displayed all around to reinforce the African ambience. We also concentrate on customer satisfaction and quality African food that is always fresh and specially selected. We want XYZ Eatery to be a place people can enjoy a good meal and meet new friends, all the while catering to their palate and wallet by giving them maximum options in customising their specific dish every time they call. Finally, in the long run we want to see a XYZ Eatery in every single mall/ shopping centre around the country catering particularly to township areas similar to Diepsloot in Johannesburg
- *Our tagline is* genuine feel-good African food, on YOUR budget!

5. Competition

5.1. Key Competitors

The following analysis of key direct competitors help us to determine our positioning in the industry and how we can better position our value proposition. Our competitors within Diepsloot Mall are KFC, Fish & Chips and Chesa Nyama, although Chesa Nyama is the only real direct competition.

Chesa Nyama fast facts:

- Describes itself as an African restaurant
- Offers however a wide selection of items on menu, ranging from very few traditional African options (like beef stew and pap) to a whole host of typical fast food options (Russians and chips, various burgers, ribs, chicken meals, etc.)
- Their menu also offers a wide range of prices from R6.90 for a single wing to R299.90 for a Chesa Feast family meal
- Do not currently have an app
- Do have website displaying their franchises and menu selection
- They also have an active Facebook page
- Poor ratings on Hello Peter and other social media platforms – mostly due to poor service at franchise outlets, and inconsistency between different branches

5.2. Competitive Advantage/ Value Proposition over Chesa Nyama

Surviving in the business world as ‘just another takeaway joint’ requires more than numeric calculations or even the right amount of startup capital. It requires having an edge over our competition in order that we may not only draw first time customers, but create life-long loyalty loops as a result of:

- Great tasting and fresh food
- A relevant menu selection
- An unusually good service experience in terms of speed of service, accuracy of order, and quality of interpersonal interaction with servers
- A welcoming ambience; created by happy, satisfied employees who are being well compensated for their roles and continually developed and trained to grow both individually and professionally

At Zee's, all of the above will be our competitive advantage, with one addition being the fact that **we put the power to choose (and build their own meal) in the client's hands**, thereby eliminating issues of wastage of redundant items on a particular dish, as well as making the price point a flexible lever that the client themselves can move in line with their budget viz-a-viz their nutritional needs.

These advantage factors sets XYZ Eatery apart from the likes of Chesa Nyama in the following ways:

- When we say we serve African cuisine, our menu attests to that fact
- Excellent service and a great overall experience is as important to us as good food, because that's what will keep our customers coming back
- At XYZ Eatery we take to heart the old saying that it takes many years and a lot of hard work to build a reputation, and only one bad interaction to destroy it. As such, we will actively monitor all social media platforms and ensure that we resolve any issues as speedily as possible and reinforce our commitment to our clients at every given opportunity
- Our price points vary between R2.50 for a fat cake and R40 for a portion of lamb stew – catering directly to the pocket of our LSM 1 – 3 target markets in Diepsloot

- Our staff is the lifeblood of our operation, and will be treated as such – with systems and processes in place for upward feedback and general welfare, and opportunities to grow and develop through formalized training programs offered at regular intervals

6. Understanding the Industry

The local fast food industry in South Africa is booming, bringing in more than R300-billion annually, according to Insight Survey's 2016 report on the industry. The percentage of adults who buy fast-food at least once a month increased from 66% in 2009 to more than 80% in 2015.

A Euromonitor report predicts that fast food in South Africa will witness an annual growth rate of 9% for the 2014 to 2019 period. In 2014, there were 134 new takeaway stores. That figure is set to increase by 4% every year, according to Insight Survey.

According to a Mail & Guardian article,³ the reason for this continued growth in SA versus other African countries – despite diminishing incomes, rising food prices and a weak and volatile currency – involves several factors, listed below:

- **A broadening black middle class**, which has doubled to 4.5 million over the last decade. All signs are that the more we earn, the more we eat (out)
- **A strong meat-eating and dining-out culture**, particularly given social and psychologically affiliations of meat with wealth and welfare
- **An increase in the number of women in the labour force**, effectively results in a higher number of double-income homes, resulting in more overall disposable income per family. Working moms also have less time to prepare meals for their families, and therefore often opt for fast food

- **Fast-food outlets are increasing their footprints in townships and rural areas**, to access the consumer who may be becoming better off economically but still dwells in these areas. This is also supported by the fact that although many a South African cannot really afford buying fast food regularly, they still do so once a month as a treat because of the aspirational value of fast food

6.1. Fast Food Industry Trends in South Africa

- **Customization.** This puts the power in consumer's hands. Gone are the days when you got what you got...today you can mix it up and customize your order, adding ingredients to your specific tastes
- **Always offer chicken.** Chicken remains top of the pops in the fast food category and even those brands where it is not their core offering are climbing on the bandwagon. Chicken is also a favorite in South Africa
- **All day breakfasts.** Especially attractive to a market that wants to buy fast food, but does not have the budget for a lunch or dinner meal
- **The cheaper, the better.** With consumers wanting it and fast food brands all having to supply it, cheap fast food is here to stay
- **Quick service, now please!** Despite a call for faster service, consumers are not willing to trade out speed for quality – so it is important to keep up the standard, while speeding up the delivery
- **Where's the app for that?** Apps were and continue to be the biggest tech success of the decade, with Starbucks and Taco Bell leading the way in this new world of apps that enhances convenience and provides return visit incentives

- **Veggies are hot!** No longer just a side-dish, vegetables are taking centre stage with restaurants trending with popular items such as kale and fast food brands catering to the growing vegetarian palate
- **Mash-ups.** Refers to combining a number of wacky ingredients that are not typical in order to put forward something creative and new. E.g., Burger King's *Cheetos Chicken Fries*, and Debonairs' *Stuffed Crust Pizza*
- **Pure, healthy foods are in.** Continuing the holistic and healthy food trend, more and more restaurants and fast foods are going the purist route – with organic and preservative free ingredients and ethical farming practices that ensure cage-free and antibiotic-free practices

All of the above reinforces the relevance and potency of XYZ Eatery' offering within the Diepsloot community and highlights the potential for successful establishment and growth in the space.

6.2. Major Industry Challenges and Mitigating Strategies

CHALLENGE: An increasingly competitive and saturated landscape

- 134 new takeaway stores were opened in SA in 2014 alone
- Calls for more reactive product differentiation strategies as a fundamental means of carving out market share
- Many fast food brands are now marketing value through combo meals and larger-sized portions
- A recent survey amongst lower LSM consumers indicated that 80% choose 'street food' over fast food. Primarily due to cost, but also because of taste preference and conviviality/friendliness of the street vendors

PROPOSED APPROACH: Outperform the competition through unique value proposition

- XYZ Eatery differentiates itself by offering real local African foods within the convenience of an eatery within a mall setting
- We also appeal to our target market within the lower LSMs through offering an average price point of ~R22, well within their budget for a quick but tasteful meal
- Our focus on friendliness and creating a welcoming ambience through excellent service and genuinely happy and interested staff will furthermore address the need for conviviality as expressed by 80% of the lower LSM respondents
- We have the edge over street vendors too, as our location in a mall offers peace of mind regarding issues of security and hygienic preparation of foods

CHALLENGE: The negative impact of load shedding on fast food outlets

- This translates directly into lost revenues
- Also creates a challenge in terms of keeping uncooked foods fresh and edible

PROPOSED APPROACH: Be prepared with a back-up plan

- We will have a back-up generator to continue trading through load shedding periods
- This could become an added reason for clients to come to XYZ Eatery for food, as load shedding limits their options for cooking, etc.
- Additionally, XYZ Eatery will keep abreast of load shedding schedules and plan for downtimes in advance to ensure minimal need for generator use, and thereby a savings of sorts on the fuel
- XYZ Eatery will also introduce a load shedding menu, that will offer only those foods that have been pre-cooked and only need some heating before being ready for eating

7. Market Analysis

7.1. Target Market: Diepsloot Residents

Diepsloot is one of Johannesburg's youngest townships. It was established in 1994, as a relocation area for informally settled households from Zevenfontein. In less than 23 years, Diepsloot has grown into a bustling neighbourhood covering approximately 5 km with an estimated population of more than 160 000.

A large group of young and upcoming adults makes up 55.9% of the population. Those who are economically active comprise 73.7% of the population (~66 000), 47% of whom are employed in mostly elementary or blue-collar occupations, including craft and related trades, service work, shop and market sales and machine assembly.

Diepsloot residents experience low to moderate living standards, 52.4% in the LSM 1-3 category and 34.6% in the LSM 4-5 category. The Diepsloot community also relies heavily on public transport, mainly on minibus taxi services.

The City of Johannesburg recognizes Diepsloot as a priority development area in line with the Growth and Development Strategy Johannesburg 2040, the Growth Management Strategy, and the Upgrading of Marginalized Areas Programme. The City plans to build 14 000 additional housing units for low-income households through the Northern Farm and Diepsloot East (Tanganani) projects. Eskom is currently upgrading Klevebank sub-station to provide sufficient bulk supply for future development in the area. Johannesburg Water is currently planning to install 300 toilets, a 25 Megalitre water reservoir, and to upgrade the current water main to supplement the existing reception area. The Johannesburg Roads Agency is also planning to upgrade all gravel roads and improve storm water drainage systems.

Despite its socio-economic challenges, Diepsloot is a vibrant neighbourhood with residents that are optimistic and determined to make better lives for themselves.

7.2. Diepsloot Consumer Categorisation

Based on a survey by Demacon Market Studies (2012), a large proportion of Diepsloot consumers are in the high opportunity segment that includes people categorized as being Needs-driven; Aspirants and Achievers. This represents a high demand for retail development in Diepsloot based on consumer values and behavior.

Category	Detailed description
The Achiever	Business person driven for success – brand conscious, responds to individuality, power, money and profit – focuses on buying aspirational products
The Aspirant	Person striving to become an achiever. Not very brand conscious yet. Tendency still to buy discounted items and brand names at reduced prices. Characterized by a modest amount of spending
Needs Driven	Impulsive buyer, with shopping based on rash decisions. Does not want to lag behind the most recent trends
The Belonger	Very family-orientated / community-orientated behaviour

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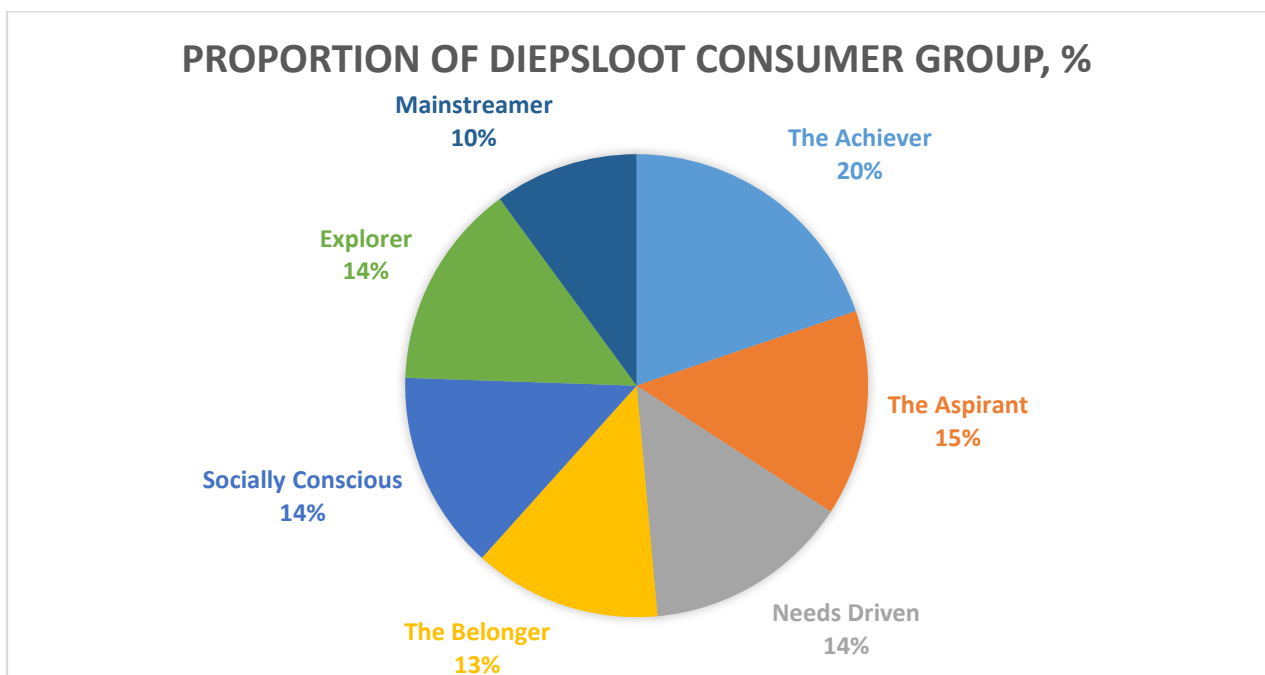
info@ubuntuequity.co.za

143 Pruibos Avenue, Weltevreden Park,
Johannesburg, 1709

Ubuntu Equity (Pty) Ltd Registration number 2012/204809/07

Socially Conscious	High concern for the environment. Focuses on environmentally friendly products and processes, very health conscious and focuses on recyclable products
Explorer	Seeks novelty and wants to try new things. Early adopters of completely new products
Mainstreamer	Buys safe, big brand products with constrained amounts of spending

The highest proportion of these consumer segments is The Achiever, followed by The Aspirant, Needs Driven and Explorer. Together these four segments account for about 63% of all Diepsloot consumers.



XYZ Eatery will target the most relevant consumer categories, amounting to a total target market size of 36 900 economically active residents of Diepsloot and visitors to the Mall:

- The Aspirant consumer, accounting for ~9 900 of the economically active population
- The Needs Driven consumer, accounting for ~9 200 of the economically active population

- The Belonger, accounting for ~8 600 of the economically active population
- The Explorer, accounting for ~9 200 of the economically active population

8. Pricing Approach

XYZ Eatery will charge relatively higher rates than the typical street vendor, and an at par menu with other Mall resident competitors. At the same time, the eatery will ensure that menu items remain friendly to the smaller budget by incorporating alternative beverage brands like Kingsley as opposed to the likes of more traditional (and expensive) brands like the Coca Cola Company.

Please refer to the proposed menu selection under section 4.3. *Our Offerings*.

9. Sales Strategy

We are mindful of the fact that there is stiff competition amongst fast food companies in South Africa; and will therefore focus on engaging with an experienced and professional company within the sales and marketing space to carry out our strategy.

XYZ Eatery will make use of the following marketing and sales levers to both attract and retain loyal customers:

- **Introduce our business to the community** with a simple and cost-effective, but impactful pre-launch campaign, and launch
- **Leverage extensively on the internet to promote Zee's**, especially to the younger portion of our target market who have access to smart phones and/ or the internet
 - We will create a Facebook page to showcase our brand and our people, and keep in touch with our clients

- We will build a basic but contemporary website displaying our menu selections and telling our story and philosophy
- We will actively engage with our clients using twitter, Snapchat and Instagram as platforms
- We will create a company profile on LinkedIn, making us accessible to both clients and potential investors/ partners
- We will advertise on all of the above platforms, including Google AdWords – which is very effective for small business marketing budgets
- **Encourage word of mouth marketing** from loyal and satisfied clients, especially using the same social media platforms we are on to generate conversation and excitement around the brand

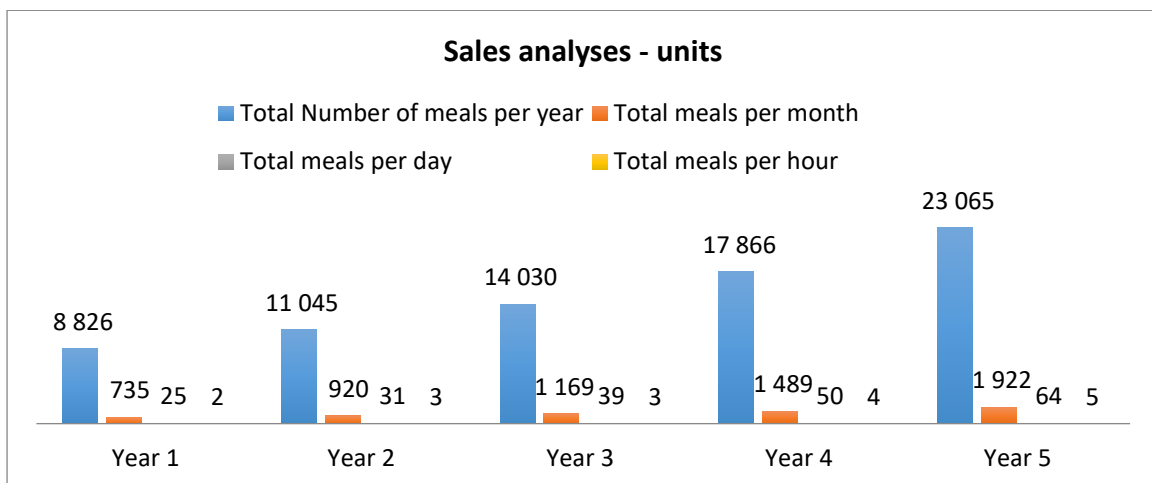
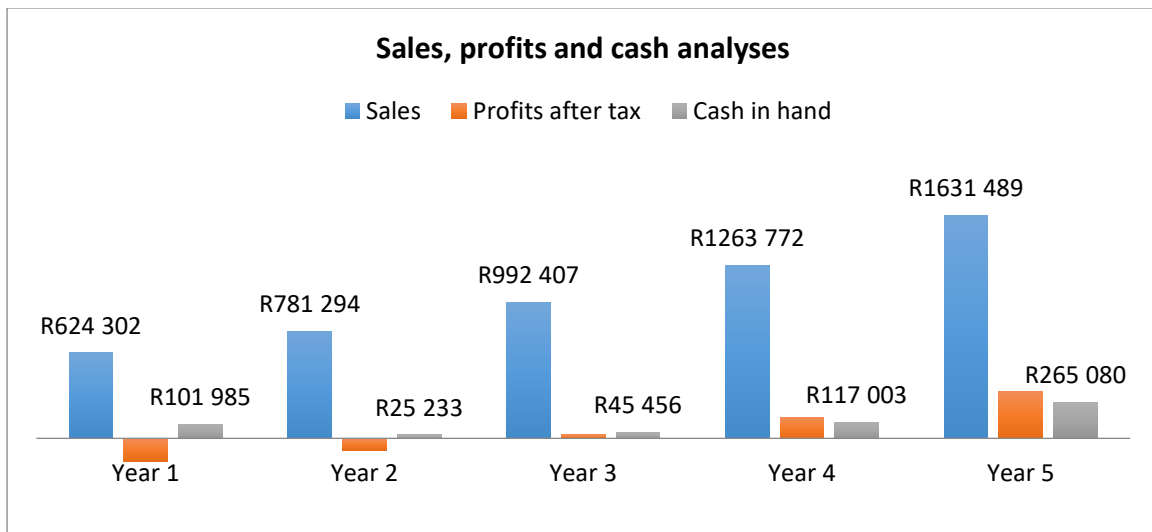
10. Financial Analysis

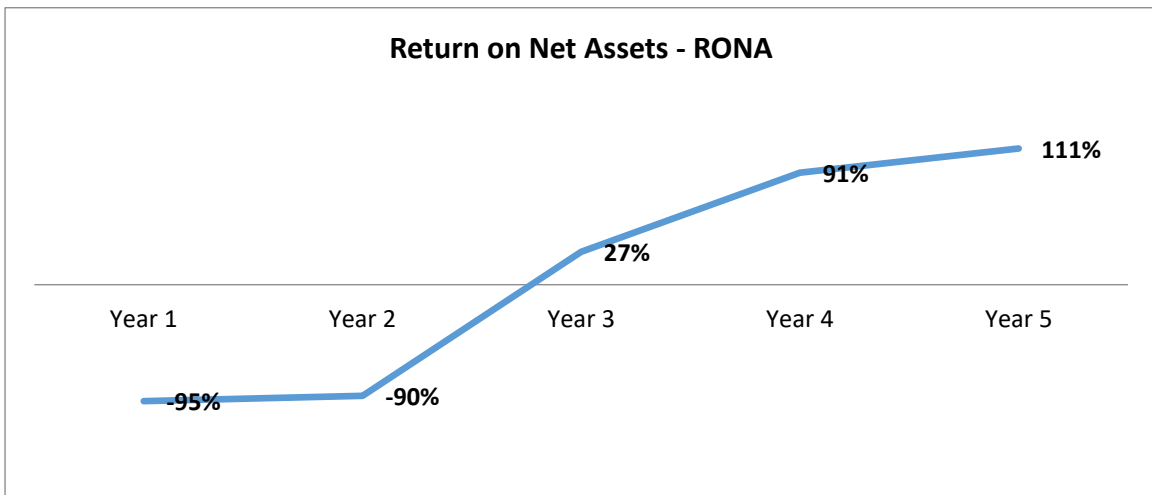
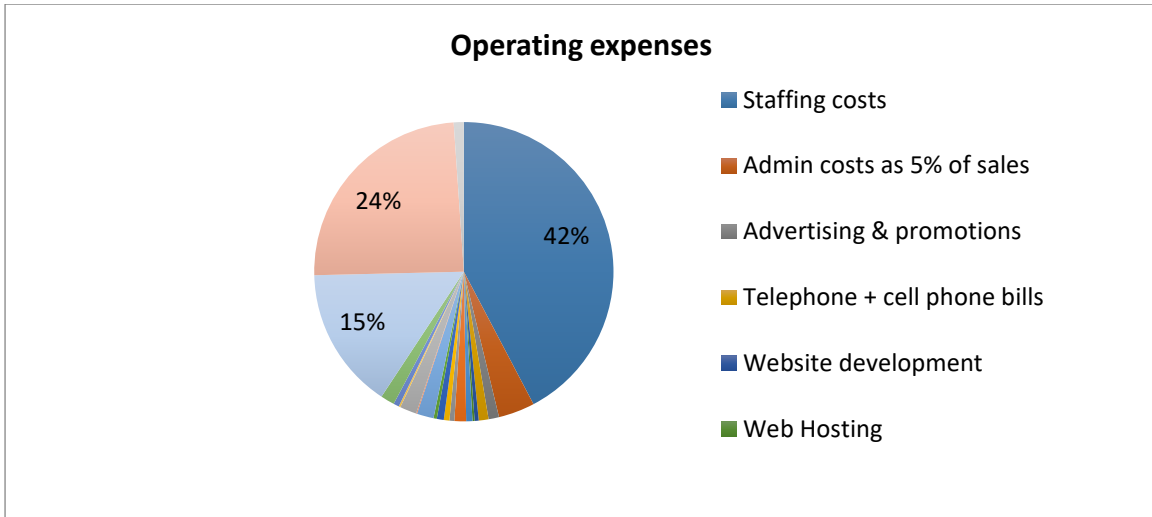
XYZ Eatery will break even in its third year of operation, with a very small startup requirement of R350,000 to get the operation off the ground. The eatery will start making positive NOPATs (Net Operating Profits After Tax) of ~R29K in year 3, ~R155K in year 4 and ~R342K in year 5. By targeting only the economically active youth and young adult population within the Aspirant, Needs Driven, Belonger and Explorer target segments in Diepsloot, XYZ Eatery will reach 6% market penetration by year 1, reaching 2 129 clients each month. By year 5 of operation, the eatery is projected to reach a very conservative 3 117 clients each month at 8% penetration, averaging a total of 105 meals per day.

Some of the major financial assumptions follow below:

- Total targetable market is 36 900 people
- The average breakfast selling price is ~R14 and includes the price of a single water
- The average lunch selling price is ~R26 and includes the price of a single fizzy drink

- The average dinner selling price is ~R29 and includes the price of a single juice
- No salary will be paid out to the Director in order to keep staffing costs to a minimum
- There will be only 4 staff members: X 1 Manager, X 1 Cook, X 2 Servers (who will also be responsible for clean-up)
- Rental costs for the space of 176 m² was estimated at R80 per square meter





Please refer to the attached excel model for further detailed financial assumptions and projections.