

erban spa
devoted to well-being

ERBAN SPA FRANCHISE FAQ'S

1

How much money will you make?

You must evaluate the opportunity on your own. We suggest you seek advice from your accountant or business associates. You need to assess treatment and product prices, costs, and profit margins and estimate for yourself how many clients you will need to make good profit margins. What Erban will do is help with proven marketing as well as help get your staff to the ultimate level – in order to resell and rebook clients using our proven methods.

2

Will owning a franchise be easy?

Probably not (well not at first anyway) , but it will be fun and you will get loads of support. Like any new start-up business it requires dedication, enthusiasm and hard work. You will have to commit to the business and work hard. The spa industry is a great industry to be involved with but you need to be prepared to dedicate time and energy to it which in turn will dictate your level of success.

3

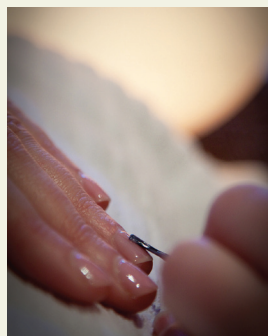
Why even buy a franchise if it's not easy?

What you gain are established systems, legal documents (staffing contracts etc.), manuals, training and support so you aren't bogged down in ticking the boxes with lawyers, finding trainers and trying to carve out new concepts. All the processes are already proven and successful – 'why reinvent the wheel when its already been invented'. This will make many aspects of opening your business much easier, less stressful and will increase your chances of being successful. The time and money you save allows you to step away from the semantics and spend more effective time on service, advertising, and running your day spa financials and ensures you don't get bogged down like many new business owners.

4

Which franchise should I choose?

Find something that appeals to you, one that has the right style and feel – if you are excited about it you will be passionate about it. Don't simply choose the biggest and don't just look at the numbers. You will be promoting the business and your chances of succeeding are much better if you love what you are investing in and like the people you are working with. You don't have to be a therapist to be an Erban owner – we're not, but if you believe in the value of spa treatments and the benefits of wellbeing and enjoy spa treatments then you will love the Erban offering.



5

Is a larger franchise chain better than a boutique one like Erban?

We obviously feel that there are unique opportunities with a newer franchise. In the day spa industry your customers will be mainly local people. The ‘market’ of people who drive by and call into a franchise (like Subway) because they are familiar with it is not an issue in this industry. You should look at the business model and what are the competitive advantages of the franchise. Just because a franchise has 20 operating nationwide does not mean it will help you in anyway. Larger franchises have up-sides and down-sides. What we offer is a close knit approach offering flexibility where we interact and act on ideas from our other franchisees and relish feedback. Smaller franchise models provide the ability to change, tweak and improve systems easily.

6

What is a franchise fee and royalty fee? And what do I get for it?

The franchise fee is a one-off fee that you pay the franchisor to become part of the system. For a day spa franchise this will typically be \$35,000 - \$40,000. The Erban franchise fee is \$25,000. For that fee you receive extensive training, a comprehensive operations manual, product discounts, established POS, group buying capabilities and key performance monitoring. You basically own the right to use the name, branding and all systems of the franchisor. You still have to pay for the lease, fit-out, equipment, etc. just like any other business you open (but with negotiated discounts). The royalty fee is an ongoing fee that you pay (about 5% of sales is typical) to be part of the system. The percentages of businesses that fail are a lot higher in stand-alone start-up businesses than in a franchise business. We recognize that the first 12 months is often the hardest so we have in place flexible options we can discuss and negotiate. By using our franchise system and taking advantage of our structure you will save money verses going it alone.

Of course, the above FAQs and answers are not a comprehensive review of the complexities of buying a day spa franchise so you should always seek the input of friends, and advisors.

A list of key questions in an application style form is attached for you to fill out. We require you to work through and consider these before moving onto the next stage.

