



## Dream Cones Ltd.

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This good-looking Bangkok shop (above and left) was formerly a Swensens, but the cost of the franchise was so high that the owner, who also owned the building, dumped them in favor of Dream Cones

### The Importance of Location

Ice cream is mostly an impulse product. We use the phrase “You see it, you want it” as a way of explaining why people buy. “You see it you want it” is the reason why Italian

gelato is always beautifully decorated with fruit, nuts and confections—these enhance appeal.

When starting an ice cream business, location is the single most important decision. A good location almost guarantees success and a bad one almost guarantees failure. A good location usually has large numbers of people walking by, an important feature.

Evenings, from dinner-time on are prime time for ice cream sales, so it is essential that your location is in an area that does not close at the end of the business day.

Sometimes locations are offered that are “close” to a prime area, even within a few meters of it. Invariably there is no such thing as “close. People passing by five meters away from your shop will not see it.

Sometimes locations become available which are separated from a prime area by a church or a building with little or no foot traffic. Almost invariably, people do not want to walk the half block between your location and the prime one.

In general, the following types of locations are best:

- |  |                        |
|--|------------------------|
| Malls                                  | Hospitals              |
| Strip Malls                            | Walking streets        |
| Upscale streets                        | Upscale shopping areas |
| Areas where people congregate at night |                        |

In addition to these types of locations outlets situated in buildings whose landlord is also the outlet owner almost invariably prosper because they are able to limit the competition.

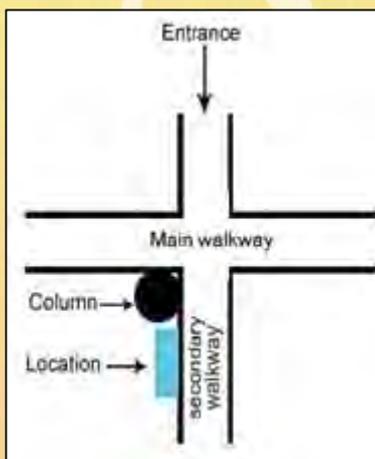


**Malls:** There are several big advantage of locating in a mall: it is always open and active at night. The “weather” inside is always the same (no rain). People go to malls for recreation as well as to buy specific items. Kids hang out in malls.

The disadvantage of malls is high rent and competition. Our experience is that unless the mall contractually guarantees you will be the only ice cream

outlet within a certain distance, one day you will arrive at your shop to find a Dairy Queen or Swensens next to you. This is particularly true if you have been doing well!

But even in malls there are “good” spots and bad ones.



The difference between a good location and a bad one may be just a few meters, as in the case to the left.

We had a friend who called and was excited because he thought he had the perfect location for an ice cream kiosk. It was on the first floor of a mall (very good), right in front of the door (very good) and at a main walkway intersection (very good).

But when we got there we immediately told him “Don’t do it!” Why?

Everything he told us was true but he omitted a few things. The big one was he didn’t tell me about the column. It was a large column. It hid the kiosk from the people entering and also the people approaching from the left on the main walkway.

To the left of the column on the main walkway was a kiosk with a big sign that further hid his location. The people approaching from the right had to pass a long line of confection and dessert stands that were the competition. They were in larger spaces and had better opportunities to market. Last but not least, the walkway where my friend would go was a dead end. He ignored my advice. He lasted two months.



Walking street in Pattaya Thailand

Another prime area is a **walking street**. They are perfect for evening traffic, which is usually their busiest time. Tourists are attracted to walking streets. They are on vacation. They have money. They don’t care what an ice cream costs! If they want it, they buy it. The down side of walking streets is very high rent and frequently what is called “key” money.

Key money is basically a bribe. It is usually demanded by the leasing agent who will pocket it in exchange for granting you the lease, which is paid to the landlord. The key money is only good for the length of the lease unless you have been smart enough to require automatic lease extensions in your lease. Otherwise key money will be demanded again.

Although rent is usually high on walking streets, people know that they are in a premium area and expect to pay more for products purchased there. This may compensate for high rent but in many cases the only way to find out is to take the risk.

However, it is also wise “shake the tree to see what falls out” meaning to talk to other merchants on the walking street and see what you can learn. Many a swank shop has quietly closed on such streets when it is time to renew the lease. It is ALWAYS a good idea to contact these former owners to see why they quit.

**Hospitals** are a sleeper great spot, usually neglected. Ice cream is one of the few food gifts a person can bring someone recovering from surgery and the hospital staff likes the low fat of gelato and you can also sell sugar free and soy frozen desserts, which cater to specific needs.

**Upscale shopping streets** is another type of location that attracts people with money who can afford premium products. People who walk in this area know in advance tat

prices there are higher, so their resistance to buying top end ice cream is reduced. But starting in such a location requires a good marketing plan with slick target marketing that is also cost effective.

No matter where you decide to locate, be sure to visit the surrounding shops and chat up the owners or manager. It is simply amazing how much you can learn, which may clinch your decision to proceed—or not!

**Areas where people congregate at night** often include river walks, traffic circles or roundabouts and parks. In many Asian countries riverbanks have been renovated into promenades. Across the street there are often houses, ideal for conversion into restaurants.

These are usually prime areas for selling impulse food, the only question is “what.” To determine this you have to do your homework and make an analysis of the type of people who go there. If your shop is a “walk-in, sit down” you may be able to offer trendy light food, hard ice cream, pastries and confections. If it is a “walk-away” shop, it is possible that soft serve, which is a cheaper set-up (no display freezer) and a lower selling price may be better.

In any event, one of the benefits of being a Dream Cones Franchisee is that we are extremely attuned to helping you find the right spot. We would rather see you not start at all as opposed to start and fail.

