

1. Why Natrad?

Who We Are – Our Branded Solution

Every one knows the radiator repair industry cannot continue to operate as it does now. Strong franchise brands already dominate aftermarket spares, vehicle repairs, wheels and tyres. It has been proven, time and again across the automotive sector, that it is simply impossible for independents to achieve the same level of marketing penetration or service support to keep pace with the leading brand names.

Simply put, a strong brand is critical to long term survival in this market. Natrad has a clear vision and strategy that will support and continue to transform the air conditioning and radiator repair industry by expansion of the brand nationally, ensuring the long term prosperity of its franchisees.

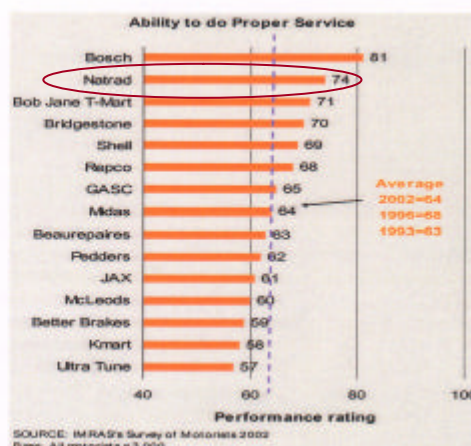
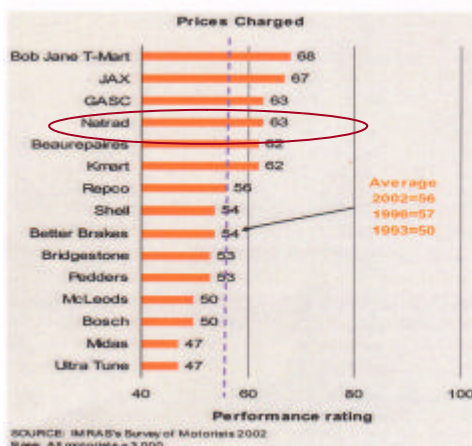
Think about it! Natrad is the only brand recognisable within the radiator repair industry and is already a recognised retail brand within the air conditioning industry. Through independent studies we have found that there is a 45% awareness of the Natrad brand amongst retail customers.

- Natrad is the only national group of radiator specialists; and
- Natrad is the only nationally recognised group of Automotive Air Conditioning specialists

With 107 businesses behind the Natrad brand name, we have the collective resources of all those stores. This means that each store’s individual contribution is added to a greater pool of resources to advertise and market their business. It is very difficult and expensive for independents or smaller groups to undertake such initiatives. Having a professional franchise system and a recognised brand will also enable our progression to dominate other automotive markets in the future. Natrad’s strategic objectives for the next 3 years are to:

- Maintain the Franchise network at 100 plus stores.
- Increase brand awareness of Natrad (in retail and trade markets)
- Clearly position Natrad as the “Car Temperature Specialists”
- Develop effective systems to bring business into Natrad stores, including:
 - National Accounts
 - Preferred customers
 - Other Retail Promotions

The following survey undertaken for Natrad clearly depicts that Natrad is also considered to be extremely good value for money on work performed and highly regarded in our ability to complete proper service.





Why Buy a Natrad Franchise

Natrad's Competitive Advantage

Changes occurring within the industry are largely perceived to be prompted by customers who are more astute consumers, expecting more of the marketplace. This is coupled with a fragmented industry that generally lacks an upscale look and professional management practices.

Natrad offers extensive Operations Manuals, Marketing and PR (public relations) programs designed exclusively for our markets.

We provide franchisees with a distinct **competitive advantage** through:

- ? Advertising programs to support brand and image building, while looking towards increased store numbers to support the growth of advertising potential
- ? Independent strategic market research to assist with the development of advertising and media strategies, to better assess and determine the best approach for each market segment - trade and retail
- ? A marketing department dedicated to providing promotional, advertising and marketing support on a national and local basis, and promoting networking opportunities within the trade
- ? Continual development of standard Franchise Quality Systems to ensure consistency is presented covering workmanship, customer service, and an integrated marketing communications approach
- ? Extensive training opportunities for all members and staff in the areas of sales and telephone techniques, customer service, and other industry related technical and management skills
- ? In-house direct marketing facilities, supporting the Customer Interactive Warranty Program, with the ability to customise direct mail to local customers

Together, these components add up to a greater chance of business success. We pride ourselves on the support we provide our franchisees and of the bond, dedication and trust that develops between franchisor and franchisee -

“A Win - Win partnership”

Being a Natrad member means being in business for yourself, but not by yourself.

Your Own Exclusive Territory

Every franchise member is assigned a specific geographical territory within which they may pursue retail customers, this forms a basis for marketing campaign lists and targets for your business growth.



Real Buying Power

Natrad has the support of several major suppliers through the Adrad/Natra Group.

- Adrad - Radiators
- Air Radiators – Industrial Products
- K&J Thermal Products – Aluminium, Aftermarket and Industrial Tubular products

Natrad has a strong alliance with Capricorn Society – A cooperative of over 9000 automotive trade customers currently spending over \$5.5M per annum with the group, as well as the IAG Insurance Group that Natrad was recently appointed as an approved supplier for Victorian Regional areas.

As part of the franchise group you also qualify for purchase rebates. This represents 10% cash back, in the form of credit to your account, on any purchase increase from the previous year. Part of the franchise agreement states that you will buy 95% of your product through the Adrad/Natra group that is Adrad, Natra, K&J etc. If you move your current purchases alone over to the franchise, your contribution could pay for itself.

Market Leader Presence

Our prices in the market rate better than most and our ability to perform a 'proper' service came in the top 2, above Bob Jane T-Mart and other larger organisations. Everything we do cements the Natrad brand in the eyes of the consumer. Through consistent brand placement, look and use, we continue to strengthen the Natrad brand name.

- From the television commercials to the way our stores look and feel and the consistent image they present; to the way we sign write our vehicle and present ourselves in the uniforms we wear, all contributes to consolidating our corporate brand in the minds of the consumer.
- A dedicated 131 number territory.
- As part of the Natrad franchise group you also gain access to Capricorn customers as a preferred supplier (after an initial interview by Capricorn themselves).
- Franchisees benefit from dedicated Head Office Sales & Marketing support plus a Regional manager to work with you to build your business and show you how to effectively work within the franchise.
- Every retail customer that comes into your store has their details gathered and measured through the Natrad Interactive Warranty program. This gives us not only access to valuable information on the demographics of your customers in order for us to tailor advertising and marketing more effectively, but it also increases the return business to your door. In order for your retail customers to validate their warranty they must revisit your store for a flush and cleanout (at their cost) every 12 months.
- As part of the Natrad marketing contribution, retail and trade promotions are run on your behalf. Through Capricorn lists and the interactive warranty database, customers are targeted with specific offers in an effort to return them to your store, or even get them to visit for the first time!



Advertising that Really Works

Award winning television advertising and marketing tailored at growing your business, worth \$1.64M per annum.

RED HOT
RADIATOR SPECIALS*
AVAILABLE AT NATRAD NOW!

Falcons & Commodores
 from \$165 plus GST
NOW IN STOCK

Nip into Natrad for:

- Car, Boat & Industrial Radiators and Air Conditioning
- radiator Repairs, Reverses & Replacements
- Water Repairs & Service
- Supported by 16 manufacturers Natrad stores are only quality products
- AutoPartners members collect a 10% Points Reward every time they spend a amount of 1,000 (incl. GST) on additional products or repairs
- Capstone Preferred Supplier – Capstone Vehicle members earn Capstone points with every purchase!

Not apart from that the Radiator Specials, you'll receive the highest quality service and advice from experts in engine temperature solutions.

Call 9758 7333
 Come in and see Gerni to discuss all your air conditioning, radiator and engine temperature needs.

966 Burwood Highway,
 FERNTREE GULLY
 natrad.com.au

Natrad
 As good as new

10 Natrad Dollars

\$10
 Ten Natrad Dollars

Simply take this voucher into your nearest Natrad store before 4 April, and we'll take \$10 off the total cost of your purchase

Call 5278 8368
 Come in and see Gerni to discuss all your air conditioning, radiator and engine temperature needs

412 Thompson Road,
 NORTH GEELONG
 natrad.com.au

Natrad
 As good as new

We Work Smarter

- As part of the Adrad Natra group you will have access to all our associated businesses, for technical support, product incentives and business development. Most of these offers are not available outside of the franchise membership group.
- Through our association with Grant Hand of Automotive Training Solutions, we are able to offer all Natrad members specific Air conditioning training. Whether you are a novice who needs a hand held introduction to Air Conditioning, or are a seasoned professional who simply wants to renew your qualifications, Grant Hand and Natrad can create a training package to suit you.
- Natrad's Franchise Advisory (FAC) system gives you the opportunity to have input into the running of the franchise and the chance to evoke positive change for all its members.

Return on Investment

- Potential purchasers are more attracted to a business with a national brand
- Goodwill resides with the brand, rather than just the proprietors
- A franchise licence immediately increases the value of the business for re-sale purposes



Deciding to Buy a Natrad Franchise

Franchising provides the opportunity to own your own business, within the framework of a proven system and established brand. In short, franchisees need plenty of drive, energy and commitment.

Franchising has seen a lot of growth in recent years. It's popular with people, because it allows some of the independence and rewards of a business owner; it also offers a way for you to limit the risk to a relatively low level and not have to develop all your own product marketing and operational systems.

Franchises appeal to many consumers who like the predictable level of service and quality that they can find in a franchise outlet, and for Natrad (the franchisor), franchising provides us with our preferred method of business expansion that is faster and less costly than opening a series of branch offices. Some key benefits of a Natrad franchise are as follows:

- Low cost entry
- Minimal overheads
- Extensive training
- Field support
- National marketing campaigns
- No financial experience necessary

Those with strong sales and business development skills and the motivation to operate their own Natrad Franchise are provided with:

- Superior earning capacity
- Excellent training and follow up support
- A strong national network of franchisees
- Excellent opportunities to develop your business
- The recognition that comes with being a true industry leader

Natrad's Franchise Agreement fully complies with the Franchising Code of Conduct as contained in the Trade Practices (Franchising) Regulations 1998. The Franchising Code of Conduct ensures that franchisees are informed of all relevant facts when starting their business, and that they can access a fast and relatively inexpensive way to resolve any disputes. This is achieved by requiring franchisors to disclose specific facts to franchisees and to follow set procedures in their dealings with franchisees. If a dispute arises, either party can require the other to attend mediation.

The Franchising Code of Conduct is a mandatory code under the *Trade Practices Act 1974* and as such has the force of law. When problems associated with the code arise, the ACCC will usually recommend mediation as the first and best option.

As a franchisee, it is important that you understand your rights and obligations under the code. The code also ensures that franchisees seek advice from a legal adviser, business adviser or accountant. Potential franchisees must sign a statement that they have been given independent advice or that they were told to seek such advice and choose not to do so.

The ACCC Franchisees Guide outlines the information you are entitled to before you enter into a franchise agreement, the rules that apply for transfer and termination of an agreement, and the dispute resolution requirements. To order a copy, contact the Publications Unit on (02) 6243 1143.