

MODULE 3: LOCATION SELECTION AND SETUP

✓ 3.1 Understand Your Target Customer

- Before you start looking for a location, define your target audience:

Criteria	Example
Age Group	18–35 years (students, professionals, couples)
Income Level	Middle to upper-middle class
Lifestyle	Coffee lovers, fast food eaters, social media users
Purpose of Visit	Casual hangout, work, quick bite, social gathering
Spending Power	₹150–₹300 per person



Target Audience Segments

- 🎓 Students – Look near colleges, hostels, and tuition centers.
- 💼 Professionals – Office areas and business hubs.
- 👪 Families and Couples – Residential areas or malls.



3.2 Types of High-Footfall Areas for a Cafe

Focus on locations where people already gather

📍 1. Near Educational Institutions

- ✓ Colleges, schools, universities – students love affordable and trendy cafes.
- ✓ Cafes near hostels have guaranteed regular traffic.



📍 2. Office and Business Districts

- ✓ Professionals often visit cafes for coffee breaks or casual meetings.
- ✓ Target areas with office complexes, IT parks, and coworking spaces.



📍 3. Malls and Shopping Centers

- ✓ High weekend and evening footfall.
- ✓ Customers tend to stay longer in malls, increasing chances of sales.



📍 4. Residential Areas

- ✓ Middle to high-income residential areas.
- ✓ Ensure parking and delivery access.



📍 5. Tourist Spots and Landmarks

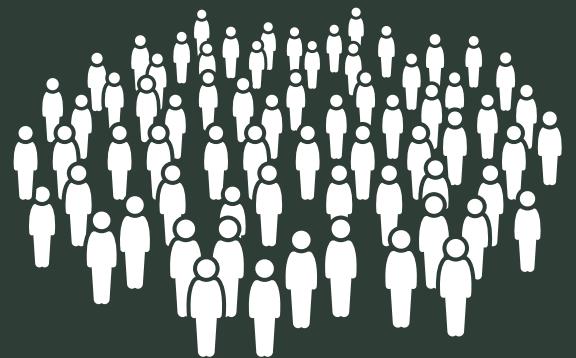
- ✓ Steady flow of new customers.
- ✓ Opportunity for premium pricing due to tourist traffic.



3.3 Key Factors to Evaluate While Selecting a Location

♂ 1. Foot Traffic

- Observe the number of people walking past the location at different times of the day.
- Ideal footfall: 300–500 people per hour during peak hours.



♀ 2. Accessibility and Visibility

- Easily visible from the road.
- Located at eye level, not hidden behind trees or signs.
- Parking availability nearby or access to public transport.



3. Competition Analysis

- Check how many other cafés or fast food outlets are nearby.
- Too many competitors = saturated market.
- No competitors = lack of demand (be careful).



4. Affordability

- Ideal rent-to-sales ratio = 10% of monthly sales.
-  If monthly sales target = ₹3,00,000 → Rent should be ≤ ₹30,000.
- If the location is premium but expensive, increase pricing or seating capacity.



5. Space Requirements

- Minimum area: 500–800 sq. ft.
- Ideal seating capacity: 30–50 seats.
- Space should allow:
-  Open kitchen (if needed)
-  Coffee counter
-  Waiting area
-  Restroom



6. Safety and Legal Approvals

- Fire safety clearance.
- Food safety compliance (FSSAI).
- Building and shop licenses.



3.4 Practical Steps to Evaluate a Location

Step 1: Visit the Location at Different Times

- Morning – Office crowd and students
- Afternoon – Lunch rush
- Evening – Casual hangouts and families



Step 2: Talk to Local Business Owners

- Ask nearby businesses about footfall and customer preferences.
- Understand their biggest challenges.

Step 3: Count the Footfall

- Manually count the number of people passing by in 30-minute slots.
- Ideal target: 300–500 passersby/hour.



Step 4: Test with a Pop-Up Café

- Set up a trial stall in that location.
- Offer free samples and discounts to gauge demand.

3.5 Competitor Research (Spy on Competition)

Factor	What to Analyze
Menu	What are their top-selling items? Are they affordable?
Pricing	Are they priced too low or too high?
Crowd	What kind of crowd are they attracting?
Ambience	What's working in terms of design, seating, and lighting?
Online Presence	How are they marketing on social media?



Example:

FUDIO : High-end pricing and premium experience → Ideal for business districts.

KHARCHAPANI : Budget pricing and local flavors → College and residential areas.



3.6 Negotiating a Good Deal

Tips for Lease Agreements:

- ✓ Ask for a 3-month rent-free period for setup.
- ✓ Negotiate for a long lease (5+ years) at a fixed rent.
- ✓ Ensure the landlord covers major maintenance and repairs.

Example Calculation:

Target Monthly Sales = ₹3,00,000

- Ideal rent = ₹30,000 (10% of monthly sales)
- Staff Salary = ₹70,000
- Raw Material = ₹90,000
- Utility + Misc = ₹20,000
- Target Profit = ₹60,000/month



3.7 Red Flags to Avoid

- 🚫 Hidden costs – Security deposits, maintenance fees.
- 🚫 Structural issues – Leaking roof, poor drainage.
- 🚫 Noise pollution – Busy roads, construction zones.
- 🚫 No evening crowd – Good footfall but only during office hours.

3.8 Examples of Successful Cafe Locations

Example 1: Starbucks (High-Footfall Strategy)

- Opened in business districts, premium malls, and tourist spots.
- Focused on high-margin coffee and snacks.



Example 2: Chai Point (College + Office Crowd)

- Located near metro stations and office hubs.
- Focused on affordable tea-based beverages.



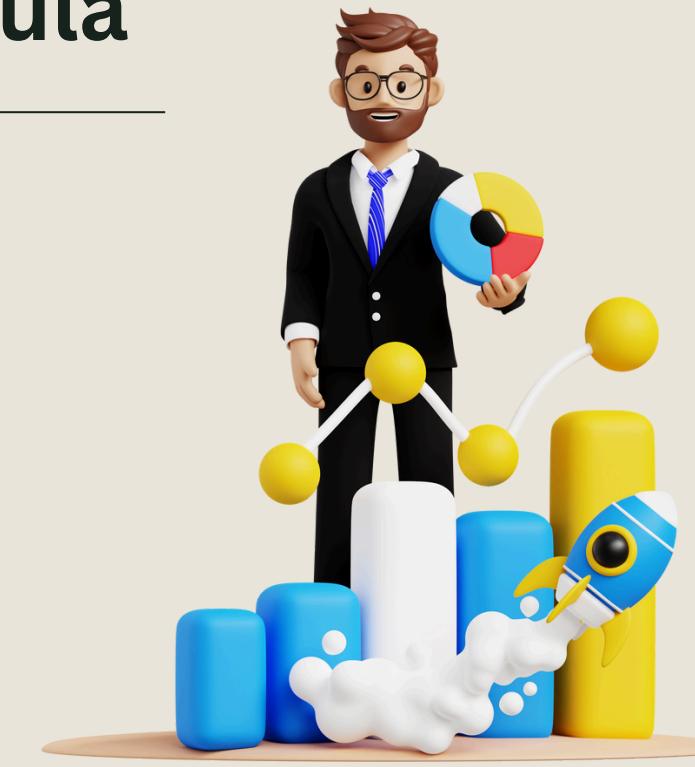
Example 3: McDonald's (High Visibility + Fast Service)

- Located on highways and busy markets.
- Focused on quick service and drive-thru convenience.



3.9 Ideal Location Formula

Factor	Ideal Benchmark
Footfall	300–500 people/hour
Rent	≤ 10% of sales
Visibility	High road/footpath visibility
Competitors	1–3 nearby but no direct saturation
Parking	Available within 100 meters



🚀 Final Checklist:

- ✓ High footfall area
- ✓ Affordable rent
- ✓ Low competitor saturation
- ✓ Strong demand from target audience
- ✓ Visible and accessible location