

## Section 9: Retail Store Operations

### Pricing Policy

Policy No. 9.18

Page 1 of 2

It is the objective of the Franchise System and each individual franchisee to ensure that Sangster's stores generate maximum sales and maximum profits while still being competitive. Be sure to check top selling items at competitive stores on a regular basis to make sure that your local prices are in line. Each market area has certain items they may have to discount in order to stay competitive with other retail stores, but overall the prices should remain similar throughout the franchise system.

All stores should maintain an average gross margin of approximately 45%. Simple definition of gross margin is the cost as a percentage of the selling price. Gross markup is the selling price as a percentage of the cost.

Example: Margin is 50% = cost is \$2.00, selling price is \$4.00.

Markup is 100% = cost is \$2.00 and selling price is \$4.00.

When pricing stock, regular price items are determined by Sangster's Pricing Policy. If you must discount to stay competitive with other stores in your area, use a red sale sticker.

Department	Suggested Retail Price	Approximate Gross Margin
Sangster's Brand	Use retail pricing as stipulated in Restore Wholesale catalogue	55%
Products listed in Darwen Catalogue	Use retail pricing as stipulated in Restore Wholesale catalogue. If no retail price is shown, use appropriate guidelines as follows.	50%
Other Pills & Homeopathy	Contract wholesale cost x 2	50%
Powdered supplements	Contract wholesale cost x 2	50%
Liquids Supplements	Contract wholesale cost x 1.85	46%
Body Care & Aromatherapy	Contract wholesale cost x 1.85	46%
Equipment	Contract wholesale cost x 1.65	39%
Sports Protein Powders	Contract wholesale cost x 1.65	39%
Foods, Snacks & Teas	Contract wholesale cost x 1.60	37%
Meat & Produce	Contract wholesale cost x 1.3	30%
Books	Contract wholesale cost x 1.55 * If suggested retail not listed on the book	35%
Freight Add-On	If you pay freight, add 0.10 to the above multiple	5%

#### **\*NOTE\***

Wholesale prices are subject to change without notice, so please watch for updates to your Restore Holdings Wholesale Catalogue. Sangster's Head Office will notify you of any