

Open your own cookware or cooking shop!

FabJob Guide to
**Become a
Kitchen Store
Owner**



ALISA GORDANEER

Visit www.FabJob.com

Contents

About the Author9

1. Introduction..... 10

 1.1 The Kitchenware Industry 12

 1.2 Benefits of Being a Kitchen Store Owner 13

 1.3 Inside This Guide 15

2. Getting Ready..... 17

 2.1 Skills and Knowledge You Will Need 17

 2.1.1 Culinary Skills and Knowledge..... 17

 2.1.2 Interpersonal Skills..... 19

 2.1.3 Business Skills 21

 2.2 Learning by Doing 23

 2.2.1 Work in a Kitchen Store 24

 2.2.2 Get Volunteer Experience..... 25

 2.2.3 Do Direct Kitchenware Sales..... 26

 2.2.4 Work at a Mall Kiosk..... 27

 2.2.5 Work in a Restaurant Kitchen..... 27

 2.3 Be Your Own “Mystery Shopper” 27

 2.4 Learn From Other Store Owners..... 33

 2.4.1 Talk to Kitchen Store Owners 33

 2.4.2 Join an Association 35

 2.5 Educational Programs 36

 2.5.1 Business Courses 36

 2.5.2 Culinary Courses 38

 2.6 Resources for Self-Study..... 39

 2.6.1 Books 39

2.6.2	Websites	40
2.6.3	Trade Shows	41
2.6.4	TV Shows	42
3.	Starting Your Kitchen Store Business.....	43
3.1	Choosing Your Niche	43
3.1.1	Small Appliance Stores	45
3.1.2	General Cookware Stores	46
3.1.3	Bakeware and Sugarcraft Stores.....	46
3.1.4	Tabletop and Serveware Stores.....	47
3.1.5	Organizer and Storage Stores	47
3.1.6	Gourmet Stores	47
3.1.7	Other Niches.....	48
3.2	Options for Starting a Kitchen Store.....	48
3.2.1	Buy an Established Store	49
3.2.2	Franchising	56
3.2.3	Opening a New Kitchen Store	61
3.3	Choosing a Store Name	62
3.4	Your Business Plan	64
3.4.1	What To Include In a Business Plan.....	65
3.4.2	Start-Up Financial Planning.....	70
3.4.3	A Sample Business Plan.....	79
3.4.4	Business Plan Resources.....	95
3.5	Start-Up Financing	95
3.5.1	Getting Prepared.....	96
3.5.2	Equity vs. Debt Financing	98
3.5.3	Borrowing Money.....	99
3.5.4	Finding Investors.....	101
3.5.5	Government Programs	104

3.6	Legal Matters.....	105
3.6.1	Your Business Legal Structure	105
3.6.2	Business Licenses.....	111
3.6.3	Taxes	112
3.6.4	Insurance.....	115
4.	Setting up Your Retail Store	118
4.1	Finding a Location.....	118
4.1.1	Possible Locations.....	119
4.1.2	Points to Consider	121
4.1.3	Signing Your Lease	124
4.2	Store Design	137
4.2.1	Outside the Store	137
4.2.2	Inside the Store.....	140
4.2.3	Store Security	144
4.3	Displaying Merchandise	146
4.3.1	Maximizing Sales.....	146
4.3.2	Creating Window Displays.....	148
4.4	Retail Equipment and Supplies.....	150
4.4.1	Items You'll Need	150
4.4.2	Suppliers	155
4.5	Obtaining Your Inventory	157
4.5.1	Wholesalers	159
4.5.2	Manufacturers.....	160
4.5.3	Prices and Terms.....	163
4.5.4	Consignment.....	164

5. Running Your Business	167
5.1 Store Operations	167
5.1.1 Developing a Procedures Manual	167
5.1.2 Areas of Operations Checklists	169
5.2 Inventory Management	172
5.2.1 Inventory Software	172
5.2.2 Inventory Tags and Labels	173
5.3 Pricing Merchandise	174
5.3.1 Guidelines.....	174
5.3.2 Retail Pricing Formulas	175
5.3.3 Profit Margin vs. Percentage Markup.....	176
5.3.4 Standard Markups.....	178
5.4 Getting Paid.....	179
5.4.1 Accepting Debit Cards.....	180
5.4.2 Accepting Credit Cards	180
5.4.3 Accepting Payment Online	181
5.4.4 Accepting Checks	182
5.5 Financial Management	182
5.5.1 Bookkeeping.....	182
5.5.2 Financial Statements and Reports.....	184
5.5.3 Building Wealth	193
5.6 Employees	196
5.6.1 When to Hire Help	196
5.6.2 Recruiting Staff	198
5.6.3 The Hiring Process	201
5.6.4 New Employees	204

6. Getting and Keeping Customers	209
6.1 Marketing Tools.....	209
6.1.1 Printed Materials	209
6.1.2 Your Website.....	213
6.2 Marketing Techniques	217
6.2.1 Advertising.....	217
6.2.2 Free Publicity.....	220
6.2.3 Networking and Referrals.....	224
6.3 Events.....	226
6.3.1 Your Grand Opening.....	226
6.3.2 Cooking Classes.....	230
6.3.3 Other Events.....	232
6.4 Customer Service.....	235
6.4.1 Greeting Customers	236
6.4.2 Making the Sale.....	237
6.4.3 Returns and Exchanges.....	240
6.5 Increasing Sales.....	241
6.5.1 Gift Certificates and Gift Cards	241
6.5.2 Gift Registry Services	242
6.5.3 Getting Repeat Business	245



1. Introduction

“Running a kitchen store allows the owner to fully express his or her love of cooking, create a community of food lovers and enrich the lives of the store’s customers.”

— *Perry Reynolds,*
International Housewares Association

Congratulations on taking the first step towards starting up your own kitchen store, a step into the fascinating, ever-changing, trendy and tasty world of culinary specialty retail. You’re about to spend your days surrounded by unique gadgets, beautiful kitchen equipment and accessories, tempting cookbooks and fun, interesting people who are as passionate about cooking as you are.

Most people who are interested in the idea of owning a kitchen store have certain things in common, so we think we might already know a little bit about you. Do you love to cook? Do you know the difference between a garlic press and a citrus press? Are you forever trying new kitchen gadgets and perfecting the culinary techniques that new tools make possible? Perhaps you're passionate about a certain brand or type of kitchenware, or have a vast collection of retro kitchen gear. Or maybe you're a foodie who enjoys meeting other foodies in a casual, helpful atmosphere. In any case, you're probably a capable home chef, have spent a lot of time in kitchen stores, and know what you like and don't like about them.

Kitchen stores sell a wide range of products related to preparing and serving food, and one of the biggest advantages of opening your own store is that you get to decide which of these products you want to carry. Whether you choose to focus on a particular kitchen niche, or you plan to offer a one-stop shopping experience, the product possibilities are endless, from cookware and bakeware to kitchen tools, accessories, and small appliances. You can stock placemats, serving bowls, and other tabletop items, as well as gourmet non-perishable foodstuff and cookbooks.

You've probably got a discerning eye when it comes to quality kitchenware, and know the best types of tools for each cooking task. Maybe you're already an expert in using a cookie press, or a mandoline. If so, you'll probably be a natural success at selling in a retail environment, where you'll help people find items that match their cooking needs and challenges, as well as their home and cooking style.

And, selling kitchen products may not be your only opportunity to turn a profit. With the right facilities, you can also choose to offer your space for private parties or cooking classes and demonstrations. Learn about these, and other marketing strategies, in Chapter 6.

Chances are you've spent a bit of time shopping in kitchen stores, and you might possibly have worked in one or two. While it can be fun and rewarding to work in someone else's shop, nothing quite compares to the satisfaction of running your own business, and taking credit for your own ideas and flashes of brilliant customer service.

This chapter lays the foundation for the rest of the guide. It provides information and statistics about the kitchen store industry, describes the benefits of owning your own store, and outlines the step-by-step instructions you'll find in each chapter to get started on this exciting career path.

1.1 The Kitchenware Industry

"This industry is doing very well. People are still cooking. ... Kitchen store owners are selling a wonderful, functional practical item that's basically recession-proof."

— Laurie O'Halloran, editor,
Home Style Magazine

The market for housewares is solid and continues to grow in certain areas, despite current challenging economic conditions. According to the International Housewares Association's *2008 State of the Industry Report*, the global housewares industry was worth \$301 billion in 2007 (the most recent year for which figures were available), up 6.6% over the previous two years. In the U.S., spending on housewares was nearly \$76 billion in 2007.

"Time has shown that when growth of the U.S. economy slows, consumer spending on housewares remains steady," Phil Brandl, the president of the International Housewares Association, told *Response Magazine* in March 2008. He added, "While there's probably less spending overall, consumers tend to focus their remaining purchases on home products, especially as they stay at home and feather the nest."

Current lifestyle trends, such as a greater awareness of healthy eating, more inclination towards "green" products, and "nesting" at home instead of spending money in restaurants and entertainment venues, have all contributed greatly towards the housewares industry. "We're spending a lot more time eating at home, eating together as a family," Lisa Casey Weiss, lifestyle consultant for the International Housewares Association, told the Canadian Press in 2007. "We're trying to find products and ways to have a meal at home."

In addition, the growing popularity of celebrity-hosted cooking shows and television channels like The Food Network have given consumers a greater awareness of, and interest in, quality kitchen tools and equipment. As these shows continue to grow in popularity, retailers will have greater opportunities to cash in on celebrity name recognition with branded cookware and cookbooks. These celebrity connections “have created a new level of excitement,” says Laurie O’Halloran, editor of *Home Style Magazine*. “These cross-promotions with celebrities have increased the turnover rate for inventory.”

In addition, the housewares industry taps into a desirable consumer demographic. According to *Housewares Marketwatch*, most housewares consumers fall into the desirable demographic category of having an annual household income of greater than \$75,000, but a growing number of consumers from the middle income bracket (\$30,000 to \$54,900) are beginning to buy a large number of housewares as well. This represents significant growth potential, as there are far more middle-income households in both the United States and Canada. Research also shows that while large chain retailers have an edge in the small kitchen electrical appliance category, housewares consumers prefer to buy their cooking utensils, cookware and bakeware, and tabletop accessories from kitchen specialty retailers. By identifying consumer demographics in your area, you will be able to closely match your store’s products to the needs of your potential clients.

1.2 Benefits of Being a Kitchen Store Owner

“Kitchen store owners are passionate people, energetic, who love what they do ... they love cooking.”

— Laurie O’Halloran, editor,
Home Style Magazine

Meet other foodies

If you’re passionate about pastry, or have a gourmet streak wider than a sheet of freshly made lasagna noodle, you’ll be in comfortable company in your own kitchen store. Your expertise will be sought out by people as passionate about food as you are—and doubly appreciated by those who are just starting out. You’ll get to talk about techniques, swap recipes and hear about exciting new dishes all day long.

Tasty treats

With yummy gourmet ingredients and high-end cooking equipment on hand, you'll find a renewed or heightened joy in cooking. By trying out the items you have in stock, you'll be able to make informed recommendations, help customers find just the thing they're looking for, and enjoy tasty treats whenever you want.

Fun atmosphere

Cooking is fun when you have the right equipment, and people shopping for cooking equipment have that sense of excitement at finding just the right pan, serving dish or tool. Your clients will be excited to try out their new purchases, and you'll be excited to tell them about all the things they can do with them. Plus, the bright colors and shiny textures of kitchen store merchandise make for a pleasant, beautiful environment in which to work.

Interesting products

New kitchen tools and gadgets are being invented all the time, and every year brings new colors and styles to your inventory. You'll always have something interesting to do, try, admire or sell, and this ever-changing parade of specialty merchandise will make your days exciting and varied.

Host celebrity chef events

By holding cooking classes and demonstrations at your store, you'll have a venue that's ready-made for any visiting chefs or cookbook authors to give a demonstration or hold a book signing. If you stock cookbooks or name-brand cookware, you'll have an automatic connection to those celebrity chefs, through their book or cookware distributors' marketing departments. When they're on tour, your store could be one of their stops.

Host excellent dinner parties

What better place to show off your new stock or latest gadgets than at a dinner party for your friends, family or business associates? By having access to the latest gear, you'll be able to impress others with your cooking and entertaining skills. Plus, those impressed guests might just

want to try your recipes at home, which means you can promote your products even without trying.

Be your own boss

As the owner of a kitchen store, you'll have the responsibility of managing a store the way you think it ought to be done, and will get to take credit for the successful displays, big sales days and successful promotions that you come up with and do. You'll be able to schedule your hours to suit your needs (within normal retail hours, of course), and with the help of staff, can take breaks and vacations when you decide you want to.

An excuse to watch cooking shows

It might sound silly, but you'll need to know about the latest techniques and equipment being used by television chefs like Jamie Oliver, The Barefoot Contessa, Martha Stewart and Nigella Lawson. Your customers are watching these programs, and you can bet that if Nigella recommends a new type of whisk, they'll be asking for it the next time they stop in.

Financial Rewards

Cooking the books might not be a sound business practice, but cooking up profits is easy in the kitchen store industry. According to housewares industry statistics, retail store managers in this business make a median annual income of \$45,349. With products that retail from anywhere from a few dollars to a few hundred dollars, the range of sales possibilities is as broad as it is deep. Plus, as a kitchen store owner, you have the freedom to go as far as you want with sales, bringing in as much as you can in as many hours as you want to put in. You are limited only by your own time and energy.

1.3 Inside This Guide

The FabJob Guide to Become a Kitchen Store Owner is organized to help take you step-by-step through the basics you will need to open and operate your own store. The chapters are organized as follows:

Chapter 2 (“*Getting Ready*”) explains how to learn the skills you will need as a kitchen store owner. It covers ways of learning from experts and through observation. You will also discover how to “earn while you learn” by getting a job in the retail industry, and to gain special skills by volunteering for community organizations. You’ll also find resources for learning more.

Chapter 3 (“*Starting Your Kitchen Store Business*”) will help you decide what kind of store you should open. This chapter discusses different products you can sell and will help you decide whether to buy an existing store, operate a franchise, or open a new store. It also explains what you need to get started, including your business plan, start-up financing, store name, and other important matters.

Chapter 4 (“*Setting Up Your Retail Store*”) offers the information you need to actually set up your store. It gives advice on how to choose a location, get merchandise to sell, and arrange displays. You will also discover what equipment and supplies you will need.

Chapter 5 (“*Running Your Business*”) takes you into the day-to-day challenge of running your store once it’s open. It explains how to develop a procedures manual, and covers inventory management, financial management and pricing, and working with staff.

Chapter 6 (“*Getting and Keeping Customers*”) explains how to market your business and discusses important customer service concepts. It also gives you ideas for special events and promotions you can use to make sure your store is as popular and profitable as it can be.

By following the steps in this guide, you will be well on your way to living your dream — opening your own successful kitchen store.