

RESEARCH REPORT

July 2019



Scooter's Coffee
scooterscoffee.com



Confidential Franchisee Opinion Research

RESEARCH REPORT

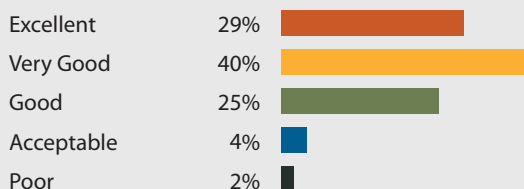
Franchise Opportunity Provided

Overall Quality

98%*

In one all-encompassing question we ask the franchisee to rate the quality of the franchisor. This question provides insight (without any specifics or qualifiers) about their overall impression of the franchise.

Q: In general, how would you rate the overall quality of your franchisor? (n=48)

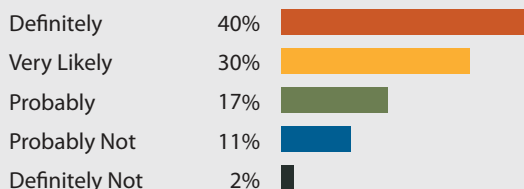


Invest Again

87%*

This question is extremely important when evaluating a franchise. However, occasionally a franchisee will rate this question low because the concept has changed significantly since they purchased the franchise, or because of personal issues.

Q: Knowing what you know now, and if you had to do it all over again, would you invest in this franchise? (n=47)

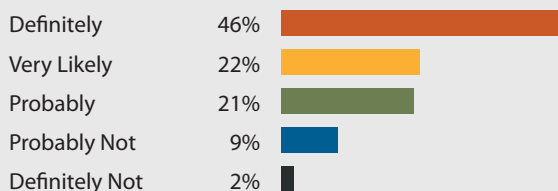


Recommend to Others

89%*

When evaluating franchise investments, it is extremely important that existing franchisees (when asked confidentially) will recommend the franchise to prospective franchisees.

Q: Would you recommend this franchise to a prospective franchisee? (n=46)



(n=#) represents the total respondents that answered each specific question.

*Combined scores of all positive responses

-A, B, and C

-Definitely, Very Likely, and Probably

-Exceeded My Expectations and Met My Expectations

-Excellent, Very Good, Good, and Acceptable

-Strongly Agree and Agree

-Strongly Agree, Agree, and I am not aware of any

disagreements



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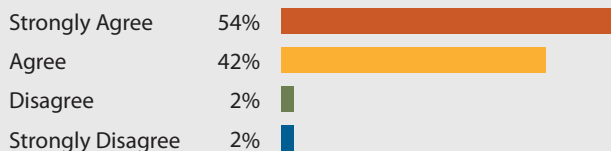
Relationship with the Franchisor

Long-Term Commitment

96%*

From the point of view of the franchisee; is there a commitment on the part of the franchisee and the franchisor for a "positive, long-term" franchise relationship?

Q: My franchisor and I are committed to a positive, long-term relationship. (n=46)



Joint Success

89%*

In the most successful franchise systems there is a very clear understanding of the interdependent relationship between the success of the franchisee and the franchisor. This question measures the level of confidence in the understanding of that concept by the franchisor.

Q: My franchisor understands that if I am successful, they will be successful. (n=45)

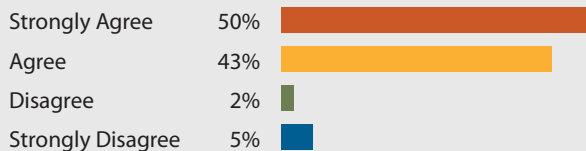


Franchisor Competence

93%*

Does the franchisee believe that the franchisor has the talent and skills necessary to assist the franchisee in succeeding? It is important that the franchisor not only have this ability, but also that their franchisees look to it for guidance and expertise.

Q: My franchisor is a competent, skillful organization which I can rely on for help. (n=44)



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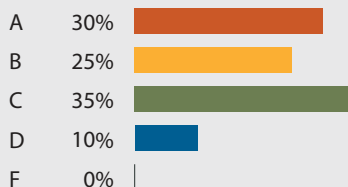
Training and Support

Initial Training

90%*

The initial training provided by the franchisor is crucial to the success of new franchisees. Every franchise provides some form of initial training, and the quality of this training is of tremendous importance to high-quality franchise companies.

Q: How would you grade the initial training supplied by the franchisor? (n=40)

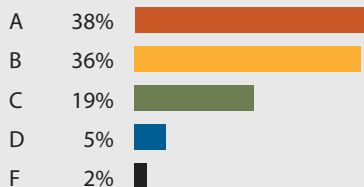


Opening Support

93%*

Opening support can be incredibly important in creating a customer's positive first impression of your business. However, this depends on the franchisee category and product or service offered. In many cases, the franchisor may be required to offer little or no opening support.

Q: How would you grade the initial opening support provided by the franchisor? (n=42)

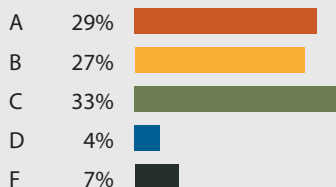


Ongoing Training and Support

89%*

While the importance of opening support can vary with the franchise category, the post-opening training and support provided by the franchisor is extremely important to franchisees' long-term success.

Q: How would you grade the ongoing training and support supplied by the franchisor? (n=45)



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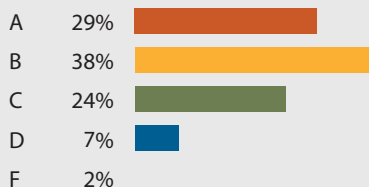
Helpfulness, Communication and Products/Services

Field Representatives

91%*

Almost every franchise system has individuals that are responsible for assisting franchisees when they have questions and/or problems. This question is designed to measure the helpfulness of these individuals.

Q: How would you grade the helpfulness of the franchisor's field representatives? (n=45)

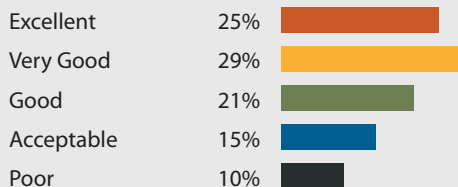


Overall Communication

90%*

We believe that quality communication is a critical aspect of successful franchising.

Q: How would you rate the overall communication between home office personnel and franchisees? (n=48)

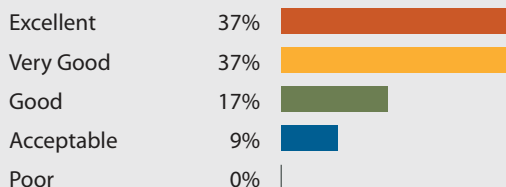


Product/Service Quality

100%*

In most systems, franchisees receive some type of products and/or services directly from the franchisor. This question asks the current franchisees to rate the quality of these products and/or services.

Q: How would you rate the quality of products and/or services received from your franchisor? (n=46)



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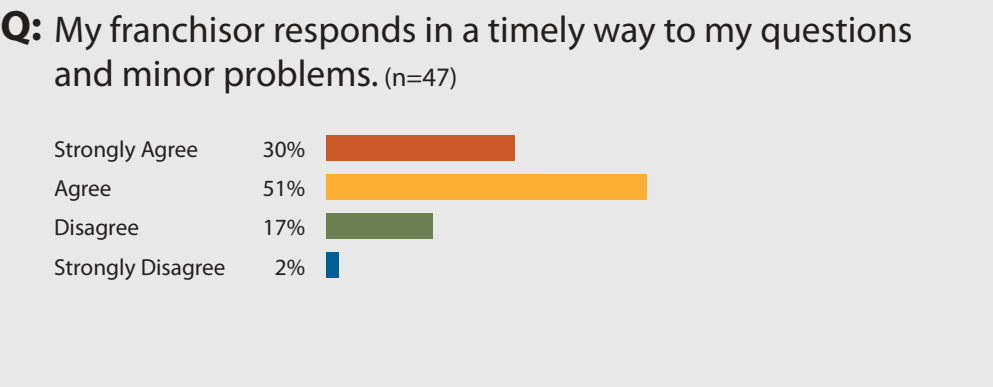
disagreements



Problem Solving

81%*

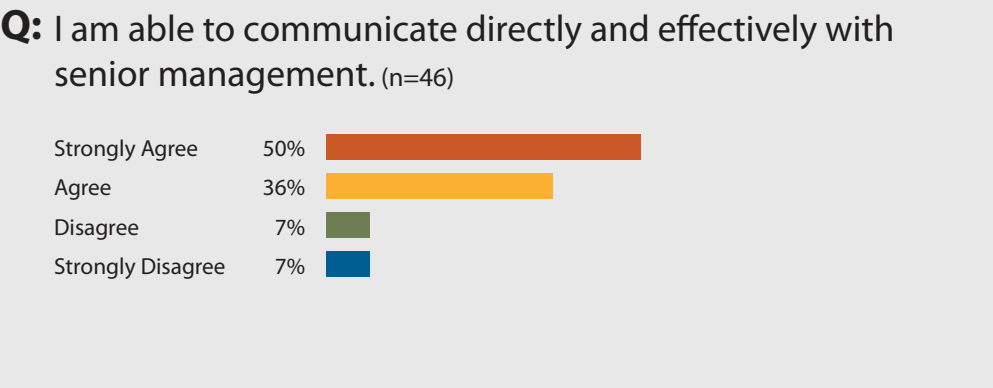
This question measures the franchisee's perception of the effectiveness of the franchisor's ability to solve questions and problems in a timely manner.



Communication with Senior Management

86%*

As we measure high-quality franchise organizations, one thing always stands out - the ability of franchisees to feel that they can directly interact with senior decision makers.



Performance Standards

96%*

High-quality franchising requires high standards throughout the system. Leadership for these standards starts at the top.



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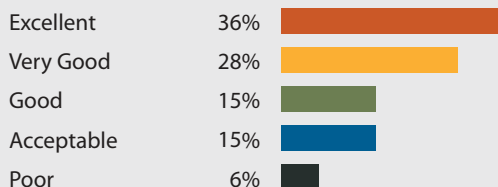
Opportunity and Growth

Opportunity

94%*

Without any qualification, how the franchisee rates the overall opportunity of the franchise they have chosen tells us a great deal; especially when considered along with the next two questions.

Q: In general, how would you rate the opportunity provided by this franchise system? (n=47)

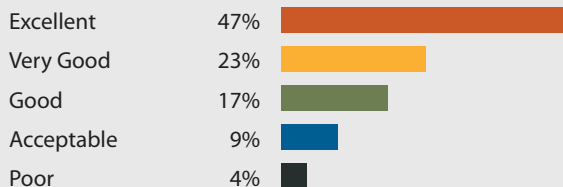


Growth Potential

96%*

Now we ask about the franchise opportunity, but qualify the question by focusing on long-term growth potential. This offers insight as to the franchisees' perspective on this very important topic.

Q: How would you rate the long-term growth potential for your franchise business? (n=47)

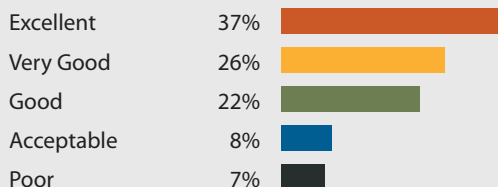


Local Competition

93%*

Once again, we focus on the opportunity provided by the franchise, asking the franchisees to rate their franchise business compared to local competition.

Q: How would you rate your franchise business compared to the local competition? (n=46)



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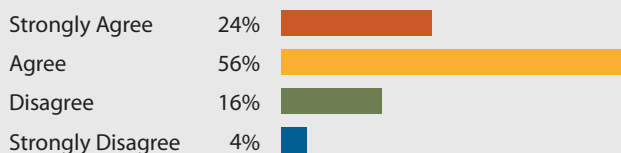
Marketing, Social Media, and Technology

Franchisor-Sponsored Promotion

80%*

This question seeks to measure the positive impact of franchisor-sponsored advertising, marketing, and promotional efforts.

Q: My franchisor-sponsored advertising, marketing and promotional programs help improve my sales and profits. (n=45)

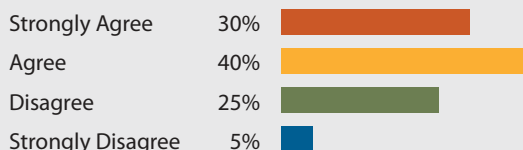


Social Media

70%*

Does the franchisor use social media in a manner which benefits franchisees?

Q: My franchisor effectively uses social media to help me promote my business. (n=44)

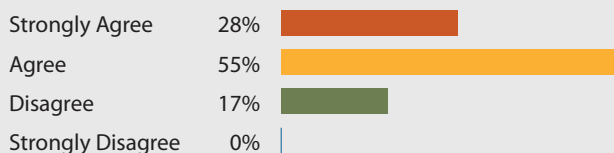


Technology

83%*

Does the franchisor's use of technology effectively support franchisees?

Q: My franchisor effectively uses technology to help me manage and improve my business. (n=46)



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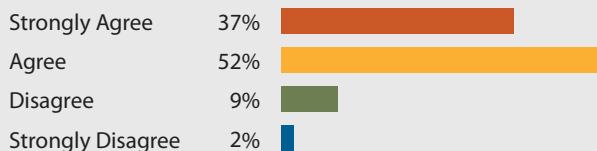
Websites and Innovation

Public Website

89%*

Is the franchisor's public website helpful and useful in promoting the franchise brand?

Q: My franchisor maintains a helpful and useful public website. (n=46)

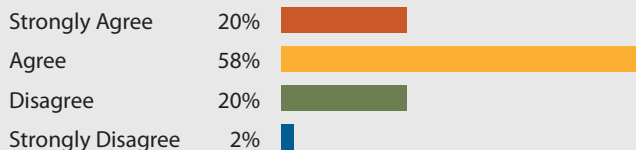


Internal Website

78%*

Is the franchisor's internal website user-friendly and does it provide helpful information to franchisees?

Q: My franchisor maintains a helpful and useful internal website. (n=41)

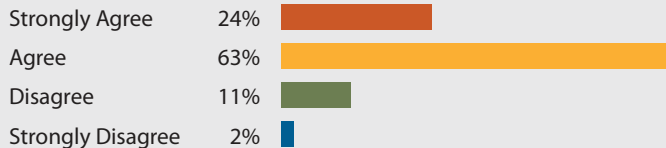


Innovation

87%*

In the best franchise systems, franchisors look to the future and make innovation a priority.

Q: My franchisor's research and development (innovation) efforts help us to be competitive in the marketplace. (n=45)



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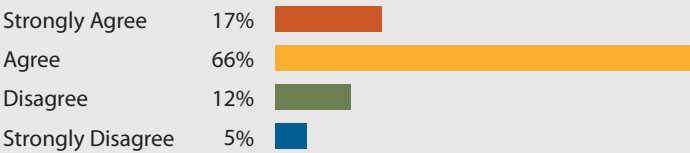


Vendor Programs

83%*

How beneficial are the franchisor’s vendor programs for franchisees?

Q: The vendor programs facilitated by my franchisor are valuable to my business. (n=41)

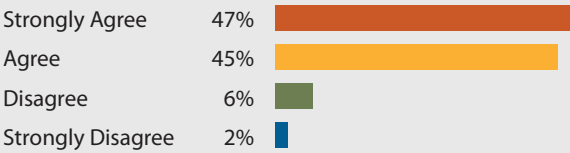


Franchisee Success

92%*

Does the franchisee believe that their success is a major concern on the part of the franchisor?

Q: My franchisor cares about franchisee profitability and success. (n=47)

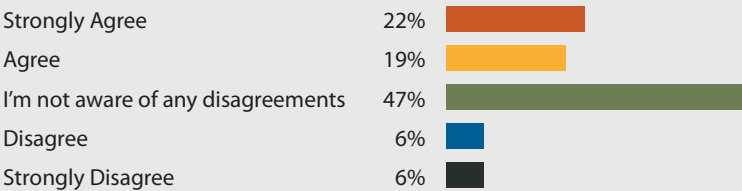


Conflict Resolution

88%*

Disagreements between franchisors and franchisees are not uncommon; the most effective franchisors resolve these conflicts quickly.

Q: My franchisor is effective in resolving disagreements with franchisees. (n=36)



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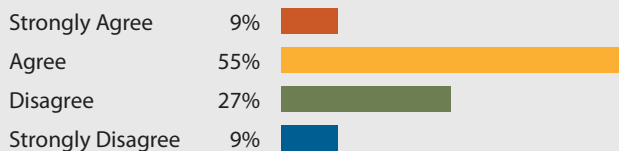
Expectations

Expectations Established

64%*

As a new franchisee, (less than two years) it is crucial that the franchisor helps to establish realistic expectations.

Q: My franchisor helped me establish realistic expectations prior to my becoming a franchisee. (n=11)

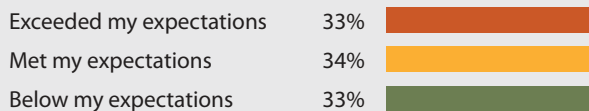


Expectations Met

67%*

This question asks new franchisees (less than two years) if their original expectations have been met.

Q: My franchise experience has met or exceeded my original expectations. (n=9)

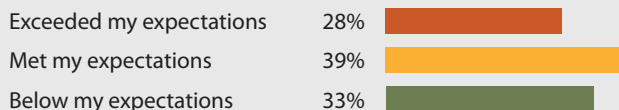


Financial Results

67%*

This question looks specifically at the financial expectations of experienced franchisees (two years or more).

Q: The financial results provided by this franchise opportunity have met or exceeded my original expectations. (n=36)



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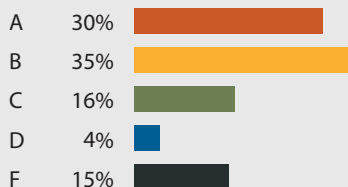
Franchisee Communication and Convention

Franchisee Communication

81%*

Healthy franchise systems have franchisees that work well with one another. They don't look to the franchisor to have all the answers, and they feel comfortable communicating with one another, sharing information and assisting their fellow franchisees.

Q: How would you grade the helpfulness and communication between fellow franchisees? (n=46)



Convention Attendance

79%*

Only those that had attended a convention in the last two years were asked this quality question.

Q: I have attended a national franchise convention in the last two years. (n=47)

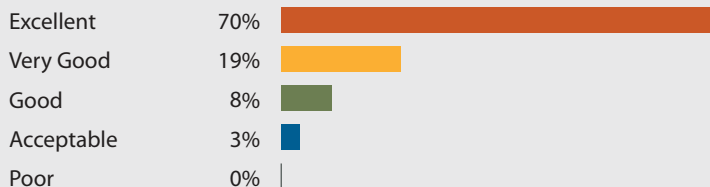


Convention Quality

100%*

Only those that had attended a convention in the last two years were asked this quality question.

Q: How would you rate the quality of the convention? (n=37)



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RESEARCH REPORT

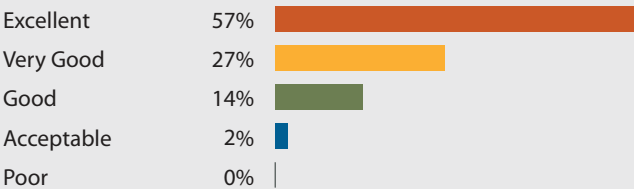
Convention Networking and Franchisee Satisfaction Report

Networking

100%*

Conventions often provide opportunities for franchisees to network with one another: do franchisees think that there was enough?

Q: Please rate the quality and quantity of the networking opportunities available at the convention. (n=37)



Satisfaction Report

18%*

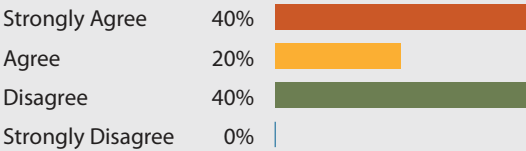
Q: Did you receive a copy of a franchisee satisfaction survey report prior to becoming a franchisee? (n=44)



Satisfaction Report

60%*

Q: The franchisee satisfaction report significantly impacted my decision to invest in this franchise? (n=5)



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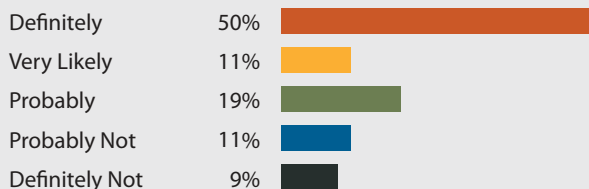
RESEARCH REPORT

Expansion Plans, Veteran Status, and Investment Decision

Additional Franchises

80%*

Q: Do you plan to open additional stores, outlets or territories of this franchise? (n=44)



Veteran Status

Q: Are you a Veteran? (n=48)



Investment Decision

Q: Please rank the following items in order of importance when you made your franchise investment decision. (With 1 being most important and 6 being least important) (n=48)

- | | |
|------------|---|
| 1st | Return on your Investment |
| 2nd | Quality of the end product / service sold to customers |
| 3rd | Positive unit growth of the franchise |
| 4th | Availability of the franchise in your desired location |
| 5th | The background / experience of the franchise executives |
| 6th | Positive validation from existing franchisees |

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RESEARCH REPORT

Personal Profile

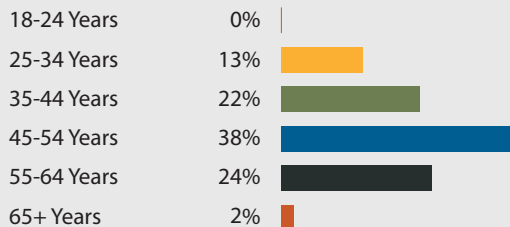
We ask five franchisee demographic profile questions. These five questions are intended to give the prospective franchise investor an overview of what the franchisees of this system "look like."

1. How many franchisees fall into the different age groups?
2. How long have franchisees owned their franchises?
3. How many stores, outlets or locations of this franchise do these franchisees own?
4. Prior to opening this franchise, how much business experience (not business ownership experience) did the individual have?
5. What level of education has the individual franchisee obtained?

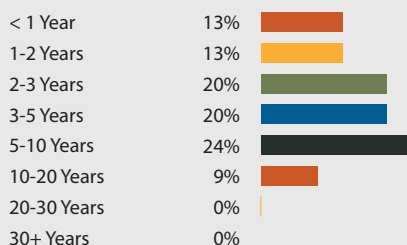
We understand that there are a huge number of questions that could be asked of franchisees in this area. However, our mission is to obtain the most useful information, certify the best franchise opportunities based on the experience and opinions of the franchisees and not bury the franchise investor with useless information.

This report is only one very important step in the due diligence process. If existing franchisees are supportive of the current franchise relationship and the support services provided by the company, and are excited about the future of their franchise business...you have found an opportunity definitely worth further investigation.

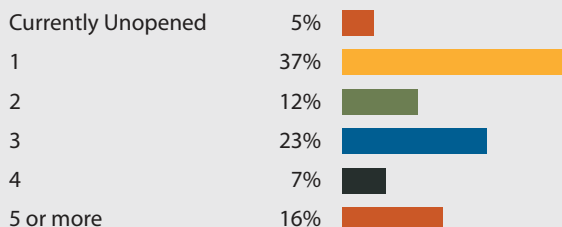
Q: Which age group do you fit in? (n=45)



Q: How long have you owned this franchise? (n=45)



Q: How many stores, outlets, or territories of THIS franchise do you own? (n=43)



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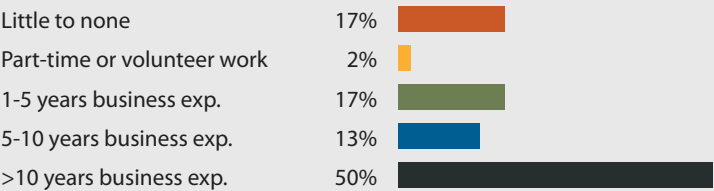


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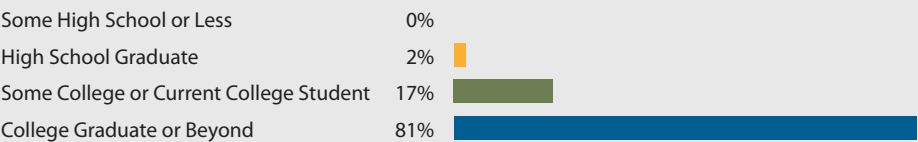
RESEARCH REPORT

Personal Profile (continued)

Q: Prior to opening my first franchise, my business experience could best be described as: (n=46)



Q: What is the last level of school you completed? (n=47)



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Methodology

The Franchise Research Institute® sent a study solicitation notification to all sixty-four (64) Scooter's Coffee franchise owners. The study was completed in July 2019. Scooter's Coffee personnel gave franchisee contact information to the Franchise Research Institute. The notification included the URL (web address) of the Franchise Research Institute franchisee satisfaction online survey and a numeric "passcode" to insure no duplication of responses.

Franchise owners were encouraged by Scooter's Coffee and by the Franchise Research Institute to complete the survey, and were assured that their individual responses to the questionnaire would never be revealed to anyone outside of the Franchise Research Institute (including Scooter's Coffee management).

Franchisees logged on to the online survey questionnaire, entered their individual "passcode," completed and submitted the survey. Forty-eight (48) of the sixty-four (64) total franchisees, or 75.0%, responded and took the survey. The Franchise Research Institute has no reason to believe that non-respondents' answers would vary substantially from those respondents.

The maximum error range on this study is plus or minus (\pm) 4.3% at the ninety-five percent confidence level.

**Note:* The Franchise Research Institute® does not endorse any franchise companies. Investing in a franchise is an important decision. Franchise Research Institute research services are intended to provide basic, high-level information about franchise opportunities from current franchisees, and should not replace the standard due diligence performed by any investor. The Franchise Research Institute recommends that prospective franchise buyers consult a lawyer, accountant, and/or other professionals before signing any franchise agreement.

See terms and conditions on www.FranchiseResearchInstitute.com for more information.