

351 stores in 45 countries

KA International, the most profitable inspiration for the interior designer

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The home deco company faces a new phase of growth after diversifying the offer, investing in infrastructure and the reorganization of its network. With 351 stores in 45 countries, KA International is a strong and reliable solution of self-employment in Spain and worldwide.



Five periods of five years allow to do a lot of things in the business world, and in KA International have the impression that after 25 years running there is a reason for a celebration: “In 2008 we overcome the most difficult phases of the crisis, therefore in our commemorative meeting that we hold this year in Malaga the whole network went away with the conviction that, despite the tough moments, this company gets moving and is following the right path”. Roberto Alonso Clerigué, General Manager, refers it to the adjustment in the number of stores and other resources that the company carried out during the last quarter, now very far away, of 2008, decisions that have allowed to cross over the last two-year period with a reinforced offer and a reorganized network that, with **351 stores in 45 countries, is based on the profitability and commercial competitiveness of the business.** Therefore in 2009, after the slip of the previous year, it generated a turnover of 110 million euros in a year that was described as “difficult on the sales side but not worrying considering the P&L”. The perspectives for next December are good, with a growth of the turnover up to 120 millions.

During the commemorative meeting the network was also informed about some changes

within the shareholders community, perhaps more significant due to its relevance rather than for the quantity. Last June the Board of Directors of the company took over the 3% of the shares that were controlled mainly by the venture capital firm Mercapital: “This fact has been received as a very positive action that reflects the compromise of the Directors and confidence in the projects”, explains Roberto Alonso, also one of the protagonist of this operation.

What is clear is that KA International has focus in consolidate themselves as the leaders in the Interior Design environment, sector that, in the other hand, still very fragmented and with no clear leader. The company expects that its already achieved leadership can be seen more clearly once the clouds of the crisis disappear, because during this time the brand has managed to obtain a big distance regarding all its competitors. The crisis is ruining some of the competitors projects that seemed to stand out: “These years have not achieved the necessary development therefore they have not been able to consolidate their projects”, Alonso comments, “in any case, this has encouraged other companies, some of them from abroad, to entry our market and also some producers are looking into the possibility of entering the retail channel, but today is still too early to evaluate the market quote that they will achieve”.

Waiting to see the development of the market in the near future, KA International has moved from the traditional textile and upholstered furniture store to a comprehensive interior design service store. Together with the more than **1.500 fabric references** that are displayed in any of its stores, there has been an important development in the offer of sofas and armchairs and, even taking a step forward, auxiliary furniture, lighting and a wide range of home perfumes, candles and many more products that are already in the process of being launched.

More complicity

The diversification of the offer has forced the brand to look for a new design for its stores in order to communicate the latest changes: “In the future months we will launch a new **store concept** already developed, more versatile and where the product is the main figure making it more visible. We are sure that this change will allow us to have more complicity with the client and that its purchase experience will be more gratifying. The aim is that the client can interact with the product and that our points of sale move from simple stores to meeting points for the interior design environment”.



The **training in order to offer a quality service on the sale of new product** has been identified as the crucial factor for implementing these changes, even though its General Manager clarifies that one of the traditional values of the network is its professional development: “The secret for the sales in the interior design world is to be able to give solutions to the client”, insists. This training is also aimed to strengthen the Industrial

Division KA Contract, responsible for the deco of hotels or companies and that so far includes as clients: Hilton, Barceló, NH or Meliá. This activity represents the 20% of the total turnover and now we are already promoting this business activity within the franchise network thanks to the specific support given by the specialised team based in the Madrid Head Quarters. Roberto Alonso insists in the relevance of this line of business not only as a differentiator element in the sector but as stabilizer of the store finances: “Closing the deal of two professional projects within the first quarter of the year gives tranquillity to face the rest of the year –confirms–. The perfect thing of this business is that you can sell without having clients in the store, but the downside is that you have to be a real entrepreneur”, Roberto jokes.

The launch of the Petit KA is another of the initiatives where the company is holding its bigger hopes, as explained by the General Manager: “Along 2009 we carried out a test creating a space completely dedicated to the children world. After the experience, in 2010 we launched a new corner concept within the KA stores that is already contributing to increase the current turnover in an average of 10%. At this moment we have ten of these corners running and the forecast is that before the end of the year we open 30 in total”.

All these changes have come together with a significant investments, more than anything focused in IT and the outstanding logistic centre, a warehouse of 7.500 m2 based in Guadalajara.

The Mediterranean front

Even though **the Spanish network of KA International has 102 stores, there is still a possibility of joining the brand, and bearing in mind that any entrepreneur interested will need to invest approximately 50.000 euros**. Cataluña, Levante and Extremadura are appointed, from the Head Quarters, as areas that currently present more opportunities as there is less capillarity.

They look for franchisees that get identified with the brand and are willing to run the business: “Commercial skills are needed, a special sensitivity and taste for the interior design with capacity to transfer it to the final clients. But also, in our business model, the franchisee must be capable to carry out the self-employment functions as back office, administrative and financial works, etc..., leaving the minimum amount of skilled functions to the subcontracted staff”.

Roberto Alonso is convinced that the proximity with the client is vital in this business, that is the reason for the new comprehensive interior design store concept to offer a higher profitability through the impulse of the cross selling products. Once we gain the confidence of the client and we have closed the substantial sale (the one related to fabrics and upholstered furniture), it is easier to sell other elements of home deco less expensive, always that the sales assistant is capable of offering real solutions.

In 45 markets

But if there is something for which **KA has always been known within the Spanish franchise sector, is its internationalisation**. According to annual report generated by

this magazine, KA holds the third position in the ranking of the Spanish chains considering the number of markets (45), and the thirteenth considering the number of points of sale.



Alonso confirms that the dispersion of a network that has taken them to countries like Italy (with 50 stores), France (29) or Mexico (9) and some exotic like New Zealand (8), Lebanon (2) or Philippines (1) has been a problem considering the management of the network, but, on the other hand, “means a fantastic strength because multiplies the chances for expansion”. As an example, EEUU, where after working with only one store in

Manhattan, now new possibilities have arisen, the new opening in Houston, and is expected that soon there will be more stores there.

Taking into consideration the explanation of the General Manager, **the priority in the foreign countries is to improve the capillarity of the markets** where there is a bigger expansion, needs to be pointed out the development of the traditionally difficult Italian market and take the opportunities that can appear in new markets. From the point of view of the management of the international network, the Head Quarters in Madrid directly controls “the markets that due to its geographical location and its client’s profile have big similarities with the Spanish market”. Regarding the markets with more cultural differences compared with the national one, the local partners control the management of the stores in the area but “are always supervised and coordinated” by the Head Quarters.

With all of these, KA identifies the opportunities of growth in the national and international markets for a concept that wants to be indispensable in the interior design world.