



VIP

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Naman Jain



# VIP EXCLUSIVE STORES

VIP Franchisee store run by Mr. Rajkumar Jain with the name attached as "BOMBAY BAG MALL". They were the sole franchisee of VIP Industries in Bhilai city of Chhattisgarh and were associated with the brand for more than 20 years

**4**

STORES

**25+**

Employees

**3cr+**

Sales

**10**

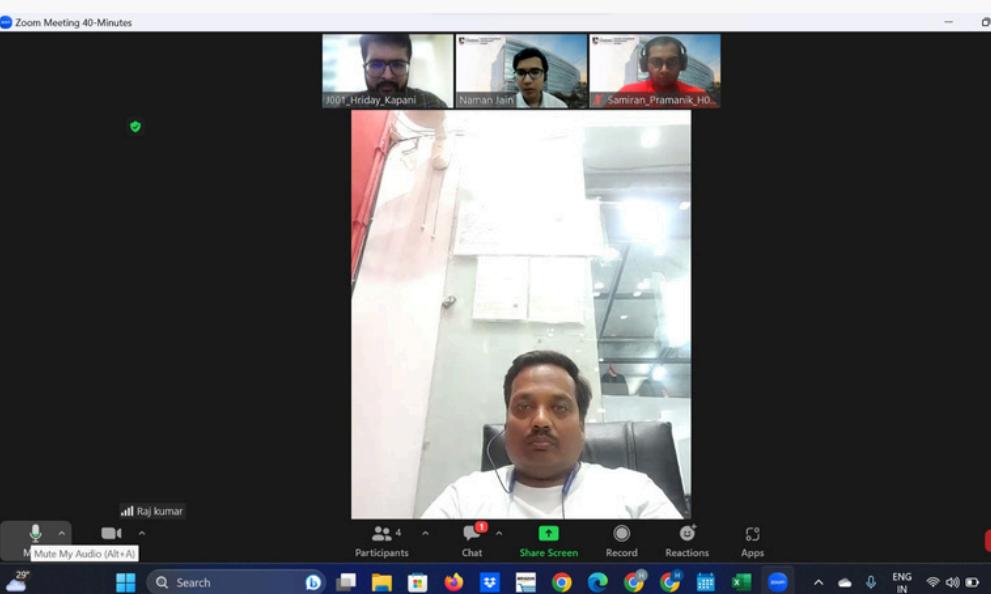
Average Units Sold Per Day

**Rs.2800**

Average Per Unit Price

**7.5 Lakhs**

Average Monthly Sales



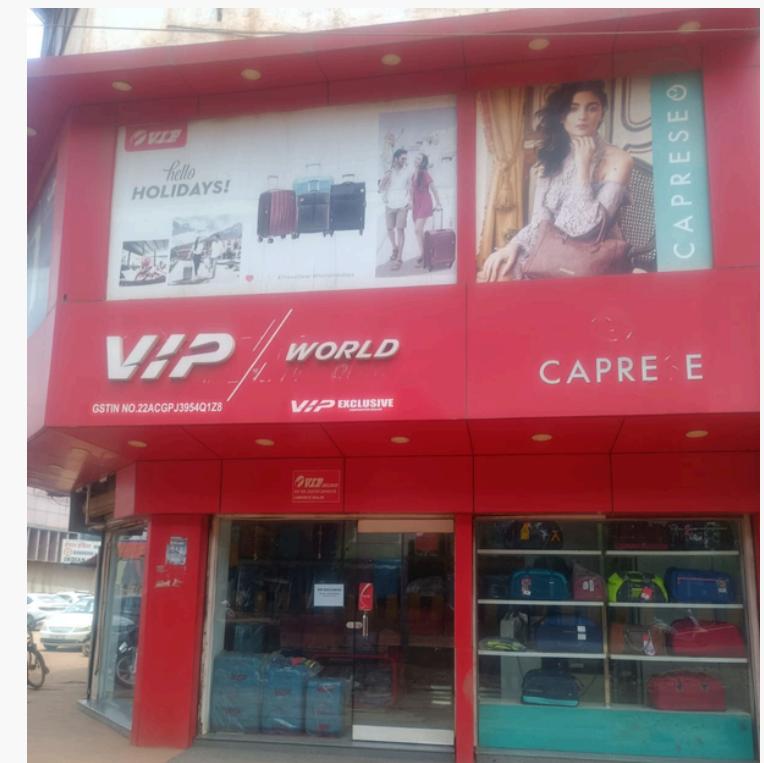
VIP STORE,Powerhouse



VIP STORE, TI Mall



VIP STORE,Sector-6



VIP STORE,Akashganga

## Product Display

- Franchisee task involves understanding customer preferences, and market demands, and are told to keep higher ticket size product in front and at eye level.

## Customer Service

- Franchisee need to take care of customer needs and also support them in their after sales service, returns and exchanges.

## Promotion

- Franchisee do this through local advertising, and in-store promotions.

## Store Operations

- Franchisees manage day-to-day store operations, which include tasks like inventory management, staffing and data management.





# Franchisee Responsibilities

## Brands Under VIP



*Skybags*  
MOVE IN STYLE



### Company expectations

- First responsibility of franchisee is to increase company revenue on a geography
- Second is to build the brand image and reputation
- Also to provide customer sales and support and give them similar experience as brand owned stores

### Multichannel experience

- Both online and offline mode of purchase are available for the customer.
- No connection between online and offline sales.
- Both are different channels and no return/exchange can be done between channels.
- Therefore the operations are multichannel

### Hiring and Service

- The company is given complete autonomy to hire who it wants as what fits in its store. Bonbay Bag Store had 5 employees in a mall setup and 3 employees in their store setup
- For service the showroom needs to raise a request on an app and the company would then send a service person to repair within 15 days or reimburse in certain cases

## Commission

- Commission are Product wise rather than Brand wise.
- Different for distributors and franchise owners.
- Distributors got 7-8% higher margins and they decide what margins to give to retailer further.
- Franchisee have 5% higher margins then MBOs.

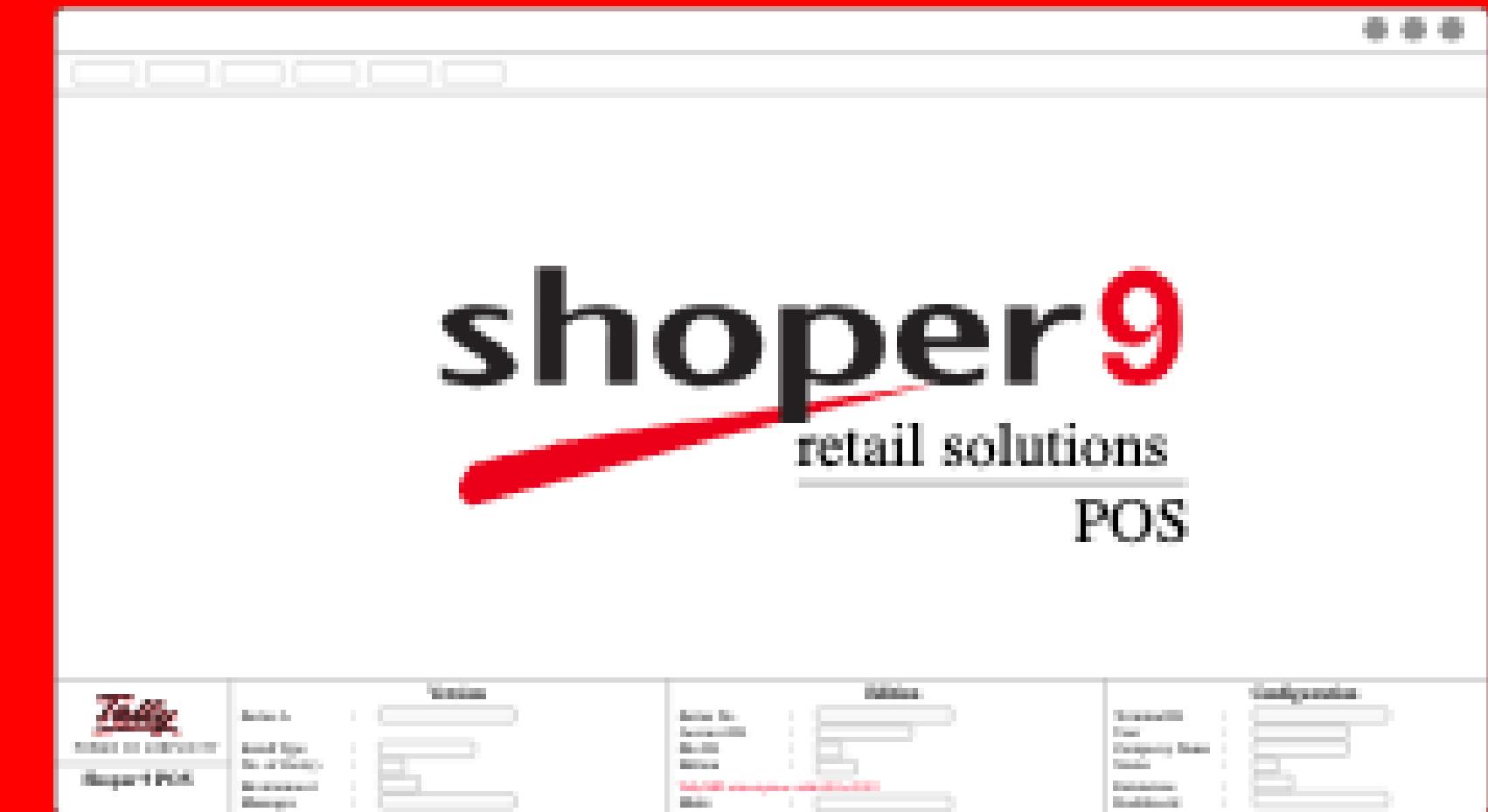
## Product Training

- Company does not have any policy regarding size and salary of staff.
- Training for new product and services is not provided by company.
- Franchises receive brochure about new product or services.

## Reporting

- Before covid there was frequent visit of ASM(every week) and ZSM(once a month)
- After covid ASM visit every month and ZSM visit has stopped.
- Auditor and mystery shopper.

- Any new requirement of inventory is communicated by franchisee owners to ASM through whatsapp or email
- Order placing by customers is done only by visiting the franchisees



- Use of Shoper 9 Point of sale to update details of customers and products sold
- the data is tracked by VIP company officials for franchisees all over india

# Franchise-Directed vs. Franchisor-Directed: Promotional and Related Activities

## Pre-Covid

- Company used to share advertising cost in a certain ratio
- The company oversaw all aspects of branding, encompassing signage, pamphlets, stickers, and hanging displays
- Constant marketing support from franchisee

## Post-Covid

- Company only shares the stickers and sign boards in very rare cases now
- Advertising Expenditure is Fully Managed by the Franchisee, Utilizing Their Own Margin
- Marketing support only once in 3 months now



## ROI

Particulars	Figures(in lakh)/year	Assumptions
Initial investment	20	For 600 sqft shop
Fixed investment	8	For building showroom,furniture etc
Stock	12	Need to maintain this much inventory anytime
Total revenue	120	10 lakh per month sale from 600 sqft shop in Tier-2 city
COGS	87.6	Cost calculated taking 27% profit margin on goods sold
Rent	8	
Salaries	5	4 persons with average salary 12500 per month
Other expenses	2	Includes electricity,maintainence and other expense
Total expense	102.6	
Net profit	17.4	
<b>The franchisee earns 17.4 lakh if stock is unchanged for an investment of 20 lakh</b>		
Breakeven period	13 months 21 days	
ROI	87%	

## Penalisation

- Loss of franchisee status on sale of non VIP brands
- Investigation and Termination of franchisee on sale of counterfeit or duplicate items

## Renewal

- Agreement between company and franchisee is of 5 years and is renewed after that.

**Thank You !**