

Retail sales are a competitive business that cannot succeed overnight. With hard work and a good business plan, a store will have the selling platform needed to make money. The best laid plans, however, cannot succeed without customers in the store. Even if the location is a busy mall or strip plaza, customers need a reason to come into your store and not that of the competition.

Over the course of decades of successful retail development, Sangster's realizes that the most powerful way to get and keep customers is to spend money on everything from advertising, displays, stock, magazines, handouts, and more. Owning a profitable business is more like nurturing a flower with water, sunlight, soil, and care rather than throwing a seed down on the ground and hoping that good things will happen.

"You gotta spend \$ to make \$."

Corresponding section in the Franchise Agreement:

6.1 (f) to exert continuously Franchisee's best efforts to promote and enhance the Franchised Business and to participate (at Franchisee's own expense unless otherwise herein provided) in all promotional, advertising and marketing programs, campaigns and co-operatives developed by Franchisor; all costs incurred by Franchisees as required in connection with Franchisee's participation in such programs, campaigns and co-operatives shall be borne wholly by Franchisee.

The 2% advertising royalty is used to promote the Sangster's Brand and name. It is used to fund some of the following:

- Maintenance and protection of **Sangster's logo** and other intellectual properties;
- Reinforce **company identity**;
- Continuous attention paid to building **brand awareness** in existing markets;
- The construction of professional **radio jingles**;
- The construction and maintenance of our **website**: sangsters.com
- Professional advice to help determine the **best areas** to advertise for each store;
- Fun and exciting **contests and prizes** are provided to our franchisees, staff and retail customers throughout the year;
- Quick, professional and easily accessible **letterhead & stationery** supplies;
- **In-store merchandising** assistance and advice for eye-catching results;
- Professionally build and supply **product brochures and pamphlets**;
- Custom **bag stuffers** for your store;
- Regularly supply our franchisees with both product and attractive **brand posters** for in-store use;
- Custom built **in-store signage** available;
- Custom built or stock ready **banners** to use in your store;
- Planning and executing **social media** marketing;
- Custom design of **print ads**;
- Professional **radio script** for individual stores;
- Professional design of **multi media** for all national sales and events;
- Case by case **customized market analysis**;
- Professionally **designed direct mailings** to entice and target existing customers;
- Store **specific local promotions** and marketing assistance;
- Professionally **designed billboards** for sales, promotions and branding;
- Clean & professionally presented **product packaging & labelling**;

- Use of **power point presentations** to re-train store staff;
- **Website** presence and customized store data;
- Custom built **press releases** on demand;
- Individual **marketing planning** & consulting;
- **National company advertising** and marketing planning;
- **Local media buying** (TV, radio, newspaper) support and assistance;
- **Production** coordination and pricing for printed materials;
- Customized **mass email** marketing;
- Regular **inter-company communications**;
- **Annual Franchise Convention** designed to help build upon your existing business;
- Worry-free 600,000 per sale of **sales flyers designed and printed** made available to our franchisees;
- **Customer Appreciation Day** planning and execution for our franchisees;
- **Sourcing and prepping secondary supplies** such as clothing, pillboxes, mugs etc. for local store branding initiatives;
- **Assistance to stores** with local level mailings, emailing, **advertising procurement** etc;
- Providing **individualized coupons** for stores;
- **Assorted graphic design** across all media for special one-offs as requested by franchisees;
- **Designing and implementing franchising advertising** in new and existing markets;
- **Tradeshaw booth design and promotional literature**;
- Provide franchisees with factual data on trending product or **customer behaviours**;
- **Free Rewards Program** that executes innovative customer loyalty marketing for all our customers across Canada.

Sangster's employs a professional Advertising Department to plan all national advertising events as well as assist individual Franchisees. The department is available by phone (877) 653-4481 ext. 136, fax (866) 653-4688 ATTN: Marketing, or e-mail marketing@sangsters.com for help. The marketing department is also a resource for you to aid in the planning of local advertising campaigns.

New or existing Franchisees will find this support to be invaluable. Sangster's is committed to helping its Franchisees develop the skills necessary for the proper functioning of a retail health business.

What is Advertising?

Advertising is the paid placement of persuasive material (for example notice of sale/ flyer). Some examples include television, radio, newspapers, flyers, magazines, billboards, the internet, direct mail, and more. Some advertising opportunities are designed to attract new customers, and others are designed to increase the rate of customer return.

One important aspect to know when choosing advertising outlets is your target market demographics or 'who' your customer is. Are they mostly Male or Female, Educated or Non-educated, Age 30-45 or 46-60? Take this information into account when choosing your media outlet. For example, if your target market is women age 35 – 55, would you pick a rock radio station? No, as rock stations are oriented towards men. You can also find what is right for your store by asking your customers. Advertising surveys can be as simple as "what radio station do you listen to" or "what newspaper do you read." These questions can be asked of your customers as they purchase product. Keep an ongoing list beside your register for a few weeks and you'll get a good idea.

What is Marketing?

"Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably"

- *Chartered institute of Marketing*

To get a good idea of what marketing encompasses, you can refer to the 7 P's of marketing also known as the marketing mix. The seven P's are as follows:

1. **Product**
2. **Price**
3. **Placement**
4. **Promotion**
5. **People**
6. **Process**
7. **Physical Evidence**

Product – the physical products that are offered as well as the supporting services. For example *Product* can refer to both a bottle of Vitamin E as well as your knowledge as a product advisor / nutritional consultant. An important part of *Product* is the value and quality that the customer perceives from the product/service. Sangster's 100% Satisfaction Guarantee would fit into this category as it creates added value to the product/services offered.

Price - refers to the price of product. The price aspect of marketing can be dissected into a number of areas. First there are regular prices which account for the majority of pricing. It is important to have a competitive price, yet be reflective of the quality. The second price category is sale price. These prices are constituted by the sales and specials held on a monthly basis. This level of pricing is essential to volume increases and customer flow. Finally, there are regular discounts, such as Senior's Days, Rewards Program, and loss leaders. This area of pricing is devised to bring customers into the store on a regular basis.

Placement - means being in a convenient place for the customer. This refers to both the store location, as well as how the products are placed within the store. This can be done with displays stands, sale items at the front etc. End caps are also great to get the product displayed and easily available to the customer. Impulse items should be placed near the cash counter with easy access.

On a fundamental level this means that in your store you must have all stock ready to be sold to any customer that may come in, this is even more crucial when it comes to sale items. It is a serious inconvenience for a customer to make a trip to a Sangster's location to find out that the product that they wanted is out of stock.

Promotion – is the way a company communicates what it does and what it offers customers. Some examples are branding, advertising, public relations, and special offers/sales.

People – refers to anyone who interacts with the customer. *People* have either a positive or negative effect on the customer's experience. The reputation of the store and of Sangster's is in the hands of the people that interact with the customers, so they must be well trained and have the right attitude. This category also includes how staff is rewarded for their work (wage, goal rewards, commission etc.)

Process – This is the service process that the customer experiences. For example does the customer need to wait a long time for assistance? Was the staff helpful? Did it take a long time to ring them through the register? When making store policies always consider if it will negatively or positively affect customer experience.

Physical Evidence – how the store is presented and the impression that a customer perceives from it. For example, is the store well organized, clean, with welcoming décor? Or is it dingy, dusty, and over-cluttered? The physical evidence of a store gives a potential customer an impression about the quality of products/services without even experiencing it. For example if you went into a lawyer's office that had dingy carpets and retro décor, would you feel confident that this lawyer could keep you out of jail? A clean, organized store tells a customer that you care about your store and the products you sell, so they are more trusting of putting their health in your hands.

The world of advertising is dominated by salespeople. As a retail business owner, Franchisees can expect to have salespeople visiting and telephoning the store on a regular basis. You must first determine which newspapers, radio stations, television stations, etc. appeal to your customers. An easy way to do this is to do a simple poll of your customers as they make purchases; make a checklist with the different newspapers, magazines, radio stations, etc., and ask your customers which papers they read and what stations they listen to. This will give you an idea of where to commit advertising dollars.

Your mall or strip plaza administration office is another invaluable source of information about the customers and media in your area.

Once you have determined what advertising avenues you want to explore, call them directly and ask for their sales department. They will most likely have a representative for your geographic area of the city or for your business alphabetically. The key is to meet and form a friendly relationship with the appropriate representatives so that you will know your options. This can also lead to special bonus promotions and rate reductions in the future.

As for door-to-door salespeople or telemarketers, treat each opportunity with a grain of salt and examine it thoroughly before agreeing to anything. If you are having difficulties dealing with them or evaluating their proposal, contact our Marketing Department for help, especially before signing any contract. Do not sign any agreements that will lock you into a contract with any radio or T.V. stations without talking to our Marketing Department first.

For new Franchised locations, the Marketing Coordinator at Head Office will provide you with a customized Market Analysis report for your specific market. This report will include general information that will assist you with the above choices to make. The Marketing Department at Head Office will also help to make recommendations of which media is the best choice for your location.

For the most part, figuring out the audience and the impact of an ad is half common sense and half intuition. As your business grows, you will become more confident in your ability to choose and design good ad campaigns. In general, using a response vehicle like a coupon or a line that says "mention this ad and get . . ." will let you know if your ad is working. A good coupon program will get a 2% - 4% return rate but, if you send out 1,000 coupons, this means 20-40 new customers of which some will become valuable regulars. For the most part, big sales with flyers, newspaper or radio are designed to bring in new customers and to recapture old ones. These sales can boost your customer counts by 10% or more.

As far as ads in local magazines or posters in other businesses etc., keep in mind the demographics (age/sex/hobbies/income) of the audience. The basic rule when planning your ad campaign is repetition of frequency. Even with a terrific advertising opportunity like a flyer distribution, it is often more effective with a follow-up ad (newspaper or radio) or a selective second distribution of flyers about a week or 10 days later. It takes approximately 7 times hearing the same message for it to go from your short term memory in to your long term memory. Therefore someone who hears our jingle seven times on the radio is even more likely to remember the details of your store and your specials than someone who only heard it once.

Not everyone has the computer or creative skills to design their own ads from scratch, so Sangster's has developed some programs which help. If there is not a specially-designed flyer available as a model for the newspaper to use, then the Marketing Department will work with you to design an ad. There are years of combined experience at Head Office that are available for this purpose. Most newspapers, magazines, and radio stations also employ creative people whose job it is to interpret the raw information that you provide and turn it into an attractive ad. Successful ads and jingles that Head Office has already built that a creative department at any newspaper or radio station can download are found at: www.sangsters.com/radio & www.sangsters.com/stockads

Any creative department can download full color or black and white approved logos as well. Only these logos are to be used in any print advertising. Find at: www.sangsters.com/logos

Advertising is everywhere in the modern world from sports jerseys to billboards. No location will be able to afford to participate in every advertising opportunity that presents itself, so the less productive ones must be filtered through. Follow this simple test: the ad must reach people you consider to be potential customers, the ad must be cost-effective, and the ad must contribute to your overall advertising plan.

It is important to learn how to say "NO" to ad salespeople if the opportunity fails to meet these standards. An example of bad advertising with a positive upside are the many publications (magazines, newsletters etc.) used by charities; while it may be socially responsible to contribute to these charities, it remains charity and not a good advertising opportunity because they simply cannot deliver any kind of mass audience.

Magazines calculate cost based on a fraction of a page. There is usually a standard small size about the size of a business card, and then regular increments up to a full page. The larger sizes are usually discounted as an incentive (i.e. a full page is cheaper than two ½ pages). Most magazines offer one rate for black & white and another for full process color, although some do allow spot color. Local Area magazines may offer some good exposure for your business.

Newspaper display ads are usually booked by the Modified Agate Line (MAL = 1/14 of an inch); this means that you have to ask your representative how many columns wide a page is and how many lines tall. A typical newspaper is 10 columns wide and 300 lines tall. You can get a cost per line per column and get your final cost by following the simple equation: $\text{Price} = \text{Cost} \times (\# \text{ of lines}) \times (\# \text{ of columns})$. Some newspapers will give you a cost per column inch, which uses this formula: $\text{Price} = \text{Cost} \times (\# \text{ of columns}) \times (\# \text{ of inches vertical})$. Please note that most papers don't do it this way anymore.

A third method is by standard dimension; some newspapers will give prices for ½ page, ¼ page, etc. In all these occasions, color will be an extra cost. Usually, spot color (a solid color used to highlight a black and white ad) will have a standard cost per color for the entire ad, no matter the size. You can also get a cost for process color, which is photograph-quality, but this is usually expensive.

Booking Ads: It is important to note that rates are often negotiable and will likely decrease when agreeing to multiple ads. An example: instead of booking one ad each month, make a 4 month agreement and save 15% off each ad.

Note: Print ads that are pre-built and approved can be found at sangsters.com/stockads.

Radio stations arrange the “day” into sections and charge differently depending on the listening audience. Common divisions include Breakfast, Midday, Afternoon Drive, Evening and Late Night. The best time is in the morning, so the ads are priced higher accordingly. On the other hand, the worst time is late at night when everyone is asleep, so the ads are very cheap. Most stations will book your ads as OES (Optimum Effective Schedule) or ROS (Run of Schedule). Both of these options mean that your ads will run across multiple day parts, usually 6am – 12 midnight.

Radio offers some opportunities for those looking to remain “Top of Mind” as well as leading up to or during a major campaign each radio station offers different packages. If you are planning on using radio for an event like a customer appreciation day, ask your radio representative what packages are available. Explain what you want to promote and they might have something to offer that you never thought of! The Advertising Department in Head Office has catchy radio jingles available for all radio ads. Any pre-built approved radio jingles can be found at: sangsters.com/radio

Section 10: Marketing& Advertising Radio and Newspaper Market Research

Policy No. 10.11

Page 1 of 1

From time to time, you may want to conduct a simple survey to get some insight as to where your advertising dollars would be most effective. Asking your customers what radio stations they listen to and what newspapers they subscribe to or read on a regular basis can be very useful information when allocating advertising dollars.

A simple chart such as this can give you a snap-shot of your customers' interests. Make sure you ask enough customers to get an adequate data set.

	Q 104 FM	650 CJWW	Z-99 FM	540 CBC	Halifax Herald	Times Colonist
Aug. 21- 26	IIII	III	IIII	II	IIII IIII	IIII II

Your opinion is irrelevant, because you are not your customer and their needs and wants can change. Ask them questions regularly about advertising, and where they have heard about you or found out where you were located.

Once you have met with your media representative and have agreed to run some form of advertising the details of how to pay for it arises. Most newspapers and others require pre-payment of ads or the completion of a credit check. We recommend applying for a credit account so that you do not have to pay for the ad until 30 days after the ad has run. This way, you have not yet spent any money if something goes wrong and it also gives you a chance to make back the cost with increased profits before the invoice arrives.

Another issue, especially with newspapers or radio, is a contract volume discount. This is a signed agreement between the Franchisee and the media representative guaranteeing a lower rate in return for a commitment to a certain amount of advertising. While getting a lower rate is a good idea, Sangster's does not recommend entering into any such agreement rashly or without due consideration. Only agree to a volume that you know you are planning to use; any unused portion will be billed to you or forced on you in the form of unwanted advertising at the end of the agreement. It is best to discuss this with Head Office first before any contacts are signed.

A **CO-OP FUND** is money allotted to you by Restore Holdings through a purchasing process. The co-op funds offered toward your advertising is a contribution on our part for your loyalty in purchasing **Sangster's Brand Products**. Funds offered to you via co-op have one restriction; ***CO-OP FUNDS may only advertise Sangster's Brand Products***. Annual **CO-OP FUNDS** are based on 1 percent of Restore Holdings paid purchases from January 1st to December 31st in the previous fiscal year. This is what will make up your **CO-OP FUNDS** for the year.

Purpose - This policy is designed to assist Sangster's locations to promote and sell **Sangster's Brand Products**, improve customer awareness, and increase the overall volume of business.

Highlights - This system promotes and rewards Sangster Brand Sales. The more **Sangster's Brand Products** you purchase and pay for from Restore Holdings in one fiscal year, the more co-op advertising funds will be available to your store. We as a team will have the ability to promote the **Sangster's** name on a national level.

The **CO-OP FUNDS** will be used by you to promote your store and the **SANGSTER'S BRAND** through print advertising, TV, radio ads and direct mailers. All **CO-OP FUNDS** advertising must be approved in advance by Head Office. Allow at least 1 week before your deadline, any later may result in an ad running without Head Office **CO-OP FUNDS** support. Successful print ads that have been built in the past are available to download at www.sangsters.com/stockads. These are convenient to use and easy for your newspaper or magazine to download as they are built and ready to use. Also visit sangsters.com/radio for pre-built jingles for your local radio station.

Please remember you need to plan ahead. Calling and saying "*I need to know today!*" will not likely get you what you need due to such short notice. It is also important to make decisions after obtaining all the information you need and much deliberation so your marketing budget is not affected negatively.

Head Office will continue to create new and exciting promotional material to help increase your sales.

Steps To Receiving CO-OP FUNDS

1. Please do some ground work and find out how much the ad (radio, newspaper, mailer, etc.) will cost. Example - 300.00 + tax. An estimated cost is needed. Your advertising must promote **Sangster's Brand Products** in order to request **CO-OP FUNDS** (remember, all co-op funds are derived from what you purchased last year).
2. Phone Head Office @ 1-877-653-4481 and ask your Sangster's Franchise Support Rep how much they are willing to co-op. (Usually about half, providing you have enough in **CO-OP FUNDS**). All co-op requests must be submitted to Head Office at least 1-2 weeks prior to the date that the ad is due for production. We need at least 1-2 weeks to proof the ad(s).

3. Your Sangster's Franchise Support Rep will then type you up a **CO-OP FUNDS AGREEMENT**, then fax to you to sign. Example - Head Office has agreed to co-op \$150.00 + tax.
4. If you agree with the terms on the **CO-OP FUNDS AGREEMENT** then sign it and fax it back to Head Office Toll free (1-866-653-4688).
5. You then can have your local newspaper, radio or TV advertising rep create an ad for you or download one from www.sangsters.com/stockads
6. Once the ad is complete, fax or email a proof of the ad to marketing@sangsters.com and the Marketing department will either approve or disapprove of the ad and make the changes required.
7. The Marketing Department will then "OK" the ad in writing and you can go ahead and have it printed. (If there is no "OK" through Head Office then we will not co-op the ad).
8. Within roughly 30 days from the ad run date you will be billed by your local media company.
9. Pay for the bill and fax, email or mail a copy of the paid bill to Head Office along with an actual copy of the ad after it has ran. **Submission of proper documents must be received at Head Office within 90 days of the ad run date or the CO-OP FUNDS AGREEMENT will be voided and credit will not be issued.**
10. Once Head Office receives the proper documents - physical proof of payment in the form of receipts, receipt #'s etc. and physical proof of advertising in the form of the actual newspaper/magazine ad, written radio scripts, etc. - your store will be credited for the amount agreed upon in the **CO-OP FUNDS AGREEMENT**.
11. All co-op advertising cases are pending only between January 1st and December 31st in the same fiscal year. In cases of joint advertising, each case must be handled as a separate case. Verbal agreements are not acceptable. If there is no such proof of a written and signed **CO-OP FUNDS AGREEMENT**, you will not receive co-op credit to your Restore Holdings account.

IMPORTANT - REMEMBER:

ALL REQUESTS REQUIRE PRIOR WRITTEN APPROVAL so get your request in as early as possible.

Restore Holdings and your **Sangster's** Franchisor work together to produce and print all national flyers for approximately 4 national sales per year.

National Flyer distribution is booked at a cost per thousand or a cost per flyer; a common rate would be \$45/1000 to \$65/1000 or 4.5¢/flyer to 6.5¢/flyer.

For major sales, Restore Holdings will request a **Product Pre-Order** as well as an **Advertising Pre-Order** from every store.

The **Product Pre-Order** is an order that must be placed by a certain date ahead of the Sale. Franchisees are to make an educated estimation, with help from Head Office if necessary, about how much product they are going to need for the up and coming national sale. Restore Holdings is then less likely to run out of stock on key items during the sale because enough can be ordered ahead of time. It also ensures that Franchisees are fully stocked with the Sale items when the flyers are delivered to their market area.

The **Advertising Pre-Order** is an order which must be placed ahead of the Sale as well. Due to the fact that the flyers must be printed 4 weeks prior to the Sale start date, the Franchisees must know their flyer quantities and distribution areas ahead of time. The newspaper companies are contacted by the Marketing Department and the flyers are booked and arranged for shipment by the Marketing Department at Head Office.

Section 10: Marketing & Advertising Procedure No. 10.15

Setting Up a Mail-Out Schedule

Page 1 of 3

Sending out direct mail-outs to your top customers is an excellent way to up-sell or increase the amount that your current customers purchase. It is a great way to distribute coupons and announcements about new products, as well as informational brochures, magazines, and sale flyers.

The best approach is to identify your best customers through your Smart Vendor (POS) program and send out letters to a rotating portion of them monthly. This way, your customers get a reminder that you are here and have a great selection for them to come in now and buy their natural health products. Since exposure is cumulative, this will help to boost profits without great expense.

Simply use the customer data base to print of the report and labels. Then have your staff make copies and stuff envelopes during slow periods. Bulk mailing rates are available through private bulk mailing companies which we highly recommend. Canada Post on the other hand has many, but there are many forms to fill out and procedures to follow, not to mention a 1,000 piece minimum. It is recommended to use regular stamps, pre-stamped envelopes, or a private bulk mailing company.

Section 10: Marketing & Advertising Procedure No. 10.15

Setting Up a Mail-Out Schedule

Page 2 of 3

The following is how to build, export and print a customer list for a mail out.

To build the report if it does not exist in your system

1. In report generator arrow to Customers - press enter
2. Choose Customer Information - press enter
3. Select #2 Build Custom Report
4. At report name type the name of the report Customer/Address by \$ - press enter
5. At the Landscape box press the space bar to check the box.
6. Press F9 to continue
7. Select the following columns from the list in the following order:
 - Arrow to Name – press enter
 - Arrow to Address – press enter
 - Arrow to City – press enter
 - Arrow to Postal code – press enter
 - Arrow to Total sales – press enter
 - Arrow to Last Trans. Date – press enter
8. F9 to continue
9. Arrow to Sort By - press enter
10. Arrow down to Total Sales \$ - press enter
11. Tab over to Select Fields – press enter
12. Sort by press F10 – pick #2 Descending – press page down to save
13. Press F9
14. Arrow to Filter Data and press enter
15. Arrow to Total Sales \$ - press enter
 - Filter Type ➤ Include All Records Where
 - Condition ➤ is greater than or equal to
 - Value ➤ type in the value you want – (example \$150.00)
 - Range ➤ And
16. Page down to save
17. F9 to continue
18. View report
19. Use details only.

Note: If this report already exists – you do not need to rebuild it – follow the steps below:

1. In report generator arrow to Customers - press enter
2. Choose Customer Information - press enter
3. Select #1 Use Existing
4. Press TAB to custom reports and highlight Customer/Address by \$ - press enter
5. Verify the following columns from the list in the following order:
 - Arrow to Name – press enter
 - Arrow to Address – press enter

Section 10: Marketing & Advertising Procedure No. 10.15

Setting Up a Mail-Out Schedule

Page 3 of 3

- Arrow to City – press enter
- Arrow to Province – press enter
- Arrow to Postal code – press enter
- Arrow to Total sales – press enter
- 6. F9 to continue
- 7. Arrow to Sort By - press enter
- 8. TAB over to Total Sales \$ - press enter
- 9. Tab over to Select Fields – press enter
- 10. Sort by press F10 – pick #2 Descending – press page down to save
- 11. Press F9
- 12. Arrow to Filter Data and press enter
- 13. TAB over to Total Sales \$ - press enter
 - Filter Type ➤ Include All Records Where
 - Condition ➤ is greater than or equal to
 - Value ➤ type in the value you want – (example \$150.00)
 - Range ➤ And
- 14. Page down to save
- 15. F9 to continue
- 16. View report
- 17. Use details only.

EXPORT REPORT – CONVERT TO EXCEL

EXPORT

1. Report is on the screen press esc.
2. Arrow down to export report – press enter.
3. Choose #5 Details only – press enter.
4. Choose #2 Tab Delimited – press enter.
5. When it says TYPE: make sure it says text file before printing.
6. Where it says WHERE: click on the box to the right with 3 dots in it and save to My Documents – click ok.
7. Esc out of report generator.
8. Minimize Smart Vendor.
9. Open My Documents folder.
10. Find the .txt file and right click on it – go to open with – click excel.
11. Customer data now is visible on spreadsheet.
12. Make the columns bigger so you can see the information in each one.
13. Delete any names with incomplete addresses and save the file as an excel file

Sangster's web-site is www.sangsters.com. It is an excellent source of information for our customers, but also an excellent source for Franchisees.

We have also posted on the web-site tools that can be downloaded and used by your local advertisers to help with ads.

sangsters.com/stockads - This has postings of pre-built approved sample ads that have been used by stores and have either been created by our advertising department or by other newspapers. These ads can be pulled off and edited to the specs that you need.

sangsters.com/logos - This has a listing of all the various official Sangster's logos in full color or black and white to be used in all print ads.

sangsters.com/radio - This has a listing of all jingles that are available for radio advertising.

The following are additional resources for any Franchisee or Manager:

sangsters.com/media/forms - This contains the links for jingles, print ads, posters, signage, forms, and logos

sangsters.com/signage - This has a posting of pre-built approved posters and in-store signage

Information Centre:

sangstersfranchisees.blogspot.com - This has all the above advertising links as well as all our social media links. It contains all correspondence from Head Office to all Franchisees, including past and present Franchise Reviews and any forms needed. Also included are helpful links to Health Canada, our shipping couriers, and Multipost. There are links to advanced learning opportunities within our industry. Every monthly Franchise Review will list the resources online including the information center.

The Franchise Review is a monthly newsletter designed by the Marketing Department to keep each store informed of what is going on in our Franchise system. Refer to the Franchise Review for updates on new products, internal contests, up-coming events and promotions and helpful information to successfully run your business. You can use the Franchise Review as a reference to all links to our online resources such as the Sangster's blog, pre-built ads, logos etc. The Franchise Review is also used to announce new store openings, introduce new Franchisees in our system along with any new head office staff.

Franchise Reviews are sent to store locations each month within Restore Holdings orders and are available to view on the Sangster's Information Centre Blog for 12 months at: www.sangstersfranchisees.blogspot.com

Section 10: Marketing & Advertising Procedure No. 10.18 Business Cards & Name Tags

Page 1 of 1

When you require more Business Cards please fill out a ***Business Card Order Form***. Business cards can be ordered in quantities of 100, 250 and 500. When we receive a proof of your business card from the printer, we will fax it to you, have you proof read it, sign it and send it back to us. Please proof read carefully as you are responsible for what you sign. We will then submit the proof and we should have the finished product in approximately one week. We will then send them along with an invoice with your next Restore Holdings order.

When you require more Name Tags, please fill out a ***Name Tag Order Form***. Have the person who the name tag is for proof read to ensure that the name is spelled correctly before faxing or emailing the ***Name Tag Order Form*** to the marketing department at Head Office.

The promotions that **Sangster's** has had success with in the past are listed below. These will help to increase customer counts, sales per customer, and position you head and shoulders above the competition.

Friends and Family Appreciation Event - This is a great way to say "*Thank You*" to your Top Customers. Plan ahead to have gift baskets and free samples, from participating suppliers, for draws and swag bags. Print out a report from Smart Vendor (POS) to create a mailing list and mail out a letter/card promoting this day. See procedure 10.17 for direct mail-out. Decorate the store, have posters and balloons up to promote it by contacting your Franchise Support Rep at Head Office who can also provide great ideas and tips for a successful day.

Gift Cards — are a valuable sales tool available because people are often afraid to purchase health products as gifts because they are extremely personal. The gift card lets your customers give their friends and loved ones the chance to choose their own gift. This promotes hard-to-develop and extremely valuable word-of-mouth growth and boosts overall profits.

Pick & Pop — This is a great promotion for enclosed malls. Making shopping an adventure will also help to relax your customers by having fun and open them to your sales recommendations. One way to do this is to get balloons and coupons worth 10%, 15%, and 20% off from the Marketing Department. Insert the coupons into the balloons, inflate them, and decorate the open spaces of your store with them. Simply make it a game with your customers by letting them take a pin and pop a balloon to get an instant discount at the till. Other variations of this promotion include casino-type games (i.e. spin to win), draws, or skill-testing contests. This promotion works best when it has been advertised over a one to two week period.

Bag-stuffers — Head Office provides colorful product pamphlets free of charge so that you can stuff every bag that leaves the store with **Sangster's** pamphlets. This is an excellent opportunity to slip in a flyer, coupon, or announcement that will encourage repeat customers. You can also hand anyone some pamphlets as they walk around the store. Also make sure you know what product pamphlets you are handing out and make sure you have those products in inventory.

In this industry, an educated customer is a customer that is sold on your product because they know the full benefits. This is a chance to expose your customers to additional sales material even after they have left the store. You can use your **Sangster's** Pamphlet Binder which is your master copy for all Sangster's brand in case you don't have an adequate selection of pamphlets on hand to supply information on demand. The best aspect of this promotion is the

fact that it costs nothing. To save time, you can pre-stuff your bags at the beginning of the day or when it gets slow.

Note: always use Sangster's logo bags because they give your store lots of extra free exposure.

Double Points Days — The Smart Vendor Program can be changed to give customers two Free Rewards on every dollar instead of one. If this is advertised i.e. using a direct mailer and/or bag stuffers for a short period (1-2 weeks), it can encourage dormant customers to come back in for double Free Rewards value. Every customer is truly excited to get added value like extra free rewards points as a reward. Once you have given a customer a positive impression, they are much more likely to become a regular customer who is extremely valuable to your business.

Free Draws — Free draws are another excellent way to make the shopping experience more fun. Get a basket, decorate it, fill it with free samples (from suppliers) and product worth \$25-\$50 retail, put it on display and let your customers enter for a chance to win over a period of time (two weeks). The Marketing Department can supply logo entry forms with the added bonus of helping you to get names and addresses for future direct advertising mail-outs. This is yet another way to appeal to customers by giving them something for free. This keeps them receptive to purchasing with the added bonus of letting them try out the product which can then turn them into becoming regular purchasers of those products. Make sure you enter these names and addresses from the entry forms into your computer for further promotions.

In-Store Demonstrations — Product demonstrations in your store are extremely valuable marketing tools. It provides an opportunity for customers to learn about and sample products that they may have been interested in and not yet convinced that they want to purchase. Arrange for an expert to speak and conduct the demonstration (local professional, representative of one of your suppliers or yourself) and advertise the date and time. This is a great way to distribute information and you will find that a customer, who has been exposed visually and physically to this kind of demonstration, has been educated about the product and is more likely to buy it. Certain products, like chewable Vitamin C, and Sangster's juices, protein powders, and hemp seed etc., work best in this situation.

Senior's Day — Every Wednesday all Sangster's locations have Senior's Day. On Senior's Day we offer 20% off regular priced SANGSTER'S brand supplements and 10% off regular priced OTHER brand supplements. A person is deemed a senior if they are age 65 and over as deemed *Senior* by the government. This promotion is a way of increasing the loyalty of a very important group of people for this industry — health-conscious seniors. Just by offering a regular promotion that your customers can rely on, you will encourage them to think about and plan their shopping expeditions around Sangster's. It is as easy as making

one extra calculation at the till, and it pays back huge dividends. Customers over 65 find this to be very rewarding and make a habit of coming in on Wednesdays to stock up for the week. When you become part of a customer's routine, they will feel relaxed and receptive to up-selling so they can take advantage of their added value.

Cross Marketing & Networking — Contacting other businesses in your area that share your customer demographics (i.e. gyms, craft/sewing supply stores, chiropractors, naturopathic doctors, etc.) provides you with the opportunity to cross-market. These arrangements differ, but they often involve trading posters or coupons, adding an extra discount and therefore value to their membership program. Note paper with **Sangster's** logo and your store's address can be ordered through the Advertising Department to act as a "prescription" pad.

Some alternative health professionals like iridologists, massage therapists, herbalists, and aroma therapists are often looking for a place to practice; you can offer them the use of your back room in exchange for a portion of their fees. In return, you can offer them a 10% cut of any products they recommend to the customers and the chance to advertise with you. This leads to increased traffic of knowledgeable and receptive customers in your store.

Another aspect that can save you money is to network with these compatible businesses and even other **Sangster's** franchises in your general area to advertise or run promotions together and therefore achieve a higher impact for a lower cost. Contact the Advertising Department for help on a case-to-case basis.

Advertising to Merchants — Retailers often overlook a sizeable customer pool right on their own doorstep, for example neighboring merchants and their employees. In larger malls or downtown shops, there can be a substantial number of people employed in the immediate vicinity. Even in locations with relatively few neighbors, the benefits of frequent proximity can still be achieved. Simply hand out a coupon offering them a discount at your store. Most store owners or managers will hand them out without any problems because they are an added perk for their employees that costs them nothing. Often someone who works right next door will be an extremely valuable customer. You can also try leaving an *Alive* magazine (with your store name and address on it), sale flyer or product information in restaurants, doctor's offices, or other public places where the management is receptive to free literature. This also works well if your location is in proximity to a complex of offices where you can often distribute *Alive* magazines, or pamphlets, or sale flyers.

Newspaper Editorials — Some newspapers will let you place editorial or feature articles about natural health or about your store in the paper at very little cost. This usually only applies to free advertiser newspapers or small town weekly. Larger daily newspapers will sometimes give equal space for an editorial when you purchase an ad for special occasions.

Of course, you can always buy ad space and fill part of it with an informational article, which is called an advertorial. If you do not feel comfortable writing the articles yourself, the Marketing Department has a large supply available on file written by Dr. Elvis Ali ND. Editorial pieces will give you and your store added credibility and exposure in the marketplace.

Charity Involvement — Participating in various charities active in your community can give you positive exposure. Often sponsorship of a fund-raising event will include logo exposure at the event and in advertisements, the opportunity to display promotional material, and the chance to accept entry forms for contests. This can increase awareness of your store and it will associate the name **Sangster's** with good causes (health-related or medical causes are especially valuable).

Holiday Specials — Special events in today's society often contain a central theme. When a holiday is coming, decorate your store appropriately and, if there are products in your store that are suitable, make a display with marked discounts. Participating in holidays promotes a happy mood amongst your customers which will make them more likely to make purchases. i.e. St. Patrick's Day, Christmas, Canada Day etc.

Free Samples — The various distributors and suppliers that you deal with as a health food store owner will sometimes support their regular marketing material with free samples. Depending on the size, quantity, and packaging, free samples can be given out at a demonstration, placed into each bag that leaves the store, be available in a display at the front of your store, or in a dish at the counter. Everyone likes free samples, and often they are easy to obtain just by asking your supplier.

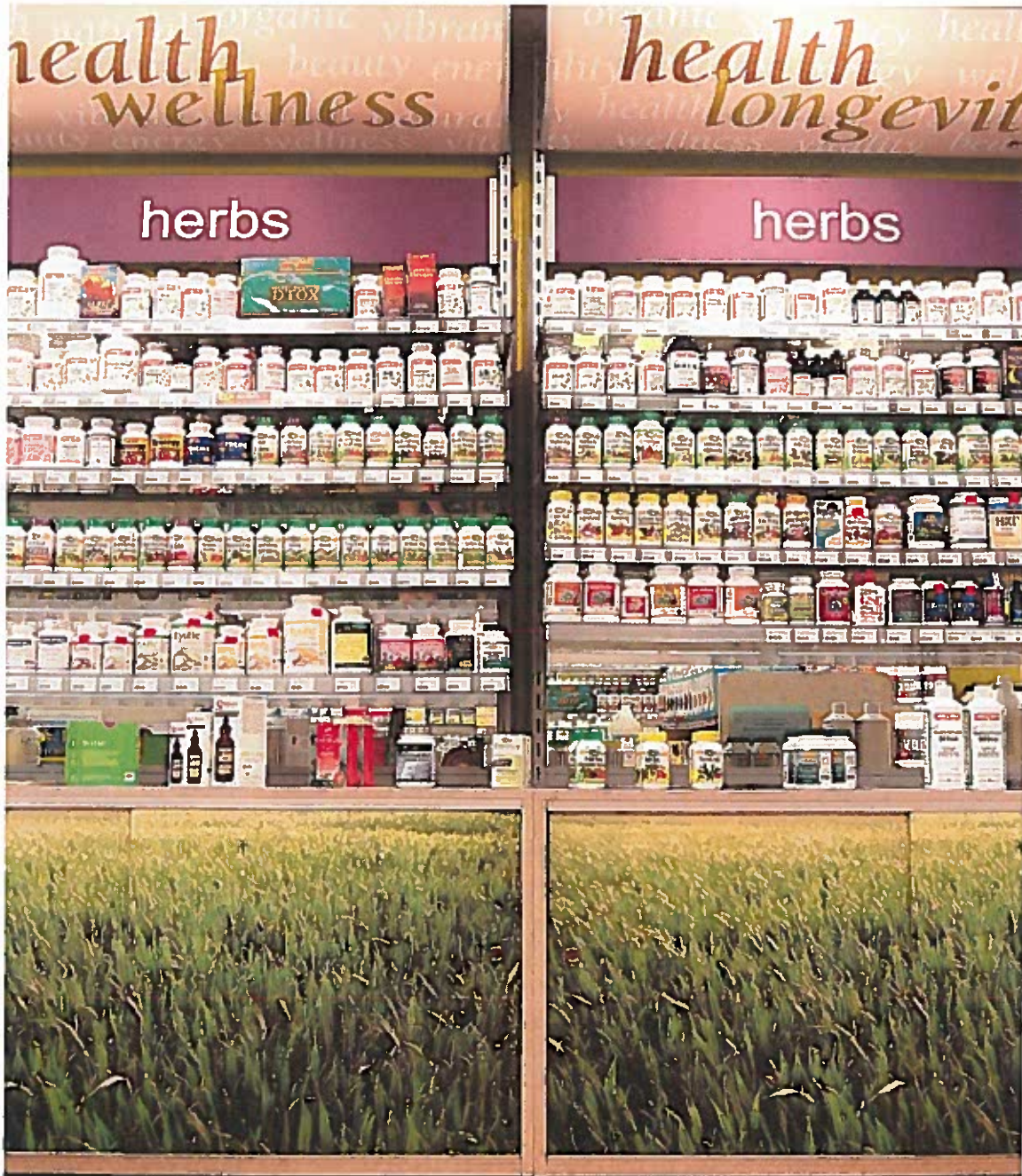
Community Relations — The community around your store is full of associations, clubs, boards, teams, companies, retirement homes, etc. Often, these groups put on events or conventions at which speakers are in demand. You can fill that need by agreeing to speak or by arranging for an expert speaker (a supplier representative or health professional) for that event. You can even pass out pamphlets and free samples in **Sangster's** bags or run a contest to maximize exposure. Other groups have a collective need for our products, i.e. the local high school or university sports teams might want to get sports nutrition products on a regular basis. In these cases, you can negotiate a group discount for all members in order to encourage them to shop at your store. It is important to note that these organizations do not always ask you for help, so it is vital to contact them yourself and proactively market your services to them. Maintaining good community relations is often overlooked as a valuable form of marketing.

The atmosphere of the store is an important marketing tool because it can relax the customer, make them feel at home, and encourage them to spend. A rotating series of posters, shelf-talkers, balloons, and displays is important because you want to keep it interesting for your repeat customers. The **Sangster's** Franchise Support Representative who visits the store will be able to show you how to arrange your store attractively and give you ideas on how to display products for the changing times of year. The whole point is to be colorful, entertaining, dynamic, and informative through decoration.

Note:

Handwritten posters and shelf talkers look very unprofessional and must be avoided at all costs. If you need custom-designed posters or shelf-talkers, contact the Marketing Department at Head Office for help or on-line at sangsters.com/signage.

Products must remain arranged on the shelves the way the store was set up by head office. All products must be arranged in alphabetical order and grouped according to brand names. We do not allow companies to be mixed in with each other as this is how inexperienced and unprofessional Health Store's merchandise. It also looks very messy and disorganized. **Sangster's** products are always placed in the best visual place. It is recommended to make double, triple and quadruple facings of the more popular items. Example of the shelving set up:



Section 10: Marketing & Advertising Procedure No. 10.22

Grand Opening / Grand Reopening

Page 1 of 1

This is a large scale advertising campaign in which to promote your location, Sangster's name, and special sale prices.

Sangster's policy is that you must budget a minimum of \$2500.00 on your Grand Opening plan. The total cost of the Grand Opening is paid for by the Franchisee. Additional support from the Franchisor may be provided in order to increase the initial advertising investments.

Some advertising options for the Grand Opening are:

- Flyers
- Advertorial (a full page ad - half text/half ad)
- Radio (live on location) or regular
- Television

Your Grand Opening Plan will be assisted by Head Office through the Marketing Coordinator. It is important to build a separate budget and plan specifically for your Grand Opening or Re-Opening. Once you have your budget then communicate what your budget is to Head Office Marketing Coordinator and Franchise Support Representative.

The Grand Opening or Grand Re-opening will be held approximately two to three months after opening. A Sangster's Franchise Support Representative will be present to assist you if any problems arise. The night before the Grand Opening begins, you must blow up all the balloons, hang up the Grand Opening banner, and stick up any posters in regards to 'SALE' and 'GRAND OPENING'.

If you have any gift baskets from other suppliers, make sure that you have a draw box with entry forms set-up prior to the Grand Opening. You may want to have samples of product on display. Whether it is Tea, Vitamin C, Hemp Seeds or the Juices, set it up on a separate small table so you do not clutter the sales counter.

Contact your suppliers and see if there are any reps available to come to the store for product demos.

