

**business**  
for sale



Date: **16th October 2024**  
Business Reference: **36839**

About the Business:

## **Decor and gift store for higher income market**

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Welcome to a unique retail destination where refined understated elegance meets sustainable living and fair trade. Explore a beautifully curated collection of home essentials, luxuries, gifts, and beautiful design pieces, all crafted with love by suppliers who share our commitment to ethical practices. Step into a world where visitors feel right at home amidst timeless beauty and thoughtful craftsmanship.

# Decor and gift store for higher income market



Sector: **Retail**

Asking Price:

**R 1,700,000**

Monthly Profit:

**R 121,624**

Asset Value:

**R 331,200**

Stock Value:

**R 1,000,000**

Yearly Net Profit :

**R 1,459,482**



# Business Report

## Fully describe the business's activities?

This retail enterprise specializes in curating a luxurious lifestyle experience, with a focus on upscale décor and exquisite gifting options. Operating primarily with locally crafted goods supplemented by a select array of imported items, the business maintains a dynamic inventory across a diverse range of product categories. These include but are not limited to ceramics, tableware, decorative objects, lighting fixtures, mirrors, basketry, soft furnishings, bath and table linens, sleepwear and fashion accessories, jewelry, candles, home fragrances, and bath and body products. Additionally, the establishment offers bespoke children's clothing, blankets, and plush toys.

Catering to a discerning clientele, primarily comprising high LSM (Living Standards Measure) individuals hailing from various regions of South Africa, the business ensures each patron's experience is distinguished by unparalleled quality and sophistication. Through meticulous packaging, every purchase serves as a mobile advertisement, showcasing the brand's identity and fostering continued customer engagement.

The business also actively collaborates with interior decorators and hospitality establishments, sourcing and supplying tailored products to meet specific requirements. Leveraging a robust social media presence and expanding online initiatives, the enterprise endeavors to extend its reach and provide seamless access to its opulent offerings.

## How does the business operate on a daily basis?

**Opening Procedures:** The day typically starts with opening procedures, including unlocking the doors, turning off the alarm, turning on lights, and preparing the store for customers. A brief 8 minute Staff meeting is held on most mornings, to re-enforce health & safety and to discuss daily strategy and product training.

Staff will clean the store and will also check inventory levels and replenish displays as needed.

**Customer Engagement:** As customers begin to arrive, staff members greet them warmly and offer assistance. They may provide product recommendations, offer styling advice, or answer questions about the merchandise.

**Visual Merchandising:** Maintaining visually appealing displays is crucial for showcasing the luxury products effectively. Staff regularly update and re-arrange displays to highlight new arrivals or seasonal offerings, ensuring an enticing shopping environment.

**Sales Transactions:** Throughout the day, staff assist customers with purchases, process transactions, and handle payments. They also offer gift-wrapping services for customers purchasing gifting items.

**Inventory Management:** Keeping track of inventory levels is essential to ensure that popular items are always in stock. Staff monitor inventory levels throughout the day, restocking shelves as needed and placing orders with suppliers to replenish sold-out items.

**Goods Receiving and Storeroom Management:** Staff receive goods throughout the day as goods arrive. Staff sign waybills, keep records for VAT, check the quality and correctness of new stock, enter the stock into the POS inventory management system and price the new stock and merchandise or store it appropriately.

**Product Knowledge and Training:** Staff are knowledgeable about the products available in the store, including their features, materials, and craftsmanship. Regular training sessions ensure that staff stay updated on new products and trends in the luxury decor and gifting industry.

**Customer Service:** Providing exceptional customer service is paramount in a luxury retail environment. Staff go above and beyond to cater to the needs and preferences of each customer, offering personalized recommendations and ensuring a memorable shopping experience.

**Marketing and Promotion:** The retail enterprise may engage in daily marketing and promotional activities to attract customers and drive sales. This includes 3 x weekly social media posts, email newsletters, or in-store events to showcase new arrivals or exclusive offerings.

**Closing Procedures:** At the end of the day, staff complete closing procedures, including tidying up the store, restocking shelves, random stock takes and processing any remaining transactions. Cashing up daily sales, banking and tracking. Security measures, such as locking doors and setting alarms, are also implemented to protect the store overnight.

**Reflection and Planning:** Finally, store managers may take time at the end of the day to reflect on sales performance, customer feedback, and any challenges encountered. They may also plan for upcoming promotions, events, or initiatives to further enhance the store's success.

## What Advertising/Marketing is carried out?

**Website and Online Store:** The business invests in maintaining an amazing website, which serves as a central hub for showcasing its products, services, and brand identity. Additionally, the recent development of an online store indicates a strategic move to capitalize on the growing trend of e-commerce and cater to customers' preferences for online shopping.

**Social Media Presence:** With the support of a dedicated social media specialist, the business maintains an active presence on platforms like Instagram. Regular updates and engaging videos on social media help to attract and engage customers, offering them a glimpse into the luxurious lifestyle experience provided by the business.

**Customer Engagement:** Building and nurturing relationships with customers is a key aspect of the business's marketing strategy. By providing exceptional service and personalized attention to its loyal recurring customer base, the business cultivates brand loyalty and encourages repeat business.

**Word of Mouth Referrals:** Satisfied customers serve as brand ambassadors, spreading positive word of mouth about the business to their friends, family, and social networks. This organic form of advertising is highly effective in building trust and credibility among potential customers.

Overall, the business's marketing and advertising approach leverage digital platforms, customer engagement strategies, and the power of word of mouth referrals to attract and retain customers, ultimately driving growth and success in the competitive retail landscape.

## What competition exists?

Within the niche of independently owned lifestyle retail stores, competition is notably scarce. Nonetheless, this establishment faces benchmark competition from notable counterparts.

## How could the profitability of the business be improved?

To enhance the profitability of the business, strategic initiatives are underway. These include broadening market reach through innovative distribution channels, notably targeting the underexplored high-end corporate gift sector while bolstering online sales platforms. Additionally, maximizing profitability involves trading on Sundays and foregoing the annual three-week shutdown. The recent completion of the online store by the sellers adds another dimension to the business's profit potential, poised to go live and further augment profitability.

## Give a breakdown of staff/ functions/ length of service?

Owners: One owner primarily handles buying operations, while the other focuses on finance and human resources management.

Part-Time Sales Person: This individual plays a multifaceted role within the business. They have the capability to open and close the store as needed, manage stock by inputting it into their point-of-sale system, and oversee stock control. Additionally, they engage with clients during sales transactions, possess merchandising skills, and provide direction to staff in the absence of the owners. With a tenure since 2021, they have also served as a supplier to our store since 2013.

Full-Time Employees: These employees are responsible for various operational tasks, including cleaning, store room management, receiving and checking goods, labeling, conducting stock counts, and assisting with sales. Their contributions are integral to the smooth functioning of the business. One of the employees has been with the company since 2013, while the other joined in June 2023, filling the position left vacant by the passing of a long-serving team member who had been with the business since its inception.

Marketing Consultant: Serving in an advisory capacity, the marketing consultant provides guidance on marketing initiatives and sales strategies, contributing to the overall business development efforts.

## Do any have management potential?

The part-time salesperson/manageress possesses the skills and experience necessary to effectively oversee the store in a management capacity.

## How involved is the Owner in running the business?

The owners actively participate in the day-to-day operations of the store, although their presence at the premises may vary.

## When does the current lease end?

The business operates under a lease agreement effective until 31 July 2025, with the possibility of renewal.

## What are the trading hours?

Operating hours:

- Monday to Friday: 9am - 5pm
- Saturday: 9am - 2pm
- Sundays: closed; and
- Public Holidays: 9am - 1pm

Additionally, the store opens on Sundays from the 1st Sunday of October until Christmas Eve, as per the owner's discretion. The store then closes for a three-week period until mid-January annually.

## What are the main assets of the business?

A comprehensive asset list is available, totaling a value of R331 200.

## Strengths?

- 1) Established Business: The business has a long-standing presence in its industry, recognized for its reliability and quality.
- 2) Esteemed Reputation: Renowned among both its loyal clientele and competitors, the business upholds a reputation synonymous with trust and excellence.
- 3) Unique Branding and Packaging: The business distinguishes itself through its innovative branding and visually appealing packaging, setting it apart in the market.
- 4) Prime Location: Situated within one of the region's premier residential landmarks, with free parking, 5 exit and entry points, a good tenant mix and a powerful generator back-up facility for its tenants.
- 5) Favorable Lease Arrangement: With a reputable private landlord, the business enjoys stability and flexibility in its leasing agreement, contributing to its operational continuity.
- 6) Lean Staffing: Maintaining a lean workforce, the business optimizes efficiency while minimizing labor costs, ensuring streamlined operations.
- 7) Cost-Effective Operations: With prudent management, the business maintains reasonably low overhead expenses, bolstering its profitability and financial resilience.
- 8) Positioned in a solid catchment area with high net worth individuals.
- 9) Double digit growth during the lockdown period (2021/22 financial year).

## Weaknesses?

- 1) Extensive Inventory: The business maintains a diverse range of products to cater to varying customer preferences, ensuring ample choices for shoppers and enhancing the overall shopping experience.
- 2) Competitive Awareness: There is an opportunity for the business to enhance its competitiveness by systematically analyzing industry peers, enabling it to identify best practices and areas for differentiation.
- 3) Online Expansion Potential: With the absence of an online store, the business has the potential to tap into the thriving e-commerce market, providing an exciting avenue for growth and reaching a broader audience.
- 4) Seasonal Dynamics: The business adapts to seasonal demand fluctuations by curating special collections and implementing targeted marketing campaigns, maximizing sales opportunities throughout the year.
- 5) Niche Market Focus: Operating within a specialised market segment, the business benefits from a dedicated customer base with a strong affinity for its unique offerings, fostering brand loyalty and repeat business.
- 6) Space constraints and rising rent costs due to diesel consumption during periods of load shedding.
- 7) Owner run, but with good staff (in the process of appointing a manager to run the business).

## Opportunities?

- 1) Extended Trading Hours: Expanding operating hours, such as opening on Sundays, provides increased accessibility for customers, accommodating their schedules and potentially boosting sales through additional shopping opportunities.
- 2) Launching the Online Store: Activating the new online store offers a convenient platform for customers to browse and purchase products from the comfort of their homes, tapping into the growing trend of online shopping and widening the shop's reach beyond its physical location.
- 3) Customer Loyalty Programs: Implementing loyalty programs and incentives can encourage repeat purchases, foster customer loyalty, and drive long-term profitability for the business.
- 4) Targeting Special Occasions and Events: Capitalizing on major events such as weddings, birthdays, and corporate functions presents opportunities to offer specialized decor and gifting solutions, catering to the demand for unique and memorable gifts.
- 5) Collaborations and Partnerships: Forming strategic partnerships with local artisans, designers, or complementary businesses can enhance product offerings, add exclusivity, and attract new customers through joint marketing efforts.
- 6) The corporate gift market is virtually untapped.
- 7) Growing middle to upper class African market.
- 8) Opening additional stores.
- 9) Growing supply of beautiful South African quality products for the industry.

## Threats?

No threats identified other than the political and economic climate in the country, along with challenges associated with load shedding.

## What is the reason for the sale?

The sellers have EU passports and are considering immigrating. However, they will be available to assist the Buyer with an extended handover period.