Executive Summary

Overview

De Kliek Style Studio is an upscale women's clothing boutique that will open in July this year. De Kliek, which means "the clique" or "circle of friends" in Dutch, defines the boutique and its essence of inclusion. De Kliek's clothing selections and exclusive personal style services, which include a detailed Style Assessment, will ensure that our customers are well dressed. De Kliek is a woman-owned business currently organized as a Sole Proprietorship.

Clothing for stylish women

De Kliek will carry Ready-to-Wear (RTW) designer and casual/contemporary apparel & accessories for women and will be the exclusive U.S. home of the German line, Herr Frau. In addition to the fabulous Herr Frau line, De Kliek will feature other choice selections by American and European designers such as Hocken, Weekend MaxMini, Tosca and Catherine the Great. The De Kliek customer is a busy professional woman who lives in Los Angeles with a household income over $100K. She enjoys the boutique fashions and wants a place where she can go to get services that meet her busy lifestyle.

Unique & innovative

De Kliek will provide services such as Style Assessments, alterations, personal shopping, and special ordering to customers during store hours and by personal appointments. Style Concierges who are trained within the image industry will be available to customers daily. De Kliek's innovative Style Assessments and educational emphasis in helping women develop their personal styles will enhance our reputation as a truly unique boutique.

Getting the word out

De Kliek will generate awareness and sales by utilizing PR tactics and the referral networks of personal stylists. Additionally, De Kliek will meet our customers where they are, focusing on how women approach shopping by obtaining mentions and reviews in the top fashion publications, travel guides and local papers.

Management

With over 12 years’ experience in marketing and retail, owner Vrootje Magen has gathered the expertise to complement and grow the business. Our advisory team holds expertise in retail accounting, retail merchandising, legal contracts, fashion and design. A detailed project plan has been created and all tasks are on schedule. Buying for the Fall/Winter season was completed in April, and store design and marketing elements are currently being finalized.

Finance

• Start-up costs include inventory for the first month and are estimated at $132,700 of which the owner will inject 31.4%. Current owner investments are documented at approximately $41,700, of which $12,700 is in savings and checking. An additional injection of approximately $8,700 will occur by July 15 of Year 1.

• Annual gross sales are projected to grow from $513,000 in the first year to over $600,000 by Year 3, with approximately 10% from customer special orders. These Sales forecasts are approximately three-quarters the average of benchmarked Los Angeles boutiques. Net profits are expected at approximately 6% through 2007, with reinvestment of 5% for growth initiatives.

• De Kliek will hold Cost of Goods Sold at roughly 39% of sales revenues; we intend to maintain this approximately 61% markup throughout the next five years.

• Due to the demand for up-to-date fashions, inventory turns are projected at 5, which is higher than the industry average of 4.

Mission

• To provide women with a boutique that offers a comfortable and approachable environment

• To showcase quality, well-constructed fashions from prominent and cutting-edge designers

• To offer a variety of beautiful and high-end fashion accessories

• To help women learn what clothing and styles go best with their unique personalities

• To generate buzz and sales through top-notch exclusive services.

Keys to Success

1. Having a good location in a high-shopping area
2. Quality product and good relationships with vendors.
3. Outstanding customer service

Objectives

• To turn inventory five times and generate $800 in sales per square foot

• To maintain profit margins at 15-20% through close attention to expenses and cost of goods sold

• To drive awareness and build sales through mentions in both local print and the nation's top fashion magazines

Company Summary

De Kliek Style Studio is an upscale women's clothing boutique that intends to open in Noe Valley in July. De Kliek means "clique or circle of friends" in Dutch; this defines the boutique and its essence of inclusion. De Kliek carries beautiful designer labels for professional women, such as the sophisticated silhouettes of Herr Frau and luxurious Jamin Puech handbags. De Kliek's clothing selections and exclusive personal style services, which include a detailed Style Assessment that features nine different style personalities, will ensure that our customers are always well dressed.

Start-up Summary

This business plan will be used for three purposes:

• To map out all the necessary components to create a successful and well-run boutique

• To provide management with a blueprint to follow

• To secure financing through private institutions and investors

The Start-up Table which follows details the Start-up Requirements, including Start-up Inventory and Long-term Assets in the form of Fixtures and POS Equipment. Start-up Funding will consist largely of owner investment and a long-term loan from the Small Business Administration. The Start-up Period for this plan runs from January through July. De Kliek will open on July 15, and we project real sales beginning in August of Year 1.

Company Ownership

De Kliek has been established as a Sole Proprietorship due to the ease of formation, and simplicity of the structure and tax record keeping. In the future, De Kliek will look at forming an S Corporation when another location is opened. The following legal protections, permits or licensing are required:

• LA County Business Tax Registration Certificate (Complete)

• LA City Fictitious Business Name Statement (Complete)

• LA Payroll Expense Tax Statement CA State Seller's Permit (Complete)

• LA Fire Department Permit

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Products and Services

De Kliek will carry Ready-to-Wear (RTW) designer diffusion lines and casual/contemporary apparel & accessories for women. De Kliek will carry three main RTW lines (Herr Frau, Hocken & Weekend MaxMini) along with various American & European labels such as Catherine the Great, Language, Vince, James Perse and James Jeans. De Kliek will also carry designer fashion accessories such as Jamin Puech handbags, Achoo Panto scarves and wardrobe accessories such as Tosca Delicate, sachets, lint brushes and various De Kliek branded items.

|  |  |
| --- | --- |
| APPAREL LINES | ACCESSORIES |
| Herr Frau PF Line | Wardrobe Accessories: |
| Weekend MaxMini | * Lint Brushes * Tosca Laundry Soap * Stylist-in-a-box * Sachets * Hangers |
| Hocken |
| Catherine the Great |
| Tosca |
| Goat |
| Twelfth Street | Fashion Accessories: |
| James Jeans | * Local designer jewellery * Jamin Puech Handbags * Belts, Scarves, Gloves, Hats * Ilux and Tanjane Lingerie |
| AG Jeans |
| Vince |
| Trina Turk |
| Philosophy di Alberta Ferretti |

Some of the key lines are detailed below:

Herr Frau - DD - Antwerp | Herr Frau

Not found in the U.S., this Dutch designer has a couture line (Herr Frau) a diffusion line (PDD) and a better/contemporary line, Antwerp. Launched in the mid-80's, Herr Frau won the "Best Newcomer" award at AlteModa in 1987 and has continued to deliver "French style with Dutch seams" to her loyal customers. She currently has three boutiques worldwide (in Paris, Tokyo & Antwerp, where Headquarters are located) and very soon will be sold on the West Coast exclusively at De Kliek. Since the early Nineties, the Herr Frau label has shown at Milano Collezioni, where De Kliek has viewed and exclusively purchased their line for Fall 2004, for Los Angeles and the West Coast.

Weekend MaxMini & SportMax

MaxMini is the epitome of Italian fashion: good quality and cut in classic styles. Lawyer-turned-dressmaker Achoo Marmet founded MaxMini in 1951, and it is now one of Italy's largest fashion houses. MaxMini has a large U.S. presence through their boutiques and within selected upscale department stores. Weekend MaxMini's goal for 2004 is to gain presence in smaller boutiques and they are very excited about De Kliek. Their designs are changing with a new designer on board, and their last collection was sexy yet still professional. De Kliek has viewed their line and will be carrying their Fall 2004 collection.

Catherine the Great

Catherine the Great's designs are considered feminine and elegant. Born in Russia, the Great began her career in Paris, working in the houses of Emanuel Untidy, Louis Fraud, and at Et Tubrute. In 1998 she came to the U.S. as Danae Van Feurbach's head designer. Since starting her own label, Catherine the Great has created cutting-edge clothing that enhances a woman's natural femininity. Her attention to individualism explains why icons such as Madonna, Sarah Jessica Parker, Halle Berry, and Nicole Kidman are among her many enthusiasts. De Kliek will be carrying her Fall 2004 collection, exclusively in LA.

**Exclusive Personal Services**

**Personality Style Assessment**

The Style Assessment is a one-page quiz, developed by Lise Bakke and De Kliek owner Vrootje Magen, based on the highly regarded Enneagram that helps a woman determine the appropriate styles for her personality. The assessment helps a customer define her personality by providing her style words (e.g. engaging, romantic, modern) to choose from along with tips on what clothing works well for her style personality. Style Icons are also provided to help her visualize the appropriate look. There is normally a small fee for the assessment, but customers can take the Style Assessment for free at the Style Studio when they make cumulative purchases of $250.  After each customer completes the quiz in the studio section of the boutique, she will receive a laminated De Kliek wallet card to carry around as a shopping reminder that lists her style personality type, style words, style icons and clothing styles appropriate for her.

**Full and Self-Service**

* **"What's New" Bulletin**. Behind the cash wrap area there will be a bulletin board that is frequently updated and that lists and displays the following details:
  + Featured Designer - This will show a profile of one of the designers
  + How to Wear - This will show how to wear a particular item for work, weekend and going out
  + Coming Soon - This will feature items coming into the boutique soon
  + Services - This will list all the additional style services that De Kliek offers
* **Coterie Clothing Tags**. Each clothing tag will have the corresponding Style Personality numbers listed to help customers determine which pieces are best for them
* **Style Concierges**. De Kliek believes in bringing the best service to our customers. As such, all sales associates are called Style Concierges. Our Style Concierges will be trained and participating members of the Association of Image Consultants International. They will be available to assist customers with their Style Assessments, wardrobe planning, special orders and personal shopping. If a customer is pressed for time, she simply calls De Kliek to set up an appointment and there will be someone there to greet and assist her beyond normal business hours.

**Market Analysis Summary**

There are various economic forces that affect apparel retailers. Consumer confidence is the most important; people don't shop when they are not feeling good. Unemployment also has an effect, in that fewer women out in the workforce means less disposable income for high-end quality clothing. Thus, the large discounters (Target, Sears and Wal\*Mart) are now working with top designers to bring designer apparel to the masses. Although they can't compete on quality, their continued development of the trend could have a direct impact on retailers who sell designer clothing during tough economic times.

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Fortunately, the luxury goods market, of which De Kliek is a part due to the high-end brands it will carry, has remained recession-proof, as clearly indicated by the successful 2003 results for Coach, Tiffany and Saks. According to Women's Wear Daily, luxury firms forecast a strong 2004, particularly for accessories and footwear. However, the strong Euro and slowdown in wealth creation are big concerns and managing a balanced quality-price ratio is the key to success for luxury retailers.

"Fashion is a requirement for those who are high in their success." -Luxury Consumer

In the luxury market, luxury consumers (defined as "affluents" who have household incomes of over $100K) spent more in 2003 than 2002. Based on focus groups, United Marketing believes luxury consumers see apparel and accessories as more of a necessity than a luxury. This is good news to boutique retailers. There are over 800 clothing boutiques in the LA Area; approximately 19 percent of these generate over $500K in sales. In fact, women's clothing stores in Los Angeles have a 62% higher sales growth rate than the national average; this can be attributed to the fact that the average household in Los Angeles is considered affluent.

**4.1 Market Segmentation**

**Market Needs**  
If you were to overhear women talking in a dressing room, you would more than likely hear them comment on something they've tried on and question how they should wear it or what it will go with in their closet. Research has shown that women are stressed, have little time to shop, and would generally like help in determining the right clothes and styles to wear. With over 61 million U.S. women between the ages of 25-54 spending over $34 billion in apparel each year, there are sure to be some mistakes made in clothing choices. Television shows such as BBC's "What Not to Wear" and Style's "Fashion Emergency" clearly speak to a woman's confusion about what looks best on her. Even women who can afford a professional stylist feel helpless and often jokingly request that their stylist come to their home every morning to help them get dressed.

"Within a decade, the companies that do the best job of marketing to women will dominate every significant product and service category." -Faith Popcorn

One gender in particular influence the majority of the retail marketplace: women. Women comprise 51% (145 million) of the U.S. population and control or influence 81% of all household purchase decisions. Women are now earning more college and master's degrees than men, which translates into more senior positions & higher pay. Overall, women represent 47% of the total U.S. civilian workforce and as that continues to grow, demands for their time also increase. Balancing work and family are the #1 concerns for women and almost half "hardly ever" take care of their personal needs; one out of five women would like to have time to do a little shopping!

Research indicates that women approach retail shopping uniquely by evaluating purchases based on product and company information derived from both personal and expert sources. Additionally, surveys consistently reveal that women buy based on the relationship they forge with a brand. Statistics, studies, and our own personal experiences show us again and again that excellent customer service lowers customer attrition rates, fosters excellent word of mouth and most importantly, increases sales. The table below shows that out of the ten characteristics consumers find important in deciding where to shop, four were attributed to customer service.

Top Ten Factors in Deciding Where to Shop:

|  |  |  |  |
| --- | --- | --- | --- |
| **Reason** | **2000** | **2002** | **Change** |
| 1. Has reasonable prices | 78% | 85% | +7 |
| 2. Treats customers with respect | 66 | 74 | +8 |
| 3. Carries quality merchandise | 66 | 72 | +6 |
| 4. Doesn't pressure me to buy anything | 61 | 70 | +9 |
| 5. Convenient store hours | 61 | 68 | +7 |
| 6. Handles merchandise returns fairly | 60 | 66 | +6 |
| 7. I can always find what I want | 61 | 65 | +4 |
| 8. Carries a wide variety of items (e.g. colors, sizes) | 57 | 64 | +7 |
| 9. Has outstanding customer service | 55 | 63 | +8 |
| 10. Makes it quick and easy to shop | 53 | 61 | +8 |

**4.2 Target Market Segment Strategy**

Los Angeles is rated amongst the top U.S. markets in economic and educational achievements. At an average age of 40, the Los Angeles professional is highly affluent, with an average family household income of $180,903 and a median home value of $622,170. Close to 50% have a bachelor's degree and 40% of these professionals hold a postgraduate degree.

De Kliek customers will learn about the boutique through the following sources:

* LA Neighbourhood Storefront
* Friends & Customers (word of mouth and email)
* Personal shoppers and stylists
* Women's Fashion Magazines articles and reviews such as W, Lucky, Marie Claire and Vogue
* Local press mentions & ads
* Travel and shopping books and websites

**The Primary Customer**

The primary De Kliek customer is a professional woman with a household income over $100K. Her main characteristics are listed below:

**Demographics**

* Professional woman (ages 30-55)
* Household income over $100,00
* College-educated
* Lives in a higher-income LA neighbourhood

**Psychographics**

* Looks for bargains (seasonal fashion) but willing to spend money on quality, core items
* Would like more time or help in understanding what clothing is right for her
* She wants to look her best because she wants to feel good about herself as well as make a good impression at her job

**Leisure Activities**

* Listens to NPR
* Supports the Arts
* Reads Vogue, New Yorker, Bon Appetit, Lucky
* Watches Bravo, BBC, HBO
* Internet savvy
* Travels, owns a passport
* She enjoys eating out as well as taking time for herself at the spa or getting a mani-pedi

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**Clothes Shopping Behaviours**

* Spends over $2,500 for clothes each year
* Shops at Boutiques, Nordstrom’s, and Banana Republic
* Wears a size 6, 8, or 10
* Buys mostly tops and pants
* Looks for classic, basic items each season, with 1-2 trendy items
* She cares about how she presents herself, enjoys fashion, and looks for quality over quantity

**Customer needs, expectations and buying patterns**

The De Kliek customer loves to shop and enjoys going to boutiques. She is knowledgeable about designer fashions and tends to shop for seasonal wardrobes twice a year plus picks up various fashion and basic pieces throughout the year. Many times, she shops to "browse." By offering fashionable accessories and wardrobe organization items, De Kliek will be able to grab a larger share of her wardrobe budget. She is used to coming into the store and browsing through the clothing items and trying on what interests her. She expects a warm and comfortable environment and nice dressing rooms. She enjoys being left alone but also enjoys the special touches of personal shopping assistance and having the ability to special order items. She wants fun and catered shopping events in the evening and enjoys receiving special notices on sales and participating in trunk shows to garner more savings. She is also at a Director to CEO-level job and could potentially be reached through her office for personal shopping services or through her own personal stylist who is a member of AICI.

**4.3 Service Business Analysis**

De Kliek is considered a luxury boutique within the Women's Clothing Store Industry (NAICS 448120 or SIC code 5621). Women's Clothing Store sales represent 20% of the Clothing Store Industry Group, which translates to $27.2 billion during 1997, and $34.4 billion in 2002.

The retail sector is the second-largest industry in the United States, both in number of establishments and number of employees. It is also one of the largest industries worldwide. The retail sector employs over 23 million Americans and generates more than $3 trillion in retail sales annually. Retail sales usually see a 2-5% growth each quarter. Although 2003 was difficult, sales have slowly grown from 1.4% in Q1, to 3.1% in Q2 to an estimated 5.8% in Q3 according to the NRF. Overall retail sales account for two-thirds of the nation's economic activity, and the holiday season accounts for 20-40 percent of total retail sales.

The Clothing & Accessories Stores subsector of Retail has seen sales growth of 19% over the last five years from $137.6 billion in 1997 to $171.8 billion in 2002. Businesses in the Clothing and Clothing Accessories Stores subsector sell new clothing and clothing accessories merchandise from fixed point-of-sale locations. Establishments in this subsector have similar display equipment and staff that is knowledgeable regarding fashion trends and the proper match of styles, colors, and combinations of clothing and accessories to the characteristics and tastes of the customer.

Although the holiday season is the key indicator of retail health, according to the National Retail Federation, the holiday season accounts for only 15% of total apparel sales. A good holiday season is typically followed by a good economic year and analysts predict retail sales will rise a total of 4 percent in 2004. Total sales for 2003 were up 3.2 percent. Additionally, online holiday shoppers spent a record $18.5 billion during the holiday season -- a 35 percent increase over the $13.7 billion spent in 2002. Luxury retailers and upscale department stores were the unexpected market leaders during the 2003 holidays with Nov-Dec sales up 15 percent. Analysts state that as consumers see their investments increase, they spend more.

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| **U.S. Retail Industry Key Facts** | **Women's Clothing Store Industry  la Area Facts** |
| The 2002 average for shrinkage is 1.1%, with .7% being attributed to employee theft and .4% attributed to shoplifting. [6] | There are 888 women's clothing store establishments in the Los Angeles area |
| Highly fragmented | One out of every three small business clothing retailers fail |
| Many have highly seasonal sales and therefore seasonal inventory levels | Average small business sales: $245,378 |
| Average retailer has one store with less than $1 million in annual revenue | 25% of women's clothing retailers generate sales over $500K |
| May operate stand-alone stores in urban locations or from leased space in shopping centers | Small business clothing stores employ on average, 3 employees |
| Retailers often have high gross margins, close to 40 percent in many businesses | Clothing store startups in LA are 5 percentage points below the industry average |
| Wages are relatively low | Average annual inventory turn for boutiques is five times |
| Employee turnover in the retail/wholesale industry is very high, as much as 30 percent | LA Clothing Stores have a higher than average growth rate with a sales index of 1.62 - 62% higher than the industry norm |
| Merchandising - buying goods that will sell - is the main preoccupation of most retailers | - |

**Current Trends**

* People are shopping online for convenience & value; growth of sales on the Internet
* Continued decline of the mom-and-pop store
* Overbuilding by specialty stores and other chains
* Repositioning of full price/multi-line department stores
* Supremacy of the discount store chains
* Category-killer superstores
* Continuous changes in demographics, tastes and fashions
* Easy availability of consumer credit
* Dwindling appeal of the major mall

**Economic, Cultural and Environmental Conditions**

Weather, seasonal events, holiday shopping, competitor marketing, LA tourism, the Bay Area economy and the strength of the dollar can all affect the performance of De Kliek. On a macro-economic level, consumer confidence, interest rates and inflation rates all have an effect. Rising unemployment, political concerns and deflation also pose risks.

**Positive Factors:**

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| --- | --- |
| **Clothing Industry** | **Impact on De Kliek** |
| Very low interest rates | Cost of financing low |
| Easy availability of consumer credit | Higher ticket sizes on credit card purchases |
| Relatively low unemployment, and very low inflation | Stable employees & businesses |
| A relatively low personal savings rate | Increased consumer spending |
| (Positive side of:) Significant continued layoffs at larger corporations require job migration | Higher-educated employees |

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**Negative Factors:**

|  |  |
| --- | --- |
| **Clothing Industry** | **Impact on De Kliek** |
| Weakening consumer confidence (influenced by global terrorism, tension & uncertainty) | Decreased sales |
| Strong Euro | Lower margins |
| Slowly increasing unemployment | Value and sale shopping (can also be positive impact) |
| Decreasing levels of consumer household wealth due to stock portfolios and 401(k) plans that have seen huge losses | Continued "cocooning" by customers |
| Consumers with record high debt levels are defaulting on credit card balances, home mortgages & loans at an alarming rate | Increase in returns |
| (Negative side of:) Significant continued layoffs at larger corporations require job migration and lead to large numbers of consumers employed as temp workers | Reduction in working women who can buy luxury items |

**4.3.1 Competition and Buying Patterns**

De Kliek has stiff local competition with the many wonderful boutiques in Los Angeles. Direct competitors include those boutiques that carry some of the brands that De Kliek plans on carrying or could move easily into carrying and are located in the Valley. Indirect competitors are those boutiques in LA that focus on a different target market or do not carry lines that De Kliek will carry, in addition to well-known boutiques in other metropolitan areas.

De Kliek's own comparative analysis of 15 boutiques in Los Angeles reveals that very few are successful in delivering high-quality customer service, as browsers are routinely ignored. It appears that if you don't look a certain way or show that you have money when you walk in, you are immediately disregarded. Dressing rooms are typically small and have curtains that don't guarantee 100% privacy. Clothing sizes tend to run small and items tend to be overpriced. Even with a lot of focus in the media and among fashion retailers on what to wear, not one boutique in town is a member of the Association of Image Consultants - a very prestigious professional organization whose members work with and train clients in developing their image. There are some retailers who do get it right - they have strong customer relationships, carry the right mix of merchandise, are knowledgeable in fashion - and the profits show.

**Direct Competition:**

* Fish
* Fred Segal
* Girl and Her Dog
* Margaret O'Leary
* Dress
* Rabat
* Riki
* Susan of Burlingame
* The Grocery Store

**Indirect Competition:**

* Abigail Morgan
* Ambiance
* eLuxury.com
* Her
* The Designer's Club
* Yoya Boutique
* All other LA Boutique Retailers

**Main Competition:**  
From a "look & feel" perspective, as well as consideration of designer lines that De Kliek will carry, Dish in Hayes Valley is considered the main competition. The following is a comparative analysis of Fish and De Kliek:

**Location:**

|  |  |
| --- | --- |
| **Fish** | **De Kliek** |
| Open Mon-Sat 11-6, Sun 12-5  Plenty of places in Los Angeles cater to the well-heeled, but this area also reaches out to the adventurously heeled -- and dressed. | Open Mon-Fri 11-7, Sat 10-6, Sun 11-5  The location for De Kliek has not been confirmed but top targets are areas in which the target market lives and/or shops. |

**Products:**

|  |  |
| --- | --- |
| **Fish** | **De Kliek** |
| Fish's collections largely come from American designers such as Nanette Lepore, Lauren Moffat, Vince and Katayone Adeli | De Kliek will carry sophisticated, quality lines from European and American designers such as Herr Frau, Weekend MaxMini, Hocken, Vince and Catherine the Great. |

**Customer Service**

|  |  |
| --- | --- |
| **Fish** | **De Kliek** |
| The owner of Fish is fashionable and knowledgeable. She is considerate of her customers and allows them the space to shop on their own (a very important aspect for women!) | De Kliek will provide quality customer service including alterations, gift wrapping, Style Assessments, trunk shows and special workshops. |

**Features/Atmosphere**

|  |  |
| --- | --- |
| **Fish** | **De Kliek** |
| Sleek and modern interior with a warehouse feel. There are three dressing rooms with linen curtains that pull a bit from the walls so privacy is not 100% guaranteed. | De Kliek's interior will reflect a minimalist look, yet be accommodating and warm so that all products are featured appropriately. The dressing rooms will have wood louvered doors to maintain privacy and will have chairs outside for friends to sit down. |

**Competitive Benchmarks**

The competition in the Valley does provide some good benchmarks for projecting sales and understanding customer expectations. In the Valley, Ambivalence, a junior/contemporary boutique, averages sales that top $1,300 per square foot which totals more than $900,000 in sales annually. Nearby, Ennui generates annual sales of $1.3 million with approximately 800 square feet of selling space; that translates to more than $1,600 per square foot. However, it is important to note that not all of Ennui sales are generated from the selling floor; a considerable amount of sales come from special orders. With these successful Los Angeles retailers as benchmarks, De Kliek will continue to monitor them for best practices. Additionally, there are a few very successful boutiques in San Francisco, New York and Florida that are worth mentioning as benchmarks for successful retailing and merchandising.

* Brown-Eyed Girl, San Francisco

* Heidi Says, San Francisco

* Marissa Collections, Florida

* Language, New York

**Marketing Strategy**

**Positioning Statement**  
De Kliek provides professional women with upscale designer clothing and exclusive personal services. Our main competitive advantage is the unique Style Assessment and education emphasis in helping women develop their personal style.

**Brand Positioning**  
'De Kliek' is Dutch for a grouping or circle of friends, a "clique." Building on the meaning of "kliek," circles are part of the logo, which defines the boutique, and its essence of inclusion. Style Studio is added to the overall name to suggest that women can come to the boutique to learn about themselves and experiment with their personal style. By combining these two meanings, De Kliek Style Studio looks to be the leader in providing exceptional service and assistance for women's fashion needs. The elegance of the name suggests the types of clothing and accessories that will be featured.

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**BRAND PERSONALITY**

Innovative | Stylish | Contemporary | Modern | Fresh | Approachable | Elegant

The overall brand personality of De Kliek aspires to be fashionable, customer-oriented, innovative, refreshing, stylish and educational. The boutique is a place where women can go to transform themselves with beautiful clothes and take advantage of the Style Assessment and other services that help them determine the right clothes for their unique selves. We are a shop that educates. We help women learn about the designers, gather with their friends, and have fun during the process. We not only carry items that help them look good, but we also help our customers maintain these items. Owner Vrootje Magen will work with her top design advisors to create the atmosphere, colors and wording that encapsulates these thoughts.

**Promotion**The following promotional tactics for generating buzz and awareness about De Kliek will be implemented:

* Personal selling and word of mouth via networks of friends, stylists and customers
* Unique visual displays in storefront on a weekly basis
* PR (local and national)
* Boutique email newsletters
* Direct mail such as postcard notices that are targeted specifically to the customer
* Sales Promotion such as store events and bi-annual sales
* De Kliek Web Site
* Advertising will be at a minimum with regular ad placements in the Valley Voice

Other important marketing strategies, such as developing strong customer relationships (retention), will utilize a different mix of marketing programs.

## Financial Plan

De Kliek looks to bring in annual sales of $600,000 with an operating profit margin of 20%. Gross margins are at 51%, which is 6 percentage points higher than the retail industry average but in line with retail boutique averages. Overall, De Kliek projects to reinvest net profits of 5% into the company for service enhancements and growth initiatives.

First-year cash flows are positive due to the cash-based business of De Kliek. De Kliek remains very liquid with no Current Liabilities forecasted for the year ending June 30, 2005. Startup costs are estimated at $132,700 with almost half of these costs going to startup inventory. See the Start-up Table, above, for details.

### 8.1 Important Assumptions

Payroll burden is calculated at 12.65% made up of 7.65% social security, 2% unemployment, and 3% worker's compensation. Payables are assumed to reach levels equal to one month's operating expenses. Long-term interest rates have been based on current SBA loan rates.

**8.4 Projected Cash Flow**

The projected Cash Flow for five years is detailed in the table and chart following. In addition, it should be noted that De Kliek will establish relationships with vendors and/or representatives to determine the following to maintain cash flow:

* Average price points – this will help ensure that a good mix of prices are maintained.

* Delivery time frame & reliability – this will be crucial to ensure maximization of profits during the key shopping time frames. For Italian designers who may live up to the Italian notoriety for being late in deliveries, De Kliek will request the earliest possible delivery from them and also ensure they will be open to discounts if deliveries are late.

* Shipping and transportation policies.

* Market demand and turn rates – typically the vendor should know their end customer and be able to share that information so it aligns with my target market as well as helps me determine how much is appropriate to buy.

* Payment terms and agreements –The goal is to be at Net 30 but I expect vendors to understand that De Kliek is a new boutique and will work with De Kliek to get the store at Net 30 terms with them within one season.