

Jumping On The Kiosk Boom

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Over the past five years, retail revenues and rents from kiosks and carts have doubled to reach \$10 billion, according to Specialty Retail Report. They are operated by the mighty, such as Target and JC Penney, which use them for temporary, "pop up," promotions, and by entrepreneurs everywhere.

Retail giants love them for the same reason shopping center owners do. They attract attention and add an air of festivity and surprise to the shopping experience.

This is one area of retail in which small vendors stand alongside giants. Furthermore, to a small retailer, kiosks and carts offer the opportunity to hedge risk. Space can often be rented on a month by month basis, and suppliers of a wide range of products have programs that allow buyers to start small, with limited initial investment.

Two such companies are Goldfather's Jewelry, based in Las Vegas, and TAT International, headquartered in Alto, MI. Both suppliers often provide programs that can be combined with other products and programs. Both also began as kiosk operators.

Goldfather's Jewelry is not just a provider of gold chains by the inch, charms, traditional jewelry and body jewelry. It also offers a wealth of advice, and display ideas and options.

David Pemberton, general manager, says the company offers 40 different starter kits, from \$50 to a "mega kit." The smaller kits can be used in a kiosk that also holds related merchandise from other vendors, while the largest constitutes a full kiosk program. The smaller kits are modular, giving a newcomer the opportunity to try out the merchandise and expand as business grows.

All the variations are delineated in an 88 page catalog, which comes with a DVD that describes the programs. Among the most successful programs for kiosks, Pemberton says, is a package that wholesales for \$1,200 and contains 20 spools of gold chain to be sold by the inch, along with a selection of charms and the tools to combine them.

"The retailer can make custom product for customers on the spot," he explains. "These personalized pieces of jewelry not only sell well, the process of making them draws traffic and interest. People like to watch and get involved in the process. It increases sales," he says.

His company's former kiosks are still in operation and still thriving, Pemberton reports. "The product has a very healthy markup, and sales can reach to \$20,000 to \$30,000 a month, but the variable is the rent," he acknowledges. The Las Vegas kiosk nets an average of \$4,000 a month.

Rents at malls can range from \$1,100 to \$4,500 a month and more, he estimates. But he cautions against locating in the least expensive of sites. "Location of the mall and placement within a mall is critical to maximizing sales," he says. "Malls in tourist locations do best, and being near a food court is a plus."

TAT International's name derives from its proprietary Temporary Airbrush Tattoos, and it offers a range of different starter kits. Owner Kirk Knapp agrees with Pemberton that kiosks that draw attention by providing custom work on the spot are especially successful.

The company's programs, dubbed TATstores, are also offered in a variety of sizes. TATstores are not licenses or franchises. A vendor buys the program, and the smallest is a starter system that sells for \$2,097. The company offers financing, and Knapp says, "That allows

someone to begin with as little as \$697, plus shipping, and pay \$99 a month until it's paid. With the vendor's permission," he adds, "we can automatically debit the retailer's card each month."

The kit includes enough ink to provide between 1,000 and 2,000 tattoos, 247 different stencil designs, a light and portable air compressor, air brush gun, four posters showing the designs, another 24 by 18 inch poster promoting temporary tattoos, 150 brochures, a training DVD with merchandising tips, a flip display, and other accessories, including Swarovski body crystals.

"A person can learn to apply tattoos in about 10 minutes," Knapp says, then improve technique with practice. "The major differentiator of our systems," he says, "is that our proprietary ink lasts for up to 14 days, and our Power Palette enables vendors to make quick color changes and create new colors easily."

"Teens love the tattoos and so do their parents, because they are temporary." Knapp began his first TATstore at Rivertown Mall in Grantville, MI, and it is still in operation, although it was sold, along with another three units, to a nail salon owner. "In the summer months," he says, "net profits were \$7,000 a month."

Knapp has relationships with many mall owners and says there are now approximately 2,000 TATstores in operation. "The system does well at fairs and festivals, as well as at malls and shopping centers," he adds.

Vendors who purchase a TATstore have access to Knapp, via a toll free number, "24/7, 365 days a year," he says. The only consumable component of a TATstore is the ink, and vendors automatically become MVPs, "partners," which makes them eligible for discounts and other perks, such as ongoing marketing help.

Within the kiosk and specialty retailing industry, a mall vendor generally takes a permanent space in the center and leases a cart from the owner. Other options are buying a cart to use at outdoor locations and events, or renting a cart short term. Specialty Retail Report estimates that the upfront investment ranges from about \$2,000 to \$10,000, a fraction of what it costs to open a store. With a permanent location, you don't have to worry about buying a cart, moving it or battling bad weather, unless it's an outdoor mall. It offers the opportunity to build a clientele and predict business and balance it with inventory.

Yet rents in malls can rise, and malls can suffer slumps, leaving you with the rent and less traffic. Also, if your product isn't exclusive, another store in the mall can start offering the same merchandise.

"The least expensive option is to rent a cart for a short time and see how it goes," says Bruce Stockberger, owner of Stockberger Marketing Associates, a marketing firm that specializes in cart, kiosk and Internet marketing for small businesses. The company is based in North Palm Beach, FL. "The cart rental generally averages about \$600 a week," he says.

When buying, "kiosks start higher than carts," according to Denise Clark, author of, "From Dogs to Riches: A Step-by-Step Guide to Start & Operate Your Own Mobile Cart Vending Business." She says kiosks typically cost \$9,000 to \$10,000 or more. Add to that the cost of opening inventory, which will depend on the kinds of merchandise sold.

While cart and kiosk entrepreneurs can exercise more control than brick and mortar start up units, they are advised to do what any good business person should do: Research the market and write a thorough business plan.

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