



6. The Natrad Experience:

6.1 National Administration Support

As a Natrad Franchisee you have available at your finger tips a great resource of information, backup and expertise to assist you with all facets of your business.

Daily contact with your relevant call centre provides immediate access to a vast range of stocked items to meet your every need. They can also arrange items from interstate, which are usually available for next day delivery. All this assists you in providing top levels of service for your customers. Natrad/Natra takes pride in the expertise and assistance their Customer Service Representatives are able to offer on a daily basis. Should you have any queries or concerns, that your Call centre cannot assist you with, you should direct your inquiry to your Regional Manager.

Franchise Regional Managers;

Real time business support and communication are paramount to the network success and dynamics in a changing market place. The Franchise Regional Managers are trained to help you grow your business, and assist you to maximise the benefits of the Natrad Franchise. They will help you develop the business practices required to ensure the professionalism of both the group and your individual business.

To enjoy the full benefits of belonging to a franchise network, it is important to contact your Franchise Regional Manager whenever you have a problem, doubt or question. It is very likely that another franchisee has experienced the same situation and an immediate solution can be provided. Your Franchise Regional Manager will visit your store on a regular basis and during such visits will provide information and guidance that is helpful to your business. In this way, Natrad encourage franchisees to make contributions to the Natrad franchise system by inputting your experiences as to needed improvements. Our Regional Managers report back regularly, and provide inputs into decisions based on your feedback.

Professional Marketing Support

Professional marketing support is one of the biggest benefits the Natrad Franchise can offer you. As an individual business the cost and time required to produce a large scale promotional campaign is prohibitive. By using the central marketing function you have a level of professionalism and a wider audience than you could achieve alone.

Our Franchise Marketing Coordinator is trained to be able to create and develop material to continually reinforce the Natrad brand and image. Throughout the manual, we outline the array of marketing tools Natrad has already created, that you can utilise in your business. We encourage you to use the service on hand, either directly or through your Franchise Regional Manager.

Your Franchise Marketing Coordinator is the person to contact should you be doing any independent advertising or promotions. This ensures the image and brand are consistently offered into the market place at a professional level.

The Natrad Franchisee – YOU...

Your input and support is important to the success of the network – we appreciate your valuable experience and insight you can bring the network. We encourage a consultative approach to the program, and encourage suggestions for improvements. As a franchisee, you are always welcome to share your experiences with all Natrad staff, and fellow Natrad members, and will be given regular opportunities to input into the on-going expansion of the network. By all Natrad staff knowing you better, we can serve you better.



6.2 Our Service Solutions

When developing and promoting our brand to customers, both retail and trade, we consider how a customer forms an impression of your business and therefore our brand. There are two ways that customers form an impression of your business, either through their actual experience and/or their perceptual experience. The perceptual experience is formed through everything they hear about Natrad; radio/TV advertising, posters, store appearance, word of mouth and so on. The actual experience is formed when they purchase from you, when their car is left for a service or check.

If the perceptual experience is greater than the actual experience – there's a problem! The brand and any promotion we attempt will be unsuccessful, because we're not meeting their expectations. Alternatively, if the actual experience matches or even exceeds the perceptual experience, we achieve a preference for our brand in the customers mind. This then expands into positive word of mouth promotion critical to success. We promote our Natrad stores as being car temperature specialists, but it is important we know what it is that will make customers feel good about us?

The Natrad Experience defined

Customers expect Natrad stores to offer expert advice, and be a trusted solution to their problem, just like a Doctor or a Dentist is. There are several rules we all must follow, to assist Natrad in delivering this. It is everyone's responsibility to follow these rules; some apply to Natrad Head Office and others to individual Natrad stores:

- Our promise must be simple (clear, easy to understand, remember & embrace) this can't be complicated or confused with additions that weaken the brand.
- We must focus on increasing the depth of our product range as well as the width. We can increase the range of related products and service we offer that add value for customers, but we must be careful not to dilute the brand with too many different offerings.
- Everyone must clearly understand the promise and what they have to do. Franchisees need to be acutely aware that their actions effect how we are all perceived.
- Customer problems can be part of the solution. Sometimes a problem presented by a customer may bring about an idea or service that will differentiate us from everyone else. So it's important to listen to everything!
- Everyone at Natrad (in Melbourne Head Office & in every store) is the brand. We must live it!

Our 5 'Moments Of Truth'

What is a 'Moment of Truth'? A 'Moment of Truth' is any episode in which a person comes into contact with a Natrad store & gets an impression of it; this impression can directly influence their purchasing decision. For your business, we have developed exceptional customer service training modules that specifically address each element of the buying process. This training is regularly carried out to reinforce and update your selling skills and techniques as well as your staff. Natrad's 5 moments of truth are;

1. **PHONE CONTACT**
2. **EXTERNAL APPEARANCE**
3. **INTERNAL APPEARANCE**
4. **HELPING PEOPLE**
5. **CAR CARE**



6.3 Natrad's Marketing Solutions

Natrad is very conscious to communicate with both retail and trade customers through a number of different channels. These include the following:

- Yellow & White Pages
- Website
- Mainstream TV or Radio Advertising
- Local campaigns
- Direct Mail Program
- Interactive Warranty Program
- Editorial
- Technical Bulletins
- Point of Sale Material

Yellow & White Pages

The current artwork for Yellow Pages clearly represents the Natrad brand, and positions the Natrad network as a nationwide group of Car Temperature Specialists. While enormously expensive, unfortunately advertising in the yellow pages is a necessary evil. It's vitally important to retain prime positioning within these publications.

Natrad will continue to review exposure in the yellow pages, and change where necessary. For example, the Yellow Pages advertising has been reduced recently in WA and this should be monitored over the next 12 months to ensure it was the correct move.

The White Pages listings are then used simply to identify the different stores under the Natrad banner, advertising both the 131 number and individual business phone numbers.

Website

The Natrad website has been updated and it effectively promotes Natrad as a nationwide network. It allows customers to easily find their nearest store, and clearly positions Natrad as the Car Temperature Specialists.

The site itself has been updated to include a changing franchise only password protected area. This will be updated regularly to include resources relating to radiator technology and upgrades, as well as a separate section for air conditioning hints and tips.

Franchisees are welcome to submit any proposed articles that they would like to see on the website, and these can be submitted directly to the marketing communications coordinator at head office.

Although the Natrad website will never receive the high traffic volumes that many commercial websites receive, it should encourage repeat business, or visits. The new website has a more user friendly, dynamic feel and will be continually changing. To make this a viable possibility, Natrad now has the ability to make these changes in-house.



Mainstream TV and Radio Advertising

Having established effective advertising campaigns in the past, Natrad has shifted the focus of their advertising efforts to target a specific segment of the market. The principle behind this was simple. Our broad advertising, although not targeted at anyone in particular, effectively reached a small group in the marketplace. By making the ads more target specific, we have effectively reached more people in that specific group, as well as all the people our broad reaching advertising would have anyway.

After analysis of the types of people using Natrad, a target group, based upon a 30 year old woman with children, was determined. Effectively, this woman is the decision maker when it comes to getting the car repaired, and the format that was chosen for the advertising had to appeal to her but not alienate men as well, achieving the desired reach.

The new ads have more of a comical tone to them and cover,

1. Car Temperature
2. Heating
3. Air Conditioning
4. Prevention

All the advertising still includes the Natrad 'Nip into Natrad' catch phrase as well as the voice of Natman along with his image, continuing to enforce our already strong brand identity.

Localised Campaigns

Local media campaigns will be viewed as a second priority, as Natrad prefer to spend marketing dollars on mainstream advertising to reach the maximum number of retail customers.

In areas where the marketing funds are limited due to lack of franchise coverage, or where the mainstream advertising isn't suited, a tailored local campaign will be considered at the Franchisees cost.

Direct Mail

Natrad will undertake direct mail campaigns only as required by individual stores. Given the nature of the marketing fund, and the different funding levels of different areas, it isn't practical to offer the same direct mailing to each store. Therefore direct mail campaigns will be run in consultation with individual franchise stores. The Direct mail outs are at the Franchisees cost.

The direct mail may be tailored to the individual business, e.g. promoting the products and services offered by the store or a special promotion they would like to run. This may be tailored to either retail or trade customers. Natrad will produce a series of 'template' flyers that can then be tailored to the individual store. These may include promotions encouraging customers to have their heater serviced prior to winter, or air conditioning and cooling system prior to summer.

The Interactive Warranty database will be used as the source for direct mail contacts, both trade and retail.



Interactive Warranty Program

The Interactive Warranty program will continue in its current format. The revised letters that have been released recently have been successful in increasing the response from end users to the importance of having their cooling system serviced regularly, and therefore these letters will continue to be used. The letters will be reviewed at 6-month intervals, to ensure they are still achieving the desired effect.

The cost of the interactive warranty program will be reviewed annually. The accurate costing of stationery, postage and database maintenance needs to be assessed to ensure we are maximizing the return on investment for the franchise.

Editorials/Media Releases

It is intended that Natrad will release editorials to targeted print media quarterly. This process will initially begin with a revision of current media releases, followed by extensions on the range.

The topics covered in these press releases will range from store focused 'feel good' stories, such as the opening of a new Natrad store to technical papers on the importance of good quality coolant and so on. The press releases will primarily target the retail customer, calling them to action, rather than simply trying to build brand awareness.

The articles will be released on a nationwide basis; however they will also be available for local targeted release based on requests from individual stores. When releasing to local media, Natrad will encourage the store to offer an incentive in addition to the release, e.g. "Free cooling system check" to encourage customers to take action after reading the article.

Technical Bulletins

The bulletins are targeted towards Natrad' trade customers. The technical bulletins will also be released on a quarterly basis, running alternatively to the media releases. A copy of each technical bulletin will be included at the back of book B of the Business Manual.

Following the Media releases, the technical bulletins will initially revise current bulletins and then follow with new topics.

The Technical bulletins will be available for franchise stores to uses in direct marketing campaigns to their trade customers. Natrad will either provide the franchise with an electronic copy of the bulletin, which can be reproduced by the individual store, or will also offer a printing and mailing service. The costs of these services are listed at the back of this book or alternatively on the Stationary order forms found on the Natrad website.

131 Phone Number

The telephone is the lifeblood of any business, and it is no different for your Natrad Auto Cooling Service Centre.

The 131 phone number is a national hotline which connects any customer with their nearest Natrad store, no matter where they are. This brings us major advantages;

- one phone number can be advertised for all stores (reducing the cost of advertising)
- one easy to remember number for customers

The 131 phone calls are directed according to Optus exchange boundaries. Based on your exclusive territory, all calls from within this area are directed to your phone. In some areas you may have calls directed from beyond your territory, where you are still the closest Natrad store, and the territory remains unallocated. Once there is a franchise in that area, these numbers will be diverted to the nearest Natrad store, as per the territory allocations.



Calls from Mobile phones were until recently unable to be allocated to individual stores. While modern technology is increasing at an amazing rate, some things are a little slow! We can now allocate mobile phone calls based on the location of the caller, but they're still not as flexible as calls from landlines. Therefore, in some cases where there are two or more franchises within one boundary, all mobile phone calls within that area can only be directed to one number. For example in the metropolitan cities all calls from mobile phones have to go to one number. Therefore, instead of forwarding these calls to the local branch, we've established a Natrad hotline in the Head Office in Melbourne. When this phone rings, our Receptionist knows to answer it as Natrad. We are then able to divert the customer to their closest store. Plus, the person likely to answer the call will have a better understanding of where our franchise stores are and can tell the customer who they'll be speaking to.

In regional areas where calls from large areas have to be diverted to one store over another, we presume that the store receiving these mobile calls recognises their role as part of the franchise team. Any calls from areas, which belong to another store, should be forwarded to the relevant store.

6.4 Product / Service Solutions.

Natrad stores will continue to market automotive radiators and associated car temperature products. Franchises are strongly encouraged to enter the air-conditioning market to combat the slowly declining radiator market. It is envisaged that in the short term, all franchises will have an air conditioning offer, or have a sub-let arrangement in place to service this segment of the market. As the car temperature specialists, Natrad stores are seen as experts in the industry, offering exceptional customer service in addition to high quality workmanship. Extended Interactive Warranty on all radiator cores & assemblies provided by Natrad, to trade or retail customers, further builds on the 'specialist' positioning.

Natrad franchisees are encouraged to increase their service offerings and products to enable them to take advantage of increased or an add-on sales as the opportunity arises. An example of this would be the increasing amount of stores that are now offering Mechanical services. This enables them to take advantage of jobs such as Head Gasket replacement, or cracked heads, water jackets etc. thus keeping the entire job in-house.

Natrad stores are also encouraged to stock & sell Marshall batteries.



6.5 Interactive Warranty

The interactive warranty program is unique to the Natrad Franchise network. Natrad franchisees are able to offer an extended 3 year warranty on all assemblies and cores purchased from Natrad, whether they are supplied to trade or retail customers. More information regarding this proprietary program is detailed in the Appendices.

6.6 Business Solutions;

6.6.1 What Is Our Core Business

Established in 1985, Natrad is a franchised group of more than 100 outlets. Natrad stores repair, service and where necessary replace radiators and all elements of the automotive cooling system, including Air Conditioning, for the automotive aftermarket.

Natrad stores provide the following products and services:

- Radiator Replacement (Re-core or Full Assembly)
- Radiator Repairs, Cleanouts etc
- Cooling system flushes, refills, testing and fault diagnosis
- Cooling system repairs (thermostats, hoses, water pumps, fan belts etc)

All stores offer both product & services, usually to trade customers, and full service supply and fitting to retail customers. Plus, the Natrad network also provides automotive air conditioning products and services, including;

- Fault diagnosis and repair
- Spare parts supply
- Re-gassing of R134a systems
- Retrofitting superseded R12 systems with R134a systems.

6.6.2 Market Outlook

Over the past 5-8 years, its common knowledge that the price of new cars has dropped dramatically, reducing the number of older cars on the road. This has a detrimental effect on the growth potential for traditional radiator repairers. Plus, as the age of the car population is reduced, and service contracts on new cars are extended, less work is available in the radiator aftermarket. Also the reduction in the cost of new cars means that cars involved in an accident are less likely to be repaired, rather they are likely to be scrapped and replaced.

However, it is in fact the rationalisation of the motor repair industry that feeds the opportunity to grow our network of Natrad Franchisees with better qualified more experienced business owners committed to growing our business over the next 5 years. Natrad's most recent estimates of the size of the Australian market for our products and services is as follows:

Automotive Cooling System Aftermarket

Size:	\$120 Million per annum approx. 700 repairers nationwide
Natrad Market Share:	15% market share
	\$18 million per annum
Market Outlook:	-4% growth per annum



Automotive Air Conditioning Aftermarket

Size: \$150 Million per annum approx.
>1500 repairers nationwide (approx 500 specialists)

Natrad Market Share: <3.5% market share
<\$5 million per annum

Market Outlook: Growing rapidly (accurate figures unavailable)

The increase in domestic holiday travel, which when combined with the recent upheaval in the domestic airline market, may also have positive effects for Natrad stores. Simply stated, the more people travel the country by car, the more likely they are to require the assistance of a Natrad store.

6.6.3 Environment Protection and Advancing Technologies

The restrictions on wastes including water and lead are increasing. This must be monitored to ensure all Natrad stores comply with regulations. Likewise OH&S standards covering lead must be adhered to. These regulations don't pose any restrictions on the marketing strategy of Natrad; simply add requirements for the standard of conduct in each shop.

Radiator & Air Conditioning condensers are likely to be one integrated unit in high volume vehicles by 2006/7. These will require new skills and equipment for repairs. Fuel cell technology will be powering selected motor vehicles by 2010. Different forms of cooling will be required for these vehicles and Natrad is gearing up to be ready to address these advancements with technology.

6.7 Who Are Our Customers

Natrad's target market is split into two separate groups, trade and retail. The Trade customers consist of automotive trade workshops (mechanics etc) that often purchase products and spare parts from the Natrad store in their area. Sometimes, these customers actually sub-contract work to their local Natrad store. These trade stores will usually be located in close proximity to the Natrad store (within a 10km radius), ranging in size from 1 to 10 people and predominantly run by Males.

6.7.1 Retail

It is very hard to typecast the average Natrad retail customer, as anyone 18+ who owns or drives a car is potentially a customer. However, we can assume that typical Natrad customers are likely to have an older car, and therefore are likely to be in the low-mid socio economic group. The mix of male/female potential customers is likely to be even, this may currently be imbalanced with less women realising what the problem with their car is, and taking it to a general mechanic, rather than a specialist. Therefore Natrad are acutely aware of the importance of appealing to women with young families as an untapped market.

6.7.2 Trade customers

Mechanics

The automotive trade remains very price sensitive. These customers don't usually have the skills to repair or maintain cooling system – simply replace radiator. They are volume purchasers who are fairly loyal to a particular local repairer.

Within this group there are independent stores and buying groups. The buying groups require a national discount rate, a rebate on purchases and have high loyalty to preferred suppliers. Targets within the buying groups include Capricorn.

Panel Shops

These shops are traditionally tied up with Insurance companies, who have preferred suppliers. The rate of radiator replacements is declining as cars are trending towards being 'written off' rather than repaired. However, within the repairs the replacement of condensers is increasing as many more cars have air conditioning.