

Kinohimitsu

OUTLET SITE SELECTION



Distributors should begin looking out for potential sites upon signing the Distribution Agreement. The entire process should not take more than 8 weeks and ideally, there should be around 3 to 4 suitable sites identified for the Principal's approval by 16 weeks to outlet opening.

Choosing the right site is critical to the success of the outlet as it a strategic exercise that has long-term impact on the profitability of the business. There are three factors for consideration when identifying a potential site:

- Customer Profile
- General Location
- Specific Site Selection

B-1 Customer Profile

When deciding the location for a Kinohimitsu outlet, it is important to understand the demography of its target customers. Kinohimitsu's primary customers are:

Attributes	Remarks
Demographic Profile	<ul style="list-style-type: none"> ▪ Working professionals age between 25 – 40 years old ▪ Mid to upper-middle income group ▪ Educated and well-informed ▪ PMEBS: Professionals, Managers, Executives and Business women

Attributes	Remarks
Buying Behaviour	<ul style="list-style-type: none"> ▪ Focus on health related and enhancement functional drinks ▪ Value personalised buying and service experience ▪ Purchase based on social referrals

B-2 General Location

General location refers to the general position of a Kinohimitsu outlet such as in the city district, a neighborhood, a major road or a mall. The following general guidelines aid the Distributor in the selection for a suitable location:

Attributes	Remarks
Proximity to Target Customers	<ul style="list-style-type: none"> ▪ To project the correct image of Kinohimitsu brand, it is recommended that the outlet is located in a reputable and prominent mall that is within the prime shopping district or in popular neighbourhood mall. ▪ Distributor should consider locations within high traffic shopping areas. ▪ It is also critical that the brand positioning and price points of surrounding vendors or service providers are complementary to Kinohimitsu. ▪ The shopper profiles should be in the mid to upper-middle income group.

<p>Complementary Environment</p>	<ul style="list-style-type: none"> ▪ The Kinohimitsu outlet should be in an environment with complementary businesses and services that will draw the target customers: <ul style="list-style-type: none"> ○ Personal care stores ○ Health food stores ○ Make-up and cosmetics stores ○ Manicure and pedicure salons ○ Beauty and hair salons ○ Fashion apparels and accessories shops
<p>Accessibility</p>	<ul style="list-style-type: none"> ▪ The shopping location has to be accessible in order to encourage shoppers and potential customers to visit the site. For locations that are not situated in city districts and/or retail belts, the location must be made more assessable with these criteria: <ul style="list-style-type: none"> ○ Availability of public transportation ○ Easy access from expressways or alternate routes
<p>Competitor Analysis</p>	<ul style="list-style-type: none"> ▪ It is crucial for the Distributor to study the presence of any competitors in the location and determine if Kinohimitsu can fulfil a niche need that has not been filled. ▪ However, presence of competitors may not always be a bad thing, as they are

	<p>constructive in creating a cluster pull, attracting more customers to the location.</p> <ul style="list-style-type: none"> ▪ Therefore, the Distributor should not be too quick to write off a location without conducting a thorough competitor analysis.
--	--

The Distributor can use the **Initial Site Survey Checklist** (Refer to BPM Appendix 9) to assist him in shortlisting the potential locations.

B-3 Specific Site Selection

Specific site selection refers to the exact location of the outlet. The Principal has to be thoroughly satisfied with the criteria for the specific site as well as the general location before the final decision is made for a new outlet. Some considerations for specific site selection are:

- Size of outlet
- Visibility of outlet
- Rental/Margin Contribution

Attributes	Remarks
Size of Outlet	<ul style="list-style-type: none"> ▪ The optimal size of the outlet should be at least <ul style="list-style-type: none"> ○ 200 – 400 sqft for Beauty Bar set-up ○ 800 – 1200 sqft for Boutique set-up ○ 2000 sqft for Flagship set-up ▪ Outlet size is also dependent on several factors such as the shape of the mall

	(which affects the layout and configuration of merchandise display) and the amount of blind space (areas that are non-merchandisable such as pillars).
Visibility of Outlet	<ul style="list-style-type: none"> ▪ Ideally, the best location is to be in close proximity to the entrance of the mall.
Rental/Margin Contribution	<ul style="list-style-type: none"> ▪ The rental/margin contribution to the landlord will affect the profitability of the outlet. ▪ A site with better visibility, higher traffic volume and easy accessibility is likely to cost more. ▪ Generally, it should not take up more than 25% of the projected revenue.

B-4 Principal's Assessment

The Distributor is recommended to survey a suitable site independently and to complete the **Site Selection Form** (Refer to OOM Appendix 2), and submit a copy to the Principal for approval. The assessment of the location potential will be based on the environment surveyed.

Only upon the written approval of the Principal should the Distributor proceed to final negotiations and signing of the lease agreement. The Distributor is also required to email a copy of the lease agreement to the Principal.

B-5 Site Confirmation

Once the site is approved by the Principal (based on the submission of Site Selection Form), Distributor should proceed to get all the paperwork done on the leasing matters (where applicable). These activities may include (not exhaustive): discussion of rental fees / margin contribution, outlet takeover date, free rent period, and etc.

When the lease agreement has been signed between Distributor and the Landlord, Distributor should gather the following information and begin the Interior Design phase immediately (see next Chapter for details on Outlet Design).

- Floor plan
- Site measurement drawing
- Tenant renovation guide (technical restrictions and design requirements)
- Renovation period