BUSINESS FEASIBILITY STUDY ON THE DEVELOPMENT OF THE LOCAL FASHION INDUSTRY THROUGH TECHNOLOGY INNOVATION USING KITA LOKAL

Septihani Michella Wijaya¹, Chiara Rizka Yukianti¹, Livia Johan¹, Andi Wijaya¹*

¹Faculty of Economics and Business, Universitas Tarumanagara, Jakarta - Indonesia
*Email: andiw@fe.untar.ac.id

Submitted: 19-12-2022, Revised: 20-02-2023, Accepted: 10-03-2023

ABSTRACT

Kita Lokal is a custom-made clothing service that is equipped with an expedition service, where Kita Lokal uses an application as a consumer intermediary to meet local tailors. Kita Lokal is here as a solution for consumers who want to realize their dream clothes, on the other hand also empowering the talents of local tailors. By using the Business to Consumer model, Kita Lokal presents a fashion quiz containing a number of questions to understand user preferences so that it can be developed in the application, Kita Cart provides history and likes features that can be seen by user followers, Artificial Intelligence (AI) features that can make it easier consumer. Kita Lokal will be the pioneer of applications that provide custom-made and expedition services at the same time as well as presenting an e-commerce platform and fashion community which is realized by increasing support for local fashion, providing outreach services to local fashion producers who do not understand technology, gathering talented local tailors. to change the perception that international brands are better than local brands to be able to compete and even excel in the fashion sector, expand the business market to the national realm, connect consumers with local tailors through the Kita Lokal platform and provide shipping services that make it easier for consumers to receive the results they have received. design with the motto bring life to your design with us.

Keywords: fashion, local, tailor

1. INTRODUCTION

Background

It is undeniable that the fashion industry is one of the fastest changing industries from time to time (Shinta, 2018) [1]. That's how various works were born from intense competition. However, it turns out that there are still many Micro, Small and Medium Enterprises (MSMEs) that are difficult to recognize in various circles (Shobaruddin, 2020) [2]. Apart from the problem that many MSMEs still do not understand digitalization, this is also due to the view that products with international brands are considered to have better quality than local products (Pande, 2022) [3]. MSMEs also experience problems in terms of delivery (Kussudyarsana, 2016) [5] or delivery of goods/products because the available budget is limited (Meidina, 2020) [6]. To deal with this problem, Kita Lokal is here to offer services that can support the local fashion industry to develop, by presenting an application that can connect consumers with trusted local tailors via online communication (Andri, 2022) [4]. The Covid-19 pandemic has brought the national and global economy towards an economic recession. This is marked by negative national and global economic growth or contraction. The national economy itself only contracted in the second quarter of 2020 with an economic growth of -5.3% (UMKM Bangkit, 2020) [7]. One of the sectors hardest hit by the Covid-19 pandemic is Micro, Small, and Medium Enterprises (MSMEs), which are also driving the decline in the national economy. This is understandable because MSMEs have a very large contribution to the national economy (Desfika, 2022) [8]. According to data from the
Ministry of Cooperatives, Small and Medium Enterprises (KUKM) in 2018, the number of MSME actors was 64.2 million or 99.99% of the total number of business actors in Indonesia. The absorption capacity of MSME workers is 117 million workers or 97% of the labor absorption capacity of the business world (Limanseto, 2021) [9]. Meanwhile, the contribution of MSMEs to the national economy (GDP) was 61.1%, and the remaining 38.9% was contributed by large business actors, which amounted to only 5,550 or 0.01% of the total number of business actors (Puspitasari, 2021) [10]. The MSMEs are dominated by micro business actors, amounting to 98.68% with a workforce absorption capacity of around 89%. Meanwhile, the contribution of micro enterprises to GDP is only around 37.8%. From the data above, Indonesia has the potential for a strong national economic base because the number of MSMEs, especially micro-enterprises, is very large and the absorption of labor is very large (Putra, 2021) [11] MSMEs are the most important pillars in the Indonesian economy.

A contribution of micro, small and medium enterprises or can be called micro, small and medium enterprises, where in Indonesia a micro, small and medium enterprise is not a foreign thing and does not need to be considered again. According to information from the ministry in the field of data and the planning bureau of a state ministry engaged in cooperatives and micro, small and medium enterprises in Indonesia, micro, small and medium enterprises provide excellent input and contribution to society by creating national investment and increasing gross national GDP, a contribution of micro, small and medium enterprises in the workforce. It can be concluded that micro, small and medium enterprises are the main pillars in building the economy, especially in Indonesia (Fanisa, 2020) [12]. There is an interesting feature in Kita Lokal, namely this application provides freedom for consumers to freely design clothes according to the criteria they want, then the request is then processed by the tailors in the Kita Lokal application. Kita Lokal is an e-commerce application that offers expedition services as well as custom-made clothing services, where each garment has been designed by the user. Kita Lokal will be processed by local tailors who have been selected through various tests and are qualified so there is no need to doubt the quality. This application that we propose has great potential to develop rapidly in the future with the consideration that every human being has a different creativity and a different body shape, therefore. Kita Lokal is here to make this happen by emphasizing the concept of freedom to provide designs according to the creativity of each individual. In addition, the world that has moved towards an increasingly modern direction makes it difficult for some people to find tailors, therefore it not only provides convenience for the community but this application can also empower workers, especially tailors, which are increasingly rare.

Another part that is not less interesting is that Kita Lokal also gives freedom to their users to sell designs that they have made before. So, in addition to receiving orders from consumers, users can use Kita Lokal as a medium to develop each other's abilities in the fashion field with a community to share designs. There are also other features to assist the development process of Kita Lokal as follows:

1) Fashion Quiz which can help Us Local in understanding user preferences is useful for customizing the appearance of the application page.
2) Kita Cart which provides likes, history features that can be seen by user followers.
3) Artificial Intelligence (AI) features that can make it easier for consumers.
4) Providing socialization services for local fashion producers who are still lacking in understanding technology.
Purpose

Kita Lokal aims to develop the creativity of every individual by presenting applications that offer custom-made clothing services and making it easier for tailors to reach consumers with a vision to make Kita Lokal a pioneer in custom-made clothing services that are duplicated with expedition services to deliver the result of clothes that have been in custom. The missions that Kita Lokal want to aim for are as follows:
1) Continuously conduct marketing research to find out the development of trends that are useful in developing both applications and services from tailors and expeditions.
2) Carry out strong branding intensively in promotions such as: exposure on various social media, updates and improvements to the Kita Lokal website, partnerships with various partners who help build Kita Lokal public relations.
3) Develop innovations based on the marketing research that has been done.
4) Provide various offers and benefits to maintain long-term relationships with our users, investors, and local employees.

Kita Lokal has several benefits: It helps the community to develop their fashion skills with the freedom to upload designs or sell designs they have made. Opening a new mindset in people's minds that local tailors are also able to compete with foreign brands. Provide job opportunities for the community. Provide opportunities for local tailors to develop their creations. Make it easy for people to find tailors in today's modern era.

2. ANALYSIS

SWOT Analysis

Kita Lokal has the advantage of introducing local fashion domestically and internationally, using a long-term socialization system that will help sellers equipped with 5.0 technology, as well as export features so that foreign consumers can try local fashion. But Kita Lokal also has weaknesses, namely new applications so that brand awareness is low and not yet top of mind, not all local fashion follows global trends, and bugs or errors occur in applications, and development is hampered due to lack of investment. The Covid-19 pandemic has forced people to refrain from going to shopping malls to buy clothes (Azizah, 2021) [13]. Thus, making people switch to shopping online and making an increase in demand for local fashion (Rossa, 2020) [14]. The government also continues to encourage the local fashion industry to survive the Covid-19 pandemic (Setyowati, 2021) [15].

Market Potential

Kita Lokal has a primary target market, namely getting started with the age of 18-34 years, targeting students, college students, employees and first jobbers who have social media and messenger applications and are influenced by influencers, friends, communities, and references from the internet. Secondary targets are builders aged 35-59 years, targeting housewives and entrepreneurs by doing billboard marketing and online advertising which are influenced by social factors from extended family, socialite friends, social gathering friends, and the internet. Kita Lokal promotions will be easy to do through social media by regularly updating content and collaborating with social media platforms to introduce Kita Lokal to the wider community.
Segmenting, Targeting, Positioning

Kita Lokal has a target age of 18-34 who are focused on buyers in big cities while sellers in small towns. Targeted at gen y and gen z with middle and lower middle income and have personalities interested in local product culture. The targeting of Kita Lokal is to provide services to other people who want to sell local product cultural clothing with the positioning of the goods in the Kita Lokal application that has been selected first. Kita Lokal has great potential to develop rapidly in the future with the consideration that every human being has different creativity and different body shapes, therefore Kita Lokal are here to make this happen by emphasizing the concept of freedom to provide designs according to the creativity possessed by every individual.

Product Life Cycle

On introduction, Kita Lokal provides services for users to compare prices and vouchers in 3000+ marketplaces, provide notifications for orders, automatic orders, and Kita Lokal also allows users to store products from various marketplaces in one integrated basket with easy access. To introduce products from Kita Lokal, this is done by participating in fashion shows and conducting promotions (digital marketing) through social media platforms such as Instagram, Tiktok, and Facebook. The goal is to build brand awareness and brand image of the Kita Lokal brand to the public. Next step is growth, through introductions made to consumers, brand image and awareness from the community are increasing towards Kita Lokal so that it will improve aspects of efficiency and user experience. In order to create traction for users, Below the Line (BTL) and Through the Line (TTL) marketing are used. TTL marketing is focused on building brand awareness through events and social media, while BTL or direct marketing is focused on gaining partnerships with institutions or organizations. Maturity, which is a phase where Kita Lokal is well known among the public, Kita Lokal also experiences an increase in sales every month. This phase can occur because consumers already trust and feel comfortable with the experience and services provided. So, Kita Lokal can become a custom-made fashion application with a high level of success and is popular with consumers.

3. TECHNICAL ASPECTS

Business Capacity

Kita Lokal will open a store and prepare products from Kita Lokal at 9.30-10.00. And in normal circumstances, Kita Lokal has operating hours from 10:00 to 21:00 with a break of 45 minutes.

Technology

The Kita Lokal application provides technology & services to the customers. Our solutions for consumers who want to realize their dream clothes. Our application technology has a user interface that will appear first after you open the Kita Lokal application which shows the Home Page which contains images of the latest fashion trends and the related clothing column where consumers can press it directly. On the other hand, on the next page there is a feature where consumers can search or browse what category they are looking for such as
tops, overalls, pants, skirts, accessories, bags, shoes and others. In the upper right corner, there is a profile of ourselves and on the left, there is a search field where users can type something and browse. Kita Lokal also has the Kita Cart feature, which provides history and likes features that can be seen by user followers, there is also an Artificial Intelligence (AI) feature that can make it easier for consumers.

**Business Expansion and Diversification**

In the future, if Kita Lokal already has branding and helps local fashion, we have plans to carry out the latest technological developments in the application and provide worldwide shipping specifically for local fashion that is available at Kita Lokal. In terms of promotions and services provided, it will be more attractive by providing promos such as discounts, cashback, and vouchers with minimum spending requirements. Kita Lokal will provide an official website that will help consumers to get important information about Kita Lokal, product catalogues, collections and make purchases. To overcome business boredom, Kita Lokal held a fashion week by releasing clothes that were designed according to the designed theme.

**Business Operation**

The following is business operational process from Kita Lokal which consists of planning, controlling, and organizing as well as mobilizing those who carry it out to achieve the goals that have been set, as follows:

1) Prepare the local tailor community.
2) Collaborate with local tailor communities.
3) Carry out R&D (research and development) of the market, the work of local tailors.
4) Register a developer account to the play store and app store.
5) Complete the developer account verification process.
6) Input local tailor product on featured item application.
7) Enable and ensure all features and application systems smoothly.
8) Preparing human resources and marketing (social media, advertising promotion).
9) Updating and evaluating UI, HR, and Marketing.
10) Conduct application counselling for local tailors.
11) Expanding the application business through the cooperation of investors and donors.

Furthermore, Kita Lokal also has a production mechanism, namely:

1) Analyses user needs.
2) Determine the idea of the application that will be made for development.
3) Collaborate with app developers to develop applications.
4) Making the algorithm of the application that will be made by the app developer.
5) Make the design and user interface of the application.
6) Implement application design.
7) Enable and ensure all features and application systems smoothly.
8) Conducting trials and testing the use of applications.
9) Updating and evaluating the application system on a regular basis.
10) Conduct application counselling for local tailors.
11) Carry out the use of the application in the community.
4. FINANCE

<table>
<thead>
<tr>
<th>No</th>
<th>Cost Component</th>
<th>Unit</th>
<th>Q</th>
<th>Price Per Unit (Rp)</th>
<th>Total Cost (Rp)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Building Rental</td>
<td>m2</td>
<td>1</td>
<td>125,000,000</td>
<td>70,000,000</td>
</tr>
<tr>
<td>2</td>
<td>Vehicle</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a.</td>
<td>Motorcycle</td>
<td>unit</td>
<td>1</td>
<td>15,272,000</td>
<td>15,272,000</td>
</tr>
<tr>
<td>3</td>
<td>Application</td>
<td></td>
<td></td>
<td></td>
<td>77,215,000</td>
</tr>
<tr>
<td></td>
<td>Work Table</td>
<td>unit</td>
<td>1</td>
<td>810,000</td>
<td>2,505,000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>164,992,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Economic Age (Years)</th>
<th>Depreciation Cost (Rp)</th>
<th>Project Residual Value (Rp)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>2,181,714</td>
<td>8,726,857</td>
</tr>
<tr>
<td>2</td>
<td>6,273,000</td>
<td>-</td>
</tr>
<tr>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>13,831,250</td>
<td>13,831,250</td>
</tr>
<tr>
<td>3</td>
<td>270,000</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>339,000</td>
<td>678,000</td>
</tr>
<tr>
<td></td>
<td><strong>22,894,964</strong></td>
<td><strong>23,236,107</strong></td>
</tr>
</tbody>
</table>

Source of investment funds from *): Share Funds | Nominal Amount
----|-------------------|
a. Investor | 40%               | 65,996,800
b. Own Funds | 60%               | 98,995,200

1. Production Cost
   a) Variable Cost

<table>
<thead>
<tr>
<th>No</th>
<th>Cost Structure</th>
<th>Q</th>
<th>Unit</th>
<th>Cost Per Unit (Rp)</th>
<th>Cost Per 1 Month (Rp)</th>
<th>Cost Per 1 Year (Rp)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Raw Material</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Rp 3,169,200</td>
<td></td>
<td>38,030,400</td>
</tr>
</tbody>
</table>

   b) Fixed Cost

<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>Q</th>
<th>Unit</th>
<th>Cost Per Unit</th>
<th>Total Cost Per 1 Month</th>
<th>Total Cost Per 1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Labor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a.</td>
<td>IT</td>
<td>2</td>
<td>Person</td>
<td>5,000,000</td>
<td>10,000,000</td>
<td>120,000,000</td>
</tr>
<tr>
<td>b.</td>
<td>Adm.</td>
<td>1</td>
<td>Person</td>
<td>4,500,000</td>
<td>4,500,000</td>
<td>54,000,000</td>
</tr>
<tr>
<td>2</td>
<td>Water</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,550,000</td>
<td>18,600,000</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Electricity</td>
<td></td>
<td>Watt</td>
<td>2,500,000</td>
<td>30,000,000</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Wi-Fi</td>
<td></td>
<td></td>
<td>500,000</td>
<td>6,000,000</td>
<td></td>
</tr>
</tbody>
</table>
### 2. Marketing Cost

<table>
<thead>
<tr>
<th>No</th>
<th>Marketing Cost</th>
<th>Q</th>
<th>Unit</th>
<th>Cost Per Unit</th>
<th>Cost / Month</th>
<th>Cost Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tenaga Kerja</td>
<td>1</td>
<td>Person</td>
<td>4,500,000</td>
<td>4,500,000</td>
<td>54,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Description</th>
<th>Price</th>
<th>Unit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kita Lokal</td>
<td>R&amp;D</td>
<td>35,000,000</td>
<td>1</td>
<td>35,000,000</td>
</tr>
<tr>
<td></td>
<td>Office Rent</td>
<td>45,000,000</td>
<td>1</td>
<td>45,000,000</td>
</tr>
<tr>
<td></td>
<td>Equipment fee</td>
<td>14,000,000</td>
<td>11</td>
<td>154,000,000</td>
</tr>
<tr>
<td></td>
<td>Salaries Expense</td>
<td>4,500,000</td>
<td>11</td>
<td>49,500,000</td>
</tr>
<tr>
<td></td>
<td>Legal</td>
<td>20,000,000</td>
<td>1</td>
<td>20,000,000</td>
</tr>
<tr>
<td></td>
<td>Maintenance</td>
<td>12,000,000</td>
<td>1</td>
<td>12,000,000</td>
</tr>
<tr>
<td></td>
<td>Utilities Expense</td>
<td>6,000,000</td>
<td>1</td>
<td>6,000,000</td>
</tr>
<tr>
<td></td>
<td>Office Supplies</td>
<td>5,000,000</td>
<td>1</td>
<td>5,000,000</td>
</tr>
<tr>
<td></td>
<td>Insurance Expense</td>
<td>21,000,000</td>
<td>1</td>
<td>21,000,000</td>
</tr>
<tr>
<td>Marketing Strategy</td>
<td>Publication Fee</td>
<td>25,000,000</td>
<td>6</td>
<td>150,000,000</td>
</tr>
<tr>
<td></td>
<td>Marketing Gallery</td>
<td>5,000,000</td>
<td>4</td>
<td>60,000,000</td>
</tr>
<tr>
<td></td>
<td>Events</td>
<td>20,000,000</td>
<td>6</td>
<td>120,000,000</td>
</tr>
<tr>
<td></td>
<td>Website</td>
<td>15,000,000</td>
<td>1</td>
<td>15,000,000</td>
</tr>
<tr>
<td></td>
<td>Application</td>
<td>22,000,000</td>
<td>1</td>
<td>22,000,000</td>
</tr>
<tr>
<td></td>
<td>Endorsement</td>
<td>9,000,000</td>
<td>12</td>
<td>108,000,000</td>
</tr>
<tr>
<td></td>
<td>Socialization</td>
<td>10,000,000</td>
<td>12</td>
<td>120,000,000</td>
</tr>
<tr>
<td></td>
<td>Total Cost</td>
<td></td>
<td></td>
<td>942,400,000</td>
</tr>
</tbody>
</table>

### 3. Working Capital Requirements

<table>
<thead>
<tr>
<th></th>
<th>Application and Development Cost</th>
<th>55,813,200</th>
<th>669,758,400</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Cost</td>
<td>4,500,000</td>
<td>54,000,000</td>
<td></td>
</tr>
<tr>
<td>Total Working Capital</td>
<td>60,313,200</td>
<td>723,758,400</td>
<td></td>
</tr>
<tr>
<td>Total Working Capital Per 1 Month</td>
<td>60,313,200</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 5. Capital Budget

**Interest:** 10%

<table>
<thead>
<tr>
<th>Period</th>
<th>Credit</th>
<th>Fixed Instalment</th>
<th>Bunga</th>
<th>Total</th>
<th>Beg, Balance</th>
<th>End, Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tahun-0</td>
<td>98,995,200</td>
<td>2,749,867</td>
<td>824,960</td>
<td>3,574,827</td>
<td>98,995,200</td>
<td>98,995,200</td>
</tr>
<tr>
<td>Month -1</td>
<td>2,749,867</td>
<td>549,973</td>
<td>3,299,840</td>
<td>65,996,800</td>
<td>63,246,933</td>
<td></td>
</tr>
<tr>
<td>Month -2</td>
<td>2,749,867</td>
<td>527,058</td>
<td>3,276,924</td>
<td>63,246,933</td>
<td>60,497,067</td>
<td></td>
</tr>
<tr>
<td>Month -3</td>
<td>2,749,867</td>
<td>504,142</td>
<td>3,254,009</td>
<td>60,497,067</td>
<td>57,747,200</td>
<td></td>
</tr>
<tr>
<td>Month -4</td>
<td>2,749,867</td>
<td>481,227</td>
<td>3,231,093</td>
<td>57,747,200</td>
<td>54,997,333</td>
<td></td>
</tr>
<tr>
<td>Month -5</td>
<td>2,749,867</td>
<td>458,311</td>
<td>3,208,178</td>
<td>54,997,333</td>
<td>52,247,467</td>
<td></td>
</tr>
<tr>
<td>Month -6</td>
<td>2,749,867</td>
<td>435,396</td>
<td>3,185,262</td>
<td>52,247,467</td>
<td>49,497,600</td>
<td></td>
</tr>
<tr>
<td>Month -7</td>
<td>2,749,867</td>
<td>412,480</td>
<td>3,162,347</td>
<td>49,497,600</td>
<td>46,747,733</td>
<td></td>
</tr>
<tr>
<td>Month -8</td>
<td>2,749,867</td>
<td>389,564</td>
<td>3,139,431</td>
<td>46,747,733</td>
<td>43,997,867</td>
<td></td>
</tr>
<tr>
<td>Month -9</td>
<td>2,749,867</td>
<td>366,649</td>
<td>3,116,516</td>
<td>43,997,867</td>
<td>41,248,000</td>
<td></td>
</tr>
<tr>
<td>Month -10</td>
<td>2,749,867</td>
<td>343,733</td>
<td>3,093,600</td>
<td>41,248,000</td>
<td>38,498,133</td>
<td></td>
</tr>
<tr>
<td>Month -11</td>
<td>2,749,867</td>
<td>320,818</td>
<td>3,070,684</td>
<td>38,498,133</td>
<td>35,748,267</td>
<td></td>
</tr>
<tr>
<td>Month -12</td>
<td>2,749,867</td>
<td>297,902</td>
<td>3,047,769</td>
<td>35,748,267</td>
<td>32,998,400</td>
<td></td>
</tr>
</tbody>
</table>

**Year-1**

<table>
<thead>
<tr>
<th>Tahun-2</th>
<th>32,998,400</th>
<th>5,087,253</th>
<th>38,085,653</th>
</tr>
</thead>
<tbody>
<tr>
<td>Month -1</td>
<td>2,749,867</td>
<td>274,987</td>
<td>3,024,853</td>
</tr>
<tr>
<td>Month -2</td>
<td>2,749,867</td>
<td>252,071</td>
<td>3,001,938</td>
</tr>
<tr>
<td>Month -3</td>
<td>2,749,867</td>
<td>229,156</td>
<td>2,979,022</td>
</tr>
<tr>
<td>Month -4</td>
<td>2,749,867</td>
<td>206,240</td>
<td>2,956,107</td>
</tr>
<tr>
<td>Month -5</td>
<td>2,749,867</td>
<td>183,324</td>
<td>2,933,191</td>
</tr>
</tbody>
</table>
### 6. Profit and Loss Projections and Break-Even Analysis

<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total Revenue</strong></td>
<td>866,700,000</td>
<td>866,700,000</td>
<td>866,700,000</td>
</tr>
<tr>
<td>B</td>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>i, Variable Cost</td>
<td>38,030,400</td>
<td>38,030,400</td>
<td>38,030,400</td>
</tr>
<tr>
<td></td>
<td>ii, Fixed Cost</td>
<td>631,728,000</td>
<td>631,728,000</td>
<td>631,728,000</td>
</tr>
<tr>
<td></td>
<td>iii, Depreciation</td>
<td>22,894,964</td>
<td>22,894,964</td>
<td>22,894,964</td>
</tr>
<tr>
<td></td>
<td>iv, Interest Instalment</td>
<td>13,978,489</td>
<td>8,478,756</td>
<td>2,979,022</td>
</tr>
<tr>
<td></td>
<td>v, Marketing/Distribution Cost</td>
<td>54,000,000</td>
<td>54,000,000</td>
<td>54,000,000</td>
</tr>
<tr>
<td></td>
<td><strong>Total Expenses</strong></td>
<td>760,631,853</td>
<td>755,132,120</td>
<td>749,632,387</td>
</tr>
<tr>
<td>C</td>
<td>R/L before tax</td>
<td>106,068,147</td>
<td>111,567,880</td>
<td>117,067,613</td>
</tr>
<tr>
<td>D</td>
<td>Tax (10%)</td>
<td>10,606,815</td>
<td>11,156,788</td>
<td>11,706,761</td>
</tr>
<tr>
<td>E</td>
<td>Profit after Tax</td>
<td>95,461,332</td>
<td>100,411,092</td>
<td>105,360,852</td>
</tr>
<tr>
<td>F</td>
<td>Profit on Sales</td>
<td>11.01%</td>
<td>11.59%</td>
<td>12.16%</td>
</tr>
<tr>
<td>G</td>
<td>BEP: Rupiah</td>
<td>699,285,794</td>
<td>693,533,660</td>
<td>687,781,526</td>
</tr>
<tr>
<td></td>
<td>Unit (Cup)</td>
<td>874,107</td>
<td>866,917</td>
<td>859,727</td>
</tr>
</tbody>
</table>

### 7. Cash Flow, IRR, NPV, Payback Period

<table>
<thead>
<tr>
<th>No</th>
<th>Cash Inflow</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td><strong>Cash Inflow</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1, Total Sales</td>
<td>866,700,000</td>
<td>866,700,000</td>
<td>866,700,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2, Credit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a, Investment</td>
<td>65,996,800</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>b, Working Capital</td>
<td>98,995,200</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3, Own Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a, Investment</td>
<td>98,995,200</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>b, Working Capital</td>
<td>24,125,280</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4, Project Salvage Value</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total Cash Inflow</strong></td>
<td>164,992,000</td>
<td>989,820,480</td>
<td>866,700,000</td>
<td>889,936,107</td>
</tr>
<tr>
<td></td>
<td>Cash Inflow to calculate</td>
<td></td>
<td>866,700,000</td>
<td>866,700,000</td>
<td>889,936,107</td>
</tr>
</tbody>
</table>

https://doi.org/10.24912/ijaeb.v1.i2.745-757
### B Cash Outflow

<table>
<thead>
<tr>
<th>Description</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1, Investment Cost</td>
<td>164,992,000</td>
<td>-</td>
<td>-</td>
<td>7,500,000</td>
</tr>
<tr>
<td>2, Variable Cost</td>
<td>38,030,400</td>
<td>38,030,400</td>
<td>38,030,400</td>
<td>-</td>
</tr>
<tr>
<td>3, Fixed Cost</td>
<td>631,728,000</td>
<td>631,728,000</td>
<td>631,728,000</td>
<td>-</td>
</tr>
<tr>
<td>4, Staple Instalment</td>
<td>54,997,333</td>
<td>54,997,333</td>
<td>54,997,333</td>
<td>-</td>
</tr>
<tr>
<td>5, Interest Instalment</td>
<td>13,978,489</td>
<td>8,478,756</td>
<td>2,979,022</td>
<td>-</td>
</tr>
<tr>
<td>6, Tax</td>
<td>10,606,815</td>
<td>11,156,788</td>
<td>11,706,761</td>
<td>-</td>
</tr>
<tr>
<td>7, Marketing/ Distribution Cost</td>
<td>54,000,000</td>
<td>54,000,000</td>
<td>54,000,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Cash Outflow</strong></td>
<td>164,992,000</td>
<td>803,341,037</td>
<td>798,391,277</td>
<td>800,941,517</td>
</tr>
</tbody>
</table>

### C Net Cash Flow (NCF)

<table>
<thead>
<tr>
<th>Description</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>(164,992,000)</td>
<td>-</td>
<td>186,479,443</td>
<td>68,308,723</td>
<td>88,994,590</td>
</tr>
<tr>
<td>132,334,785</td>
<td>131,784,812</td>
<td>146,970,946</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### D Cash Flow to Calculate IRR

<table>
<thead>
<tr>
<th>Description</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount Factor (10%)</td>
<td>1,0000</td>
<td>0,9091</td>
<td>0,8264</td>
<td>0,7513</td>
</tr>
<tr>
<td>Present Value</td>
<td>(164,992,000)</td>
<td>120,304,350</td>
<td>108,913,068</td>
<td>110,421,447</td>
</tr>
</tbody>
</table>

### E Cumulative

<table>
<thead>
<tr>
<th>Description</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>(164,992,000)</td>
<td>(44,687,650)</td>
<td>64,225,418</td>
<td>174,646,865</td>
<td>-</td>
</tr>
</tbody>
</table>

### F Business Feasibility Analysis

<table>
<thead>
<tr>
<th>Description</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPV (10%)</td>
<td>174,646,865</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IRR</td>
<td>62.85%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net B/C</td>
<td>2.06</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PBP</td>
<td>1.4 Year</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>17.0 Month</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### 8. Net Present Value

<table>
<thead>
<tr>
<th>Description</th>
<th>Projected Year (Rp)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>1,178,125,000</td>
</tr>
<tr>
<td></td>
<td>1,462,288,750</td>
</tr>
<tr>
<td></td>
<td>1,780,462,613</td>
</tr>
<tr>
<td></td>
<td>2,193,745,753</td>
</tr>
<tr>
<td>Total Cost</td>
<td>942,500,000</td>
</tr>
<tr>
<td></td>
<td>1,008,475,000</td>
</tr>
<tr>
<td></td>
<td>1,079,068,250</td>
</tr>
<tr>
<td></td>
<td>1,154,603,028</td>
</tr>
<tr>
<td>Depreciation</td>
<td>5,400,000</td>
</tr>
<tr>
<td></td>
<td>75,400,000</td>
</tr>
<tr>
<td></td>
<td>75,400,000</td>
</tr>
<tr>
<td></td>
<td>75,400,000</td>
</tr>
<tr>
<td>Earnings Before Interest and Tax</td>
<td>60,225,000</td>
</tr>
<tr>
<td></td>
<td>378,413,750</td>
</tr>
<tr>
<td></td>
<td>25,994,363</td>
</tr>
<tr>
<td></td>
<td>963,742,725</td>
</tr>
<tr>
<td>Tax (12%)</td>
<td>19,227,000</td>
</tr>
<tr>
<td></td>
<td>45,409,605</td>
</tr>
<tr>
<td></td>
<td>75,119,324</td>
</tr>
<tr>
<td></td>
<td>115,649,127</td>
</tr>
<tr>
<td>Earning After Tax</td>
<td>140,998,000</td>
</tr>
<tr>
<td></td>
<td>333,004,100</td>
</tr>
<tr>
<td></td>
<td>550,875,040</td>
</tr>
<tr>
<td></td>
<td>848,093,127</td>
</tr>
<tr>
<td>Operational Cash Flow</td>
<td>16,398,000</td>
</tr>
<tr>
<td></td>
<td>408,404,100</td>
</tr>
<tr>
<td></td>
<td>626,275,040</td>
</tr>
<tr>
<td></td>
<td>923,493,598</td>
</tr>
</tbody>
</table>
NPV Based OCF | 216,398,000 | 408,404,100 | 626,275,040 | 923,493,598
---|---|---|---|---
Net Present Value | Rp, 1,766,166,638

9. Balance Sheet

<table>
<thead>
<tr>
<th>Description</th>
<th>Year 0</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Cash</td>
<td>98,995,200</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2. Bank</td>
<td>98,995,200</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4. Inventory</td>
<td>0</td>
<td>85,642,393</td>
<td>106,135,010</td>
<td>128,112,555</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>197,990,400</td>
<td>285,474,643</td>
<td>353,783,366</td>
<td>427,041,849</td>
</tr>
<tr>
<td><strong>FIXED ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Vehicles, Machine &amp; Eq.</td>
<td>65,996,800</td>
<td>65,996,800</td>
<td>65,996,800</td>
<td>65,996,800</td>
</tr>
<tr>
<td>2. Acc. Depreciation</td>
<td>0</td>
<td>22,894,964</td>
<td>45,789,929</td>
<td>68,684,893</td>
</tr>
<tr>
<td>TOTAL FIXED ASSETS</td>
<td>65,996,800</td>
<td>43,101,836</td>
<td>20,206,871</td>
<td>-2,688,093</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>263,987,200</td>
<td>328,576,479</td>
<td>373,990,238</td>
<td>424,353,756</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Acc. Payable</td>
<td>164,992,000</td>
<td>109,994,667</td>
<td>54,997,333</td>
<td>0</td>
</tr>
<tr>
<td>2. Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>164,992,000</td>
<td>109,994,667</td>
<td>54,997,333</td>
<td>0</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Own Fund</td>
<td>98,995,200</td>
<td>123,120,480</td>
<td>123,120,480</td>
<td>123,120,480</td>
</tr>
<tr>
<td>2. Retained Earnings</td>
<td>0</td>
<td>95,461,332</td>
<td>195,872,424</td>
<td>301,233,276</td>
</tr>
<tr>
<td>TOTAL EQUITY</td>
<td>98,995,200</td>
<td>218,581,812</td>
<td>318,992,904</td>
<td>424,353,756</td>
</tr>
<tr>
<td><strong>TOTAL LIAB. &amp; EQUITY</strong></td>
<td>263,987,200</td>
<td>328,576,479</td>
<td>373,990,238</td>
<td>424,353,756</td>
</tr>
</tbody>
</table>

10. Financial Ratio Analysis

<table>
<thead>
<tr>
<th>Description</th>
<th>Year 0</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidity Ratio</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Current Ratio</td>
<td>120.0</td>
<td>259.5</td>
<td>643.3</td>
<td>NA</td>
</tr>
<tr>
<td>Leverage Ratio (Solvability)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Debt to Asset Ratio</td>
<td>62.5</td>
<td>33.5</td>
<td>14.7</td>
<td>0.0</td>
</tr>
<tr>
<td>- Debt to Equity Ratio</td>
<td>166.7</td>
<td>50.3</td>
<td>17.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Profitability Ratio</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Net Profit Margin</td>
<td>11.0</td>
<td>11.6</td>
<td>12.2</td>
<td></td>
</tr>
<tr>
<td>- Return on Investment</td>
<td>57.9</td>
<td>60.9</td>
<td>63.9</td>
<td></td>
</tr>
<tr>
<td>- Return on Equity</td>
<td>96.4</td>
<td>45.9</td>
<td>33.0</td>
<td></td>
</tr>
<tr>
<td>NA = Undefined</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. CONCLUSION
Kita Lokal is a service application business engaged in the fashion sector that prioritizes local fashion that provides services for sewing clothes and custom-made using local tailors as a medium for making clothes and always displaying the latest products that will be assembled through the official Kita Lokal website. Customer can also visit directly to the Kita Lokal Gallery. Kita Lokal connects and provides a platform for local tailors to develop and make it easier for the community to find tailors that are difficult to find in today's times. It is hoped that Kita Lokal will further develop through the implementation of appropriate marketing strategies, operational planning, finance, and human resources so that they can become top of mind in the community.

REFERENCES


