

CASH CONVERTERS

International Franchise Group

Welcome to the Exciting World of Cash Converters

Cash Converters pioneered the transformation of buying and selling of pre-owned goods. It has brought the operation out of the back streets and today it is positioned alongside leading retailers. Our business proposition is second to none.

A visit to one of our stores will reveal a wide range of products from current electronic gadgets to the truly unique. Cash Converters is a store where the customer can purchase everything from a chain saw to a diamond ring to the latest video game or possibly find a copy of the elusive DVD movie they've been searching for, all at a discounted price. Cash Converters provides value for the consumer and margins for the franchisee often considerably higher than when the product was originally sold. Appealing to all income levels, the business is less susceptible to fluctuations in economic conditions than virtually any other. Some will even tell you that it is recession proof.



BFGoodrich
Tires

Edward Jones

OPTOMETRISTS

cash
converters

www.cashconverters.ca

Mauch's
**PET
SUPERSTORE**

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The Resale Revolution

Cash Converters is the largest retailer of pre-owned goods in the world. The first store opened in south western Australia in 1986 and the network expanded to more than 500 stores in 20 countries including amongst others England, France, New Zealand, South Africa and the US. Canada joined the international family in opening its first store in Brampton, Ontario in 1995.

Consumers appreciate the fact that aside from the varied and ever changing stock, the merchandise they find at Cash Converters is clean, interesting, of good value and in proper working condition. In addition the 30 day Cash Converters warranty offers the kind of security consumers expect on their purchases.

Why Does Cash Converters Appeal to People with Merchandise to Sell.

In our society time is money - and no one has either to spare. Cash Converters is a simple process that generates cash. Placing newspaper ads is costly, waiting for the phone to ring is annoying, and garage sales aren't worth the hassle - particularly when you often have to deal with bargain hunters who have haggling down to a fine art.

In a nutshell, dealing with Cash Converters is a quick and safe process which will bring your supplier back time and time again.



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Cash Converters Promotes Recycling and Saving our Planet.

It is now fashionable to be frugal and environmentally conscious. Consumer attitudes have changed. When it comes to items such as electronics and computers, virtually everything is disposable these days. People no longer buy items with the idea that they'll last forever. They buy them expecting they'll need to upgrade to a newer model in a few years at best. The quest for leading edge technology means perfectly good items end up in closets, cabinets, storage rooms or landfill sites.

Cash Converters is an easy process that pays your customers to recycle their quality goods.



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About the Stores

A Cash Converters franchisee is granted a protected territory in which to operate their store. A store is typically a 3,000 sq ft unit leased in a high traffic retail strip plaza. There are three parts to a Cash Converters store, the buy shop, the retail showroom and the hold area which is designed to store the merchandise to meet municipal by-law requirements. Unlike other franchise systems where products are supplied or dictated by the franchisor, a Cash Converters franchisee has free rein to negotiate and buy from the public whatever interesting item comes in the door. Therefore a Cash Converters store has a wide selection of products ranging from home and car audio, to video games and game systems, to jewellery, collectibles, musical instruments, power tools and the occasional unique item.

Cash Converters believes in the highest standards of presentation and service. The stores are identified by our corporate colours, systems and signage. The atmosphere in the store is enhanced by the lively negotiations taking place in the buy shop and the excitement of someone finding exactly what they were looking for at a great price in the retail showroom.



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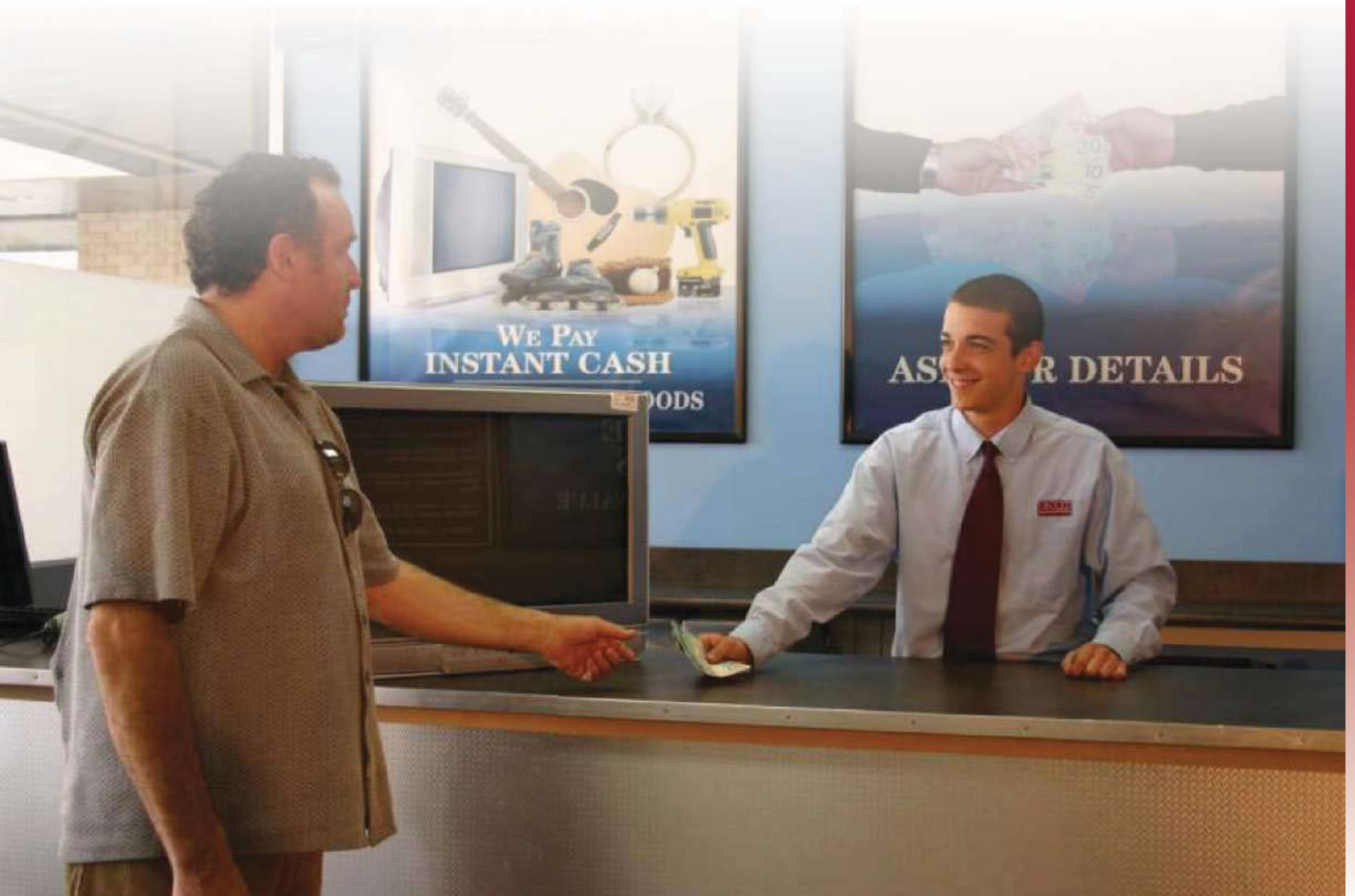
How the Store Operates

At Cash Converters the majority of the store's inventory is purchased directly from the public with wholesale suppliers used only to supplement certain departments. It has been proven that consumers bring in the quality of items they see in the store. When a customer with something to sell enters the buy shop, "the eleven steps of buying begin". This is a negotiation system designed by Cash Converters. Our proven systems give franchisees the information and confidence they need to make smart buying decisions.

After a price is negotiated and the goods have been tested, the seller accepts either cash or store credit. The seller's personal information and merchandise description is recorded and entered into the Cash Converters computer system. The merchandise then enters the store's inventory hold. Municipal by-laws ensure all sellers provide photo ID and are over 18 years of age when selling merchandise. This protects you and your customer if ownership is ever questioned.

Once merchandise has cleared the holding period it is then transferred to the retail showroom and displayed in the appropriate department. It then becomes available for sale to the public.

It's a simple and effective process that keeps both sellers and buyers coming back.



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"Mini" Stores

This concept brings a smaller Cash Converters store to the market. The mini store may be located in less populated communities as well as situated in major markets thereby increasing Cash Converters brand awareness at all levels.

A Mini store is 1,000-2,500 sq. ft. in size with most merchandise displayed in glass cabinets. As the name implies these stores carry less inventory while still providing consumers with a range of quality goods. In addition to the core buy and sell program the mini stores provide all of the current and upcoming financial services offered by the full line Cash Converters stores.

With the smaller square footage these stores offer the investor/owner operator the opportunity of a lower investment and lower ongoing operational costs and fees.

*** Other Services**

A Cash Converters franchisee has the opportunity of providing to their customers additional revenue generating services:

- Consignment sales
- Buy Backs (a short term re-purchase option)
- Western Union
- Jewellery Design, Repair and Appraisal services
- Cheque cashing and other financial services to be introduced

* All additional services to meet municipal By-Laws.



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Franchisee Support, Operations

The Cash Converters head office team has extensive knowledge and hands-on operational experience in all aspects of running a successful Cash Converters franchise.

In the initial stages we provide assistance with site selection, lease negotiation, store construction, fixturing and procurement of inventory. On an ongoing basis all members of the head office team are available to assist you with any and all of your challenges. From staff recruiting and training to achieving higher gross profit and bottom line return on your investment, we assist you from start to finish.

To supplement the head office support, Cash Converters franchisees receive a report from an independent unbiased shopper which provides feedback on the service and appearance of their store. Each month a "Mystery Shopper" prepares a report on the appearance and service level of the store. This report is made available on the web for the franchisee's review. This is an important tool that reflects the consumer's view of your Stores' service and appearance.

Cash Converters is also interested in the ideas and feedback of their franchisees and invite franchisees to participate in the Franchise Advisory Council. This group meets quarterly to discuss matters pertaining to the ongoing success and growth of the company.

On an annual basis Cash Converters hosts a national conference for its franchisees. The conference is a time to introduce new programs as well as to provide hands on training to the owners and managers. It's a great social event providing the franchisees with the opportunity to network with their fellow franchisees and share the accomplishments of the stores with the presentation of awards to the top performers.



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Training and Human Resources

The Human Resources/Training Department is available to assist you with all issues relating to the recruiting, training and successful retention of one of your major assets—your employees.

From the beginning we will assist you with all your training needs. You begin with a full week at Cash Converters Head Office. You will then continue with hands-on, in-store instruction for two to four weeks. Once certified through testing, you are granted your franchise.

On an ongoing basis Cash Converters offers staff and management training at the Corporate Head Office training facility in Oshawa, Ontario. In addition, the Cash Converters web site training programs allow you to train a new and existing employee effectively and quickly at store level. Manuals and video based training are also available for courses on merchandising, sales, loss prevention and employee orientation.



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Maintain Brand Awareness

Market research findings and close monitoring of business performance are used to fine-tune the message that goes out to the public to get the Cash Converters message across to potential customers.

Brand design and development, plus in-store material, television, radio and print advertising are constantly reviewed and updated.

All in-store material and local advertising information plus design assistance is available via the Cash Converters Intranet service. This has helped establish and retain our place as the leader in our field. Our franchisees place value on the brand they have bought into. It is our job to make sure the brand value increases.



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Marketing

A complete marketing plan is an integral part of the success of Cash Converters . The plan is researched and targeted to both local and regional levels. We will assist you in every step of establishing a local marketing plan for your store which will compliment our regional marketing campaigns.

In a truly group effort each franchisee contributes monthly to the Marketing Fund. This pays for regional and local marketing and advertising programs including the Cash Converters web site, www.cashconverters.ca where templates are available for all your advertising needs. In-store merchandising materials, such as signs, banners, creative productions costs and professional fees are all processed through the Marketing Fund.

Examples of Marketing Campaigns

- \$25,000 donation to The Blue Jays K for Kids Program,
- National Consumer Contests
- Local Community Sponsorships
- Celebrity Affiliations

Memberships

Canadian Franchise Association

Awards - Advertising

Silver - Public Service
Bronze - Newspaper
Silver - Newspaper



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Becoming a Franchisee

DOES IT MATTER WHAT BACKGROUND I COME FROM?

Our existing franchisees come from a diverse range of backgrounds. Their individual endeavours together with the proven support systems, experience and encouragement offered by Cash Converters has resulted in the establishment of many hundreds of successful franchisees throughout the world.

Whatever your background, the level of support we provide to our franchisees is what sets us apart. You will receive advice and assistance in developing your own personal business plan. Once your territory is identified we will provide help with locating a suitable site, negotiating the lease, survey costs, shop drawings and design, construction estimates, computer hardware, stationery, signage and initial stock. Cash Converters provides a detailed critical path right up to and beyond your store opening.

From the very beginning we will help you market your business effectively within your area. A range of point of sale materials will meet all in-store needs. Professional assistance is available to design and plan, your Grand Opening and ongoing local campaigns. This is supported by a regional marketing strategy, using television and radio, designed to promote the Cash Converters brand. Nothing is overlooked or left to chance.

Route to your Store



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Total Investment

The total investment for a Cash Converters store ranges from \$100,000 and up.

Initial Opening Stock

Initial inventory comes from existing franchisees through a wholesale stock transfer. The inventory contains a mix of high and low end items which means your customers will have a good selection to choose from once the store opens.

Leasehold Improvements

Leasehold improvements include construction, store fixtures, merchandising cabinets, computer system, security system, safe, telephone system, signage, storage racks and testing equipment. All of these items have been determined by Cash Converters Canada in order to maintain consistency.

Royalty Fees

Cash Converters offers franchisees a unique fixed royalty designed to improve the traditional franchisor/franchisee relationship. The fixed fee has many advantages. First, all franchisees pay the same rate, so if you are performing at a higher level you don't

have to pay more for your extra effort. In many franchise systems the better you perform the more you pay. Secondly the fixed fee means you know exactly where you stand therefore budget planning, a critical element in any successful business, is much easier to achieve. Finally a fixed fee allows us to focus on your business improvement instead of spending our time analyzing your sales results to increase our own revenue.

During the first five years franchise fees are staggered to ensure that you have extra cash flow for those critical start-up years. When you compare our rates to a conventional franchise system based on a percentage royalty you can see why Cash Converters is one of the most popular choices for people looking to start a franchise.

Renewal

Your franchise agreement allows you to operate your Cash Converters franchise for a period of 10 years. A renewal fee at the end of that term will allow you to continue the operation of your business for an additional 10 years.

Our Franchisees Have the Last Say!

At Cash Converters we believe that our franchisees should do the talking. That is why, if you are interested in a franchise, we encourage you to meet existing franchisees as part of your decision making process. Joining a franchise is an excellent method to save time and money by using a tried and tested formula - choosing the best franchise for you is key.

"The franchise is structured so those enterprising entrepreneurs are able to profit to their fullest extent. As a result of the fixed royalty fee the more we make the more we keep." Frank Iachetta - Thunder Bay

"Training manuals and videos are available on the company web site so I have all the tools necessary to train a new employee on site." Lisa Cameron - Windsor