

Marketing the H2O Business

In a franchise, marketing can be considered on two levels:

Marketing at the strategic level (National Marketing)

Marketing at the national business level asks the question: “How are we going to compete against the competition?” This level of marketing deals with the strategic marketing concerns together with the long-term sustainable advantages of the business model. Marketing at this level falls squarely on our shoulders at Head Office. This level of marketing defines and develops products, prices them and promotes them in a way that helps the company create and sustain demand for products.

Franchisor responsibilities

- Build a profitable model.
- Maintain strong brand positioning.
- Develop long-term strategic plans.
- Train franchisees on marketing methods.
- Set standards.
- Lead public relations activities.
- Develop a marketing and pricing strategy.
- Provide excellent training in customer care.
- Be aware of competitor activity.
- Allocate funds from a national marketing fund.

Head Office manages all national marketing and brand building activities. National marketing is paid for from the National Marketing Fund, which is funded by your monthly contributions. Depending on the budget, the brand may be advertised on radio, or in national print or online media.

The monthly marketing contribution

The franchisee is required (as per the franchise agreement) to pay a monthly national marketing contribution, payable monthly in arrears. The amount shall be paid directly to the franchisor and placed in a separate bank account, namely the National Marketing Fund.

The contribution amount is reviewed on an annual basis whereafter it may be adjusted to maintain pace with media advertising inflation and remain in line with franchisees’ marketing expectations.

H2O International has calculated the monthly marketing contribution, also known as the monthly franchise advertising levy as follows:

- *3% franchisee turnover per month (contributed to the National Marketing Fund)*

Examples of what the National Marketing Fund could be used for:

- Developing national marketing and advertising campaigns including social media, promotions, magazines, internet, radio.
- Enhancing our website.
- Public relations.
- Market research.
- Development and design of the trade name and corporate image.

Note: An H2O franchise is not permitted to run his/her own website or run social media platforms. Head Office is responsible for any changes to the website. We will include all franchise details and contacts on this website. We have also centralised all social media activities.

Head Office will provide franchisees with an annual report showing how the National Marketing Fund has been allocated. We will share the financial breakdown with franchisees within six months of the last financial year close. This will be audited and signed off by a registered accountant or accounting officer.

Pricing

As the franchisor, we have done a great deal of research into pricing and have taken all the relevant factors into account. These include:

- Fixed and variable costs.
- Competition.
- Company objectives.
- Proposed positioning strategies.
- Target group and willingness to pay.

As such, we determine prices and require our franchisees to follow our price list. You are not permitted to deviate from this price list or make exceptions without first consulting with Head Office.

Marketing at the operational level (Local Marketing)

Marketing at the operational level is the responsibility of the H2O franchisee – the people in contact with customers on a daily basis. At this level, the franchisee is involved with knocking on enough doors and spreading the word about H2O in the local community.

This type of marketing is about knowing and interacting with people around you. It's about investing time and developing relationships and not just about investing money. As a franchisee, you can't do local marketing purely from an office chair and computer. This type of marketing requires getting out there and connecting with customers face to face.

Franchisee responsibilities

- Provide excellent customer service.
- Uphold the corporate ID standards.
- Share marketing methods with relevant employees.
- Ensure that employees are good brand ambassadors.
- Be aware of local competitor activity.
- Give feedback on marketing activities.
- Allocate a local marketing budget.

As a franchisee, you are obliged to conduct local marketing. You will be guided by Head Office and will receive regular support as well as marketing materials to adapt to your area but ultimately you are responsible for initiating and successfully completing this marketing.

With local marketing, you stand to reap these benefits:

- Reaching relevant customers – By concentrating your marketing efforts on a local level, you put yourself in front of a more relevant audience.
- Creating long-lasting partnerships – When you market at the local level, you're going to find yourself shaking hands with area business and government leaders, and those partnerships can prove fruitful.
- Community goodwill – Getting involved in community activities shows that you care about the families in your local area.
- Other marketing possibilities – Business partnerships can lead to more creative and possibly less expensive marketing opportunities.
- Word-of-mouth marketing – Word-of-mouth marketing is alive and well. Studies show that people are more likely to buy a product or use a particular service when they learn about it from family or friends.

Research

Before you start spending your marketing budget, take time to research your clientele. It's dangerous to think that everyone thinks like you, as this is often not the case.

You can do research by:

- ***Keeping in touch:*** get feedback from your customers after they have purchased a product. Customers like the follow-up service and it gives you insight into what they like about the product.
- **Use a survey:** make sure it's short and concise and easy to read. Think about the 5 things you want to know most and ask only those specific questions.
- ***Face-to-face feedback:*** There's no substitute for getting together with customers to discuss how you can best meet their needs. A little incentive can go a long way here too. Inviting customers for breakfast or lunch can help increase sales attendance.