



Footloose Franchise Systems

footloose

SINCE 1974



Team

Be a part of the team that is New Zealand's best known and longest established women's footwear retailer. With over 50 years experience retailing women's footwear, the franchise team understands the local market and has a clear vision for Footloose's unique place in the market and its continued success.



Passion

Our people have a passion for fashion footwear and a positive attitude towards business success. You will be an outgoing enthusiastic person who enjoys interaction with the public as well as working with like minded staff and the franchise team.



Local

Footloose stores are owned and operated by local people who are a part of the community.

While the franchise model delivers many benefits, it's important to remember the significant contribution an enthusiastic local owner can add to the mix.



Best

The Footloose success can be attributed to superior range building and buying advantages, best practice computer systems, preferred training and marketing support.



Store design

Footloose engages the award winning specialist architect and retail design company RCG to design and outfit the franchise stores. The design of the stores incorporates the very latest technology and retail thinking. RGC and Footloose understand retail marketing and the purchasing process and have created spaces within the stores for relaxing where customers can feel comfortable and enjoy the complete retail experience.



Some design projects from the RCG portfolio.





Range building

Footloose has always prided itself on sourcing high quality fashion footwear that suits the New Zealand woman. Each season the range reflects exactly that with a strong emphasis on European style. The factories we source from are small family based artisan operations with wonderful family traditions, rich in history while still leading fashion trends.

Our Head Range Builder is Robyn Marshall, who has years of retail experience combined with an instinct for what the next hot thing in the fashion world is.

She also has three Footloose stores and has built an excellent rapport with our suppliers, like Karston, a French family business that has been making women's shoes for 60 years and Zinda, a Spanish maker who has been operating since the 1960's. Hispanitas is another Spanish family business that supplies shoes of exceptional quality.

Within the Footloose range we have a core range called *favourites*, which has our most popular styles and the **Missfit** range has been developed to satisfy tastes for those women who want something a little different, a little edgy. **Artisan** is our range sourced from well established, bespoke family businesses, where quality and style are paramount.



Robyn Marshall

favourites

MISSFIT

ARTISAN





Marketing

The marketing and merchandising for the Footloose brand and the launch of each new season's range is handled by experienced team, each with specialist skills. The look and feel of each campaign is designed to reflect current fashion trends and colours while adding an exciting background to showcase the season's range of shoes. Stores are supplied with merchandising material ranging from posters, invitations, wallpaper, and window decals for instore POS and seasonal promotions. The Footloose website and store email activity is managed centrally and tailored to reflect Footloose seasonal promotions as well as individual store promotions. The season's range can be viewed on the website, where visitors can also purchase online from the range through their closest store.



footloose.co.nz

- 35,000 page views/month
- 6,000 users/month
- 60% of website visitors come from Organic search
- Increasing number of Footloose online shoppers



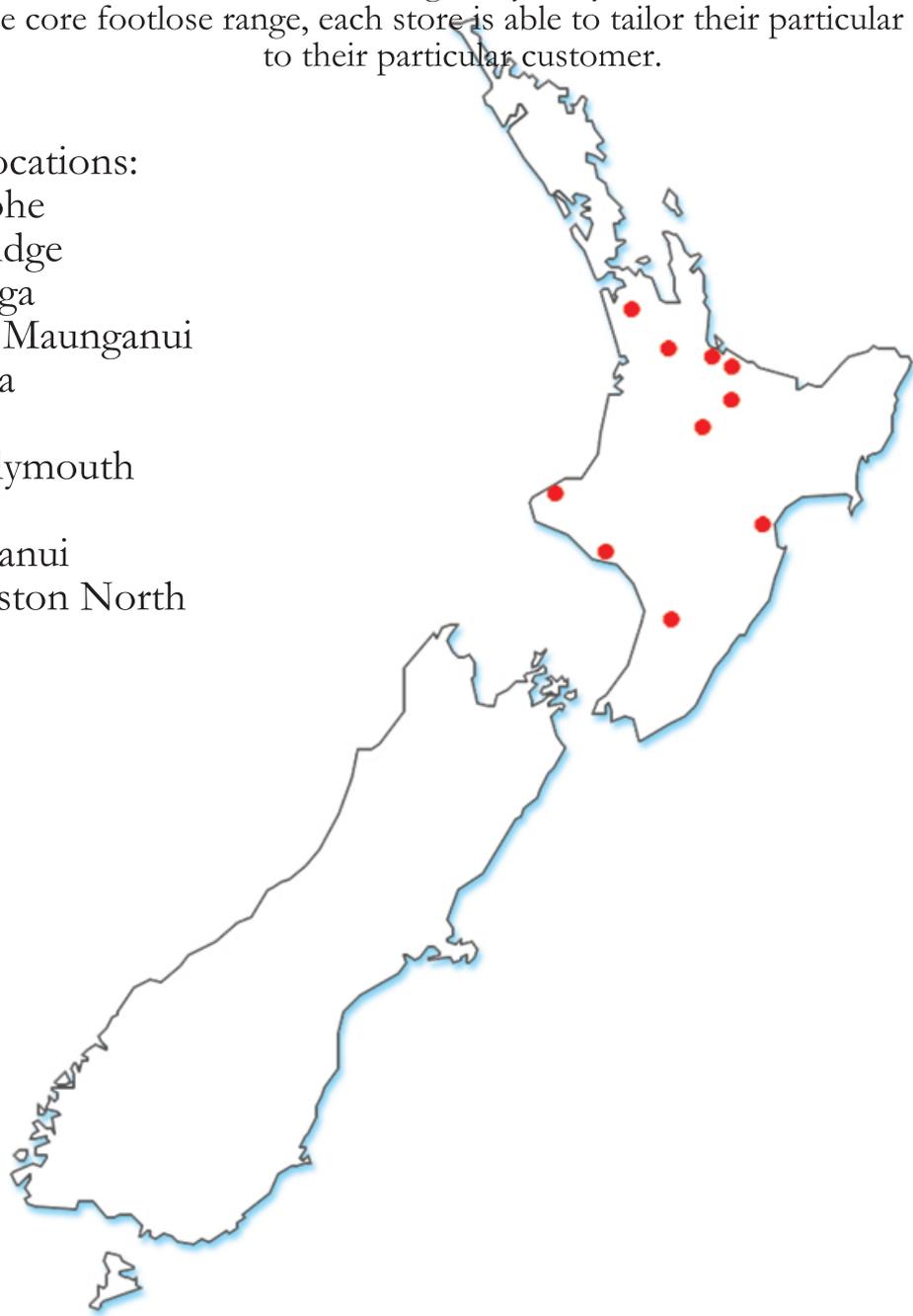


Territory

The footloose franchise model is based on having a strong presence in heartland New Zealand cities and towns where local ownership and local knowledge contribute greatly to the success of each store. No two stores are the same in terms of layout and no two are the same when it comes to the range they carry. While there are definitely parallels in the core footloose range, each store is able to tailor their particular range to their particular customer.

Store locations:

- Pukekohe
- Cambridge
- Tauranga
- Mount Maunganui
- Rotorua
- Taupo
- New Plymouth
- Napier
- Whanganui
- Palmerston North



Footloose Franchise Information

Will you make the ideal franchisee?

Extensive reading, research and experience has revealed the following:

- Race, gender, age and work experience etc. DO NOT affect an individual's ability to make a good franchisee.
- Successful franchisees need to embrace the following 7 critical core values: (in order of importance).

Attitude towards employee involvement

How franchisees will interact with their employees.

Employees who are treated with respect will in turn treat customers well.

Positive attitude for success

Having a positive belief that you are in control of your own successes and failures.

Independence

There is a mistaken belief that franchisees need to be entrepreneurs. The most successful franchisees are entrepreneurs – people who are creative but need to work within a system.

Sales orientation

Franchisees need to feel comfortable selling and marketing their products and services and addressing 'Local Store Marketing'.

Responsiveness to customers

Franchisees need to have a preference for being polite, courteous and attuned to customers' needs at all times.

Social orientation

Retail franchisees require constant interaction with the public. A franchisee will need to be gregarious and outgoing enough to enjoy constant interaction with new people.

Drive

Ideal franchisees need to identify with achievement-oriented characteristics, as these are indicative of success in business roles. This includes characteristics such as the need to achieve and a solid work ethic.

Frequently asked questions

1. What experience do I need?

While previous experience is not necessary, an interest in fashion combined with some previous retail or customer service experience would be helpful. However, keep in mind that previous experience is not one of the critical core values we are looking for in a franchisee. (See previous section – Will you make the Ideal Franchisee?)

2. How will I learn to operate a footloose store?

All franchisees undertake extensive training. This will consist of a mixture of classroom, self-learn and hands-on experience. The training programme is structured so that you will receive the necessary training at the time you require it.

3. What will I receive in the way of manuals and instructions on running my business?

As a Footloose franchisee, you will be working within the established franchise operating system, policies and procedures. Franchisees will receive a number of comprehensive operating manuals designed to cover all the aspects of running their store. These will cover such elements as:

- Staff management
- Staff training
- Marketing
- Finance and Administration (back office)
- Product Management
- Point of Sale System

4. Who will provide my ongoing support?

Footloose Franchise Systems will provide the day to day support and management structure for franchisees. Franchisees will enjoy the benefits provided by the collective experience of the footloose team while also having a 'one on one' relationship with their respective Franchise Support Manager.

5. What is the role of the Franchise Support Manager?

While each franchise is independently responsible for the success of their store, their FSM will be their personal business advisor. Their role is to work with the franchisee on all aspects of their business to achieve key performance indicators and improve business performance.

6. What does turnkey operation mean?

Footloose Franchise Systems will co ordinate all aspects of a new store opening, from initial floor plans right down to the opening stock. Franchisees are encouraged to be involved in the process, under the guidance of the Footloose Franchise Project Manager.

7. Who is responsible for placing orders and payments to suppliers.

Franchisees will purchase the majority of their stock through the Footloose Sourcing Division, 2 Direct. 2 Direct will coordinate group orders and negotiate with suppliers. Franchisees will have control over the orders placed for their store – within agreed purchasing guidelines. However, 2 Direct may on occasion require individual stores to order directly from approved suppliers.

8. Can I own more than one store?

Footloose is flexible regarding multiple site ownership. Decisions will be made on an individual case basis and will be dependent upon the franchisee's previous performance and ability to resource more than one shop.

9. Will I be provided with accounting assistance?

This is not provided as part of the on going general support. However, as all footloose stores will be running as an integrated package, basic training will be included as part of the franchisee's initial training programme. FSM will also be able to provide a degree of assistance at store level.

10. Am I able to alter retail prices?

Yes, however footloose will provide franchisees with recommended retail prices, which will be loaded onto the Point of Sale system. Footloose recommends strongly that franchisees follow these recommended prices so there is a consistent brand position for all our customers. All franchisees must follow any promotional pricing structure.

11. Am I able to sell my franchise?

The Footloose Franchise Agreement has a 2 year no assignment period. After that time you are able assign your franchise to another party provided that the prospective purchaser meets footloose requirements for all franchisees and agrees to comply with the then current Franchise Agreement. You will be charged an assignment fee to cover the Franchisors costs associated with the assignment and the new franchisee's training requirements.

12. What independent advice do I require?

Footloose strongly recommends that franchisees use appropriate legal advice to review the Franchise Agreement and the Agreement to Lease. This must be done prior to preparing the agreement for execution so that franchisees fully understand their obligations. In addition, we recommend that franchisees have an accountant review the financial estimates supplied. Ideally, an accountant's services should be retained to advise the franchisee ongoing in the business.

13. How long is the Franchise Agreement?

One day less than your lease. Generally this is for a 5-6 year term with rights of renewal if available. In order to best protect the franchisee, all leases and Franchise Agreements will run concurrently.

14. As a Franchisee, where is my input best directed?

The franchisee and their staff are the public face of Footloose. As such you are responsible for managing the customer interface to ensure that the Footloose high levels of service and goodwill are always maintained. In order to achieve the greatest return on your investment, you will be best focused on the daily management of your store, achieving excellent results and promoting the Footloose brand in a way that will be of benefit to all franchisees. In addition, you will be expected to contribute your ideas and suggestions regarding the growth of the Footloose brand through the appropriate channel i.e. your relationship with your Franchise Support Manager.

15. Is my investment guaranteed?

Nothing is guaranteed in this world! However, the strength of the Footloose offer and franchise support systems combined with your personal desire to succeed, will undoubtedly make winning formula.

16. Who will hold the head lease on my store?

Generally individual franchises will hold the head lease for their sites. Footloose will hold a head lease by exception only.

17. When do I pay the franchise fee?

This will be due for full payment upon execution of the Franchise Agreement. All agreements must be executed prior to the scheduled opening date. Depending on the circumstances, a deposit may be required.

Footloose fee structure

The franchise purchase price is budgeted at \$250,000. This figure is exclusive of GST and may vary on a site by site basis.

The purchase price will cover:

- The site fit out, including equipment, to footloose standards
- Installation of the Point of Sale system
- Opening stock
- Franchise joining fee
- Franchisee and staff training, excluding travel, accommodation and wage costs
- The Franchisor's legal costs associated with the preparation and execution of a standard Franchise Agreement
- The Franchisor's legal costs associated with the negotiation and preparation of a standard Agreement to Lease

The Franchisee's additional cost to budget for will include but not be limited to:

- Independent legal advise to review the Franchise Agreement – approx. \$1500
- Independent legal advise to review Agreement to Lease – approx. \$1500
- Independent accounting advice to review the financial estimates – approx. \$1000
- First month's rental and operating expenses – this will vary on a site by site basis
- Insurance – approx. \$3000 per annum
- Till floats and spare change – approx \$500
- Staff recruitment costs e.g. advertisements – approx. \$2000
- Staff uniforms and name badges
- Set up of staff amenities and cleaning equipment – approx. \$300
- Opening promotional activity – approx. \$2000

These costs are provided as a guide only and are exclusive of GST.

Ongoing costs:

Footloose franchisees are responsible for all expenses incurred in the operation of the Footloose store.

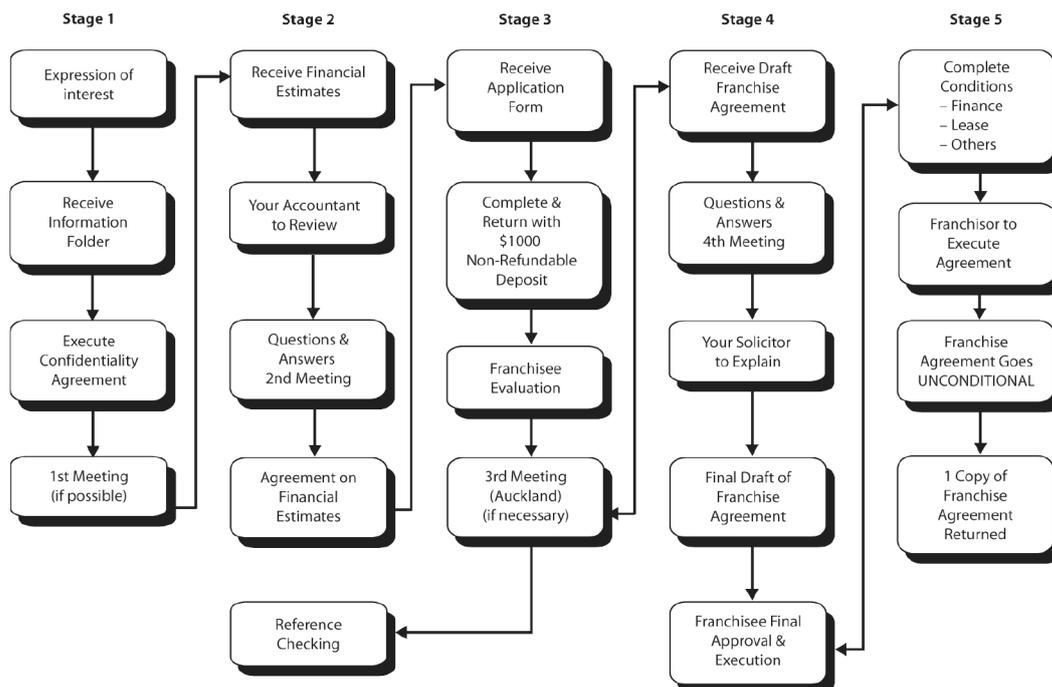
In addition the following fees are paid to Footloose Franchise Systems Limited.

- A franchise royalty fee of 6% of Gross Turnover – payable on a daily basis through a direct debit on the franchisee's bank account.
- A marketing levy of 3% of Gross Turnover – payable on a daily basis through a direct debit on the franchisee's bank account. This is used to execute the national and regional Marketing Plan.

Note: The marketing levy is 3% but currently is at 1%.

What are the steps to becoming a Footloose franchisee?

Franchisee Selection Process



How do I proceed?

In order to progress your application you will need to:

- Complete the confidentiality agreement you received with this information.
- Return the confidentiality agreement to Footloose Franchise Systems.

We will then make contact with you and arrange for you to receive the comprehensive Footloose application form.



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