



Frequently Asked Questions:

1. Why get a Figaro Franchise?

Figaro is the #1 Filipino coffee brand in the world. With over 70 outlets and 15 years in the coffee business, it has mastered the art of providing exceptional quality coffee and service to its customers. Figaro continuously strives to promote Filipino coffee to locals and internationals as well as supporting local coffee industries and farmers through the Figaro Foundation. If you are a genuine coffee lover and a Filipino-at-heart, Figaro is the coffee company for you.

2. What are the requirements needed in franchising? (pls. specify)

- One requirement that we ask from our franchisees is that they must be coffee drinkers. It would be hard to sell a product that they themselves don't consume. Another would be entrepreneurial spirit. Third is willingness to be hands-on franchisees. On this last item, we really require them to be in the store. Effectively, they are the store managers.
- Required by any company in general? (ex. Permits, letters etc..)
SEC or DTI registration, capital for the investment, franchise fee, working capital. If with existing businesses, corresponding company profiles.

3. Do you limit your franchise to a number of individuals or franchisee? (for example only up to 10 branches allowed)

- As a rule, we do not impose a limit to the number of stores a franchisee can operate; provided that they open only 1 store per year.

4. What are the factors you consider before giving a franchise?

- We conduct franchise orientation meetings so that they can be familiar with the brand and concept. Our franchisees must really show passion for the brand, commitment to being hands-on and dedication to the true character of an entrepreneur. They have to show us that they really are 100% convinced of the business.

5. Does the location of the store matter? Do you first ask them where will they place or build the store?

- Yes. Location is very important. We will not award a franchise if management does not approve the location. We do ask them for their location and if we do not approve it, we will assist in looking for a replacement.
- 5. Do you deliver them the products? Or you just share them the recipe and provide them with the equipment and they will just produce it by themselves?**
- Stocks and food can be delivered by us or picked up by the franchisee. There are items that are prepared in the store but everything will be coming from us. We will supply the equipment and will train the staff in the different stations.
- 6. How long does the contract last? Do you allow extensions or renewal? If yes, how much would they pay? If no, why?**
- For full store set-up, franchise term is 8 years and renewal term for another 4 years. For kiosk set-up, franchise term is 5 years and renewal term for another 5 years. Renewal franchise fee is 40% of the prevailing franchise fee.
- 7. Who manages and decides whether to grant a franchisee or not?**
- The Franchisor.
- 8. If a certain branch has its promo, do they have to consult it first with you? Do promos have to be applicable in all branches? How does the company help the franchisee during promos?**
- Promos will have to be approved first by Marketing Department. There are promos that are branch specific and there are promos that are implemented system wide. Assistance to the franchisees may come in the form of memos and marketing collaterals.
- 9. How much does the franchisee pay?**
- Initial investment could go up to 6.5M for a 60-100 sqm. full store concept and 4.2M to 5.4M for a 40 sqm. kiosk concept. The franchise fee for a full store concept is 1.5M and for a kiosk concept is PhP 900,000.
**prices are VAT exclusive.*
- 10. What is the mode of payment? Cash or you allow installment in franchising?**
- Payment will be scheduled but everything will have to be settled before the store opens.
- 11. Do you still collect royalty fees?**
- We collect fees for the following:
Royalty Fee: 5% of Net Sales
National Marketing Support Fund: 2% of Net Sales

Local Store Marketing Fund: 1% of Net Sales

12. What is your return on investment (ROI)?

- Depends on the performance of the store, but on average, 3-5 years.

13. Do you provide trainings and seminars for the franchisee and their worker?

- Yes. Training will be done while the store is being constructed.

14. Do you provide uniforms?

- Yes. Uniforms will be coming from us.

15. Reasons to deny a franchisee?

- While there is no hard and fast rule on this, compliance to our requirements would merit franchise approval. We do not “hard sell” our brand so if the applicant feels that he/she is comfortable with our concept and system, it will ultimately be up to him/her if she wants to pursue a Figaro franchise.

16. Do you still cancel a deal if ever you no longer want to pursue a contract with that specific franchisee?

- There are clauses in the franchise agreement that state certain sanctions on franchise violations. Depending on the gravity of the offense, we have the right to impose corresponding penalties which includes the cancellation of the franchise.

17. How do you amortize franchise fees?

- It is amortized over the franchise term.

18. What do you think are the advantage of franchising?

- Franchising takes out the guesswork in starting a business. While it is not a guarantee of a successful endeavor, it lessens the risk. Advantages would be the following:
 - ✓ You'll be using an established brand name and products
 - ✓ You'll get a stable support system
 - ✓ You're dealing with a proven franchisor
 - ✓ You'll get to do an easier startup.