



MERLE NORMAN<sup>®</sup>  
cosmetics



## FRANCHISE INFORMATION REPORT

*Our Mission is to Give Every  
Woman a More Beautiful Life*



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## What Is A Merle Norman Franchise?

### Merle Norman Cosmetics Studio Franchises

Merle Norman franchises continue to be poised for growth into the future after nearly a century. Owning one of our cosmetic franchise studios is as attractive as our customers who use our cosmetics. We offer an affordable start-up cost and products that cannot be found in any other brick and mortar beauty shop, department store or online. It is an empire that Merle Norman began in the kitchen of her California home in the 1920s, and today, the cosmetics and product standards she created are still highly respected across generations.

Our development campaign will grow the brand by hundreds of franchise units in coming years. We're actively seeking business-minded women and men alike with a passion for beautification and desiring a flexible career, to bring the cosmetics studios to new markets.

"Merle Norman has stood the test of time, and we're going to march headstrong with our arms wide open into the next 86 years," says Travis Richards, Vice President of Franchising at Merle Norman.

Famous for our "Try Before You Buy" slogan, we still believe customer satisfaction is number one. While some brands claim to be "all natural," we truly make and test all of our brands at our headquarters in Los Angeles, and we never test on animals, only humans.

We have designed Merle Norman to be an affordable, easy to run and easy to scale business – an amazing cosmetic franchise opportunity.

### An iconic cosmetics studio that you can own

Becoming a Merle Norman franchisee means owning and operating a modern cosmetics studio with products from an iconic brand. Merle Norman is the only cosmetics brand in which a woman can play the part of the

business owner. Whether your studio is in a busy shopping center or a stand-alone in a small town, the business is easy to run and easy to scale. In addition to the affordability and flexibility of being a franchise owner, we assist you with best business practices, training and marketing.

Retail or cosmetics experience is not necessary to be a Merle Norman franchisee. We will train you in every area to be an expert beauty consultant and business owner. With our comprehensive artistry training program, it's easy to learn how to apply our products like a pro. While our studios are offering time-tested products, we have modernized them to evolve to the desires and demands of today's customer. You'll also learn valuable skills to ensure that your customers are satisfied with your service and expertise.

We offer a wide variety of studio options at different investment price points, starting at

\$34,803 with no franchise or royalty fee. We are also committed to ongoing franchise support and offer many free marketing and promotional tools, including free products for demonstration and a 60% reimbursement program on select advertising. We set you up for success in every possible way.

"We work really hard behind the scenes, trying to make running a business easier for them, simpler for them, and ideally, something that's fun for them. We hope our efforts allow them the time, the freedom and the ability to be on the sales floor sharing the products and conveying to their customers what would help them look and feel better and why they became a Merle Norman Cosmetics Studio owner. We really want potential franchisees to know that you won't be alone in this business," says Amy Hackbart, Chief Operating Officer of Merle Norman Cosmetics. "We have an army of people at our corporate headquarters who are as invested in their success as they are, and we care very deeply for each of our studio owners and how well they perform."

## The Future of Merle Norman is Both Retail and Online Sales

For the first time in our history, Merle Norman customers can now buy both in a retail studio and online. In 2019, rolled out an e-commerce platform that allows customers to shop for their favorite Merle Norman products online - and as a result, drive customer traffic to their local or favorite studios.



“Cosmetics can change a woman from feeling not pretty to beautiful, from beautiful to amazing, from having a bad day to having a great day”

**Amy Hackbart**  
COO of Merle Norman

Studies show that e-commerce strategies drive up brick-and-mortar sales more than 30 percent. While the platform is designed to drive sales and reinforce relationships, it is also a chance for our studio owners to improve the online customer experience. They can follow up with the online customer to consult on their latest purchase. Every package will include trial samples of exclusive Merle Norman products, with instructions for how to purchase the full-size product at the nearest studio.

In today's digital age, having an e-commerce platform is a great way to build customer trust and grow brand recognition. As consumers continue to do more and more of their shopping online, having a platform that drives sales to the franchise owner, wins new customers and strengthens customer relationships is a win-win-win for Merle Norman.

"We're so excited about this new development for Merle Norman Cosmetics," said Travis Richards, Vice President of Franchising. "We've been working with our studio owners on creating just the right tool that will accomplish our goals. We believe our e-commerce

system will help franchisees introduce Merle to a new customer and better serve all their customers. Investing in customer relationships is still primary for studio owners, and this is just another way to enhance that experience."

## Ready To Bring Merle Norman Franchise To Your Community?

The initial investment to begin a Merle Norman Cosmetics Studio ranges from \$34,216 – \$215,415, depending on the floor plan and site where you choose to locate. We're a unique cosmetic franchise offering, and since we do not charge an initial franchise fee or ongoing royalty, that gives potential to increase your income as an owner.

We are eager to partner with first-time as well as experienced entrepreneurs who have a passion for business and our one of a kind beauty products.

## The Merle Norman Cosmetics Story

### Merle Norman and her Cosmetic Studio Franchises

Merle Mozelle Nethercutt, born in Indiana in 1887, studied medicine and chemistry before moving to California in the late 20s. What started as a quest to find the best possible combination of ingredients to support her complexion eventually became a new cosmetics line. Using her kitchen as her first



"laboratory," Merle Nethercutt Norman mixed ingredients in a large coffee pot to create the innovative "3 Steps to Beauty" featuring PowderBase™, Cleansing Cream™, and Miracol®. PowderBase™, Cleansing Cream™ and Miracol® are still bestsellers today.

She began sharing these with family and friends, believing if they had a chance to try the products they would become customers. Thus began the famous slogan, "Try Before You Buy."

As demand grew, Merle Norman opened her first studio in 1931 in the midst of the Great Depression in Santa Monica, California. Her nephew J.B. Nethercutt assisted in the development and manufacturing of her products. Within three years, 94 Merle Norman Cosmetics Studios opened. They were predominantly owned by women. Merle Norman's company has given hundreds of women the opportunity to achieve business success by owning and operating their own studios.

Merle Norman was way ahead of her time. She started the first franchise long before the concept was officially defined. In a time when women were not business owners, Merle Norman was launching her own company and empowering other women, too.

With our long-standing "Try Before You Buy" philosophy and our modernized studios, Merle Norman is positioned for further



expansion. The company remains a family-owned business dedicated to helping women everywhere look and feel their absolute best.

## Family-Owned, Time-Tested and Made in U.S.A.

Long before cosmetics counters and shops began offering options for the customer to pick and choose, Merle Norman has offered beauty products to consumers. We are proud that our formulas are developed right here in the USA, keeping hundreds of Americans in the workforce.



Merle Norman Cosmetics is committed to helping women feel beautiful. While beauty quickly becomes apparent on the outside, it begins with women feeling comfortable in their own skin, proud of their appearance and confident in who they are. Merle Norman's mission is to give every woman a more beautiful life.

## Our Franchise Owners Are Family

We offer a proven and successful business plan designed to maximize your return on investment. Our various store floor plans vary in start-up costs, and are able to fit most every type of location and budget.

You pay no franchise fee and no royalty fee, plus we reimburse you up to 60% for marketing and advertising costs (rules apply). Merle Norman also supplies your Studio with sample and demonstration products so that your customers can "try before they buy."

We really have the owners' best interests at heart as we work to make innovations to our company and our brand. "We have an army of people at our corporate headquarters who are as invested in their success as they are, and we care very deeply for each of our studio owners and how well they perform," says Amy Hackbart, Chief Operating Officer. "We work really hard behind the scenes, trying to make running a business easier for them, simpler for them, and ideally, something that's fun for them. We hope our efforts allow them the time, the freedom and the ability to be on the sales floor sharing the products and conveying

to their customers what would help them look and feel better and why they became a Merle Norman Studio owner."

## From The Great Depression To The 21st Century

Merle Norman's single Studio has evolved into the successful corporation it is today, which remains just miles from the original Ocean Park location. Our Research & Development and manufacturing facilities are still in Los Angeles, where the products continue to be made.

Merle Norman's original vision for helping others lives on in the outstanding integrity and efficacy of our brand. No other cosmetics or skin care line has our history of an American success story; no other beauty product has life-long customers whose skin looks decades younger because they've only ever used Merle Norman cosmetics.

Dedicated to Merle Norman's original vision of superior products, individual service and the "Try Before You Buy" philosophy, and bolstered by a contemporary new design, Merle Norman Cosmetic Studios are positioned for further expansion and even greater success





in the years ahead. Although Merle Norman passed away in 1972 and J.B. Nethercutt in 2004, the company, under the guidance of J.B.'s son, Jack Nethercutt, remains a family-owned business dedicated to helping women everywhere look and feel their absolute best.

## What's Special About Our Products?

### Reasonably Priced Prestige Products, Making Women Beautiful

At Merle Norman, you're getting a very prestige product at a reasonable price. We focus on the integrity and quality of the products. Our formulations are top-notch. We use the best ingredients that are available and the latest technology that is available. We stand behind our products.

The Merle Norman Cosmetics line addresses the full spectrum of skin care and makeup needs for women of all ages, complexions

and skin types. We are committed to research and development and to using the finest ingredients available backed by the latest scientifically proven technologies. We take pride in pioneering innovative formulations that are often years ahead of our competitors. Merle Norman is proud to say we manufacture our products in America, in the same plant built in Westchester, California, by Merle Norman herself in 1952. This is where products continue to be conceived, formulated and filled. It's a unique heritage and an integral part of who we are.

### Not Just Your Grandmother's Makeup – But Have You Seen Grandma?

Mention Merle Norman Cosmetics and you may hear a comment that goes something like this, "Isn't that for older ladies? Isn't it for grandmothers?"

"Yes, we've been around for 86 years and we hear all the time we're Grandma's makeup," says Travis Richards, Vice President of

Franchising. "That's right, but look at Grandma's skin. Look at the way Grandma looks, she looks that good because she started using Merle Norman at a young age, you should too- imagine what your skin will look like! Merle Norman is embarking on our next 86 years. So in becoming a franchise owner today, you are part of a new, exciting continuation of a great legacy. We hear success stories everyday from owners who recruited a new younger customer to our brand and they are blown away by our products and services, we have 25 year old women out there raving about our anti-aging line- I'll take that!"

Some of these women have used Merle Norman products on their skin for more than 60 years. That brand loyalty is a ringing endorsement for unparalleled quality and efficacy of our products.

Their skin is also a walking testimony to us. "What we're doing right now is we're taking the old mentality and we're bringing it into the new with newer technology. We're giving you effective products like we always did, but they are better," says Erica Herrell, Director of Research and Development for Merle Norman.

"We've invested heavily in operations, buying brand new equipment, allowing us to make better products faster," adds Amy Hackbart. "We've also invested heavily in technology to allow us to better understand our business and to meet our studio owners' needs. We

have amazing products. We have products that work. They're not just products that have hype. They actually deliver against the claims that we make."

## Merle Norman Cosmetics Studio Franchise Is Beloved For Nearly A Century For Its Products And Results

When you walk into one of the 1,000+ Merle Norman Studio Cosmetics locations around the world, you know you're in for more than a treat. You are in for a memorable experience that will last a lifetime.

These products have been used and loved by millions of women during the last nine decades. From those early products to our line today, featuring hundreds of items, we offer incredibly diverse products for all ages, skin types and concerns.

**THE AVERAGE WOMAN**  
*will spend \$43*  
**ON A SHOPPING TRIP FOR MAKEUP**  
*She'll spend a total of \$15,000 on beauty products in her lifetime*

(SOURCE: PEOPLE.COM)

## Skin care

Our unique formulations are made in our own research and development laboratories. We offer an innovative range of products with the finest ingredients available — backed by proven scientific technologies. Our most advanced skin care products — the Anti-Aging Complex System — help fight the visible signs of premature aging day and night. We have skin care solutions for any skin concern or type.

## Foundations, concealers and powders

We carry one of the broadest lines of concealers, foundations and powders. Your customers can choose coverage from sheer to full finishes from matte to dewy and shades that range from fair to dark.

## Color for eyes, cheeks and lips

Our equally impressive seasonal color collections bring a little runway glamour to the real world. We work with top color forecasting houses and celebrity makeup artists to bring you “of-the-moment” shades and makeup tips for you to showcase to your customers.

## Spa services and products

Using new spa-grade formulations, we offer three exclusive facials. The Clean Sweep Facial<sup>SM</sup> is designed to exfoliate, purify and control oily areas. The Afterglow Skin Illuminating Facial<sup>SM</sup> features a highly

effective multi-fruit acid peel with powerful antioxidants that help remove dead skin cells and refine skin tone. Smooth + Firm Youth Boosting Facial<sup>SM</sup> is an innovative modeling mask applied to help restore natural moisture, firmness, and plump up the skin.

## Startup Costs and Fees

### Low Barriers to Entry and Affordable Startup Costs Make Merle Norman Cosmetics an Attractive Franchise to Own

Merle Norman Cosmetics offers an attractive and affordable opportunity for franchise ownership. The initial investment to begin a Merle Norman Cosmetics Studio ranges from \$34,216 – \$215,415, depending on the floor plan and site where you choose to locate.



Pink Grapefruit Sugar Scrub

Healthy Beauty Award

Self Magazine - May 2014



Wicked Lash Mascara

Mom Knows Best Award

Parents Magazine - Sept. 2014



Lasting Creme Eyeliner

Best in Beauty Award

Examiner.com - Dec. 2014



Dual Action Concealer

Best in Beauty Award

Examiner.com - Dec. 2014



Perfecting Makeup Broad Spectrum SPF 25

Editor's Pick & Rising Star Award

Totalbeauty.com - April 2014



Pro Pen Eyeliner

Editor's Choice Award

Totalbeauty.com - April 2013

Sheknows.com - March 2013

Reader's Choice - 1st Place

Sheknows.com - March 2013



Inner Eyeliner

Beauty Innovator Award

Dailyglow.com - Dec. 2012



Soft Touch Eye Pencil

Healthy Beauty Award

Self Magazine - May 2008

# Studio In a Regional Mall

Approximate initial investment \$115,619 to \$215,415

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
<b>Real Estate</b>	Variable			
<b>Initial Package of Inventory and Supplies</b>	\$14,987 - 19,728		As Scheduled	MNC
<b>Studio Costs</b>				
Fixtures & Furnishings				
<i>Millwork &amp; Fixtures</i>	\$21,161 - \$26,250	As Incurred	As Incurred	Suppliers
<i>Acrylic Organizers</i>	\$3,600 - \$4,275	As Incurred	As Incurred	Supplies/MNC
<i>Tables &amp; Chairs</i>	\$1,160 - \$1,685	As Incurred	As Incurred	Suppliers
<i>Graphics</i>	\$138	As Incurred	As Incurred	Suppliers
<i>Mirrors</i>	\$350 - \$500	As Incurred	As Incurred	Suppliers
<i>Merchandising Pieces</i>	\$423 - \$699	As Incurred	As Incurred	Suppliers/MNC
Flooring	\$2,500 - \$5,000	As Incurred	As Incurred	Suppliers
Lighting	\$1,500 - \$2,500	As Incurred	As Incurred	Suppliers
Interactive Play Table	\$2,500	As Incurred	As Incurred	Suppliers/MNC
Digital Compu Stick	\$0 - \$250	As Incurred	As Incurred	MNC
Exterior Signage	\$3,500 - \$6,000	As Incurred	As Incurred	Suppliers
Construction	\$15,000 - \$65,000	As Incurred	As Incurred	Local Vendors
<b>Computer (Hardware/Software)</b>	\$1,800 - \$5,390	As Incurred	As Incurred	Local Vendors/MNC
<b>Working Capital, Deposits, Insurance and Advertising</b>	\$44,000 - \$60,500	As Incurred	As Incurred	MNC, Suppliers, Landlord, Utilities
<b>TOTAL</b>	<b>\$115,619 - \$215,415</b> (Does not include real estate costs)			

# Studio Not In a Regional Mall

Approximate initial investment \$73,829 to \$114,843

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
<b>Real Estate</b>	Variable			
<b>Initial Package of Inventory and Supplies</b>	\$14,987 - \$19,728		As Scheduled	MNC
<b>Studio Costs</b>				
Fixtures & Furnishings				
<i>Millwork &amp; Fixtures</i>	\$13,706 - \$16,178	As Incurred	As Incurred	Suppliers
<i>Acrylic Organizers</i>	\$3,600 - \$4,275	As Incurred	As Incurred	Supplies/MNC
<i>Tables &amp; Chairs</i>	\$1,160 - \$1,685	As Incurred	As Incurred	Suppliers
<i>Graphics</i>	\$138	As Incurred	As Incurred	Suppliers
<i>Mirrors</i>	\$350 - \$500	As Incurred	As Incurred	Suppliers
<i>Merchandising Pieces</i>	\$423 - \$699	As Incurred	As Incurred	Suppliers/MNC
Flooring	\$1,850 - \$2,500	As Incurred	As Incurred	Suppliers
Lighting	\$1,500 - \$2,500	As Incurred	As Incurred	Suppliers
Interactive Play Table	\$2,500	As Incurred	As Incurred	Suppliers/MNC
Digital Compu Stick	\$0 - \$250	As Incurred	As Incurred	MNC
Exterior Signage	\$3,500 - \$6,000	As Incurred	As Incurred	Suppliers
Construction	\$8,000 - \$25,000	As Incurred	As Incurred	Local Vendors
<b>Computer (Hardware/Software)</b>	\$1,800 - \$5,390	As Incurred	As Incurred	Local Vendors/MNC
<b>Working Capital, Deposits, Insurance and Advertising</b>	\$19,800 - \$27,500	As Incurred	As Incurred	MNC, Suppliers, Landlord, Utilities
<b>TOTAL</b>	<b>\$73,829 - \$114,843</b> (Does not include real estate costs)			

## Studio Located within an Existing Business

Approximate initial investment \$34,216 to \$52,452

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
<b>Real Estate</b>	Variable			
<b>Initial Package of Inventory and Supplies</b>	\$14,987 - 19,728		As Scheduled	MNC
<b>Studio Costs</b>				
Fixtures & Furnishings				
<i>Millwork &amp; Fixtures</i>	\$6,968 - \$9,017	As Incurred	As Incurred	Suppliers
<i>Acrylic Organizers</i>	\$3,600 - \$4,275	As Incurred	As Incurred	Supplies/MNC
<i>Tables &amp; Chairs</i>	\$0 - \$1,105	As Incurred	As Incurred	Suppliers
<i>Graphics</i>	\$138	As Incurred	As Incurred	Suppliers
<i>Mirrors</i>	\$350 - \$500	As Incurred	As Incurred	Suppliers
<i>Merchandising Pieces</i>	\$423 - \$699	As Incurred	As Incurred	Suppliers/MNC
Lighting	\$1,500 - \$2,500	As Incurred	As Incurred	Suppliers
Interactive Play Table	\$2,500	As Incurred	As Incurred	Suppliers/MNC
Digital Compu Stick	\$0 - \$250	As Incurred	As Incurred	MNC
Exterior Signage	\$300 - \$2,500	As Incurred	As Incurred	Suppliers
<b>Computer (Hardware/Software)</b>	\$1,800 - \$5,390	As Incurred	As Incurred	Local Vendors/MNC
<b>Working Capital, Deposits, Insurance and Advertising</b>	\$1,650 - \$3,850	As Incurred	As Incurred	MNC, Suppliers, Landlord, Utilities
<b>TOTAL</b>	<b>\$34,216 - 52,452</b> (Does not include real estate costs)			

Merle Norman startup costs include the price for one of several initial packages of Merle Norman Cosmetics, supplies and other items, which range from approximately \$17,000 to

\$26,000 that is paid to Merle Norman. The total investment does not include rent for the business location.

# Available Growth Markets

## Franchise opportunities available in United States and Canada

Merle Norman has over 1,000 studios in North America and we still have optimal territory available for you to open your own cosmetics studio franchise.

A Merle Norman Cosmetics Studio can be located in a mall or strip center or be incorporated as a "store-within-a-store" within an existing business. We have territories available for new store development, as well as existing Merle Norman franchises available for resale. Whatever your budget and your business goals, we have a studio that fits your needs.

Merle Norman is actively targeting major metropolitan and smaller town markets alike in regions such as Ohio, Illinois, Nevada, North Carolina, Southern California, Washington and

Texas. There are numerous other territories available from coast to coast.

We are looking for enthusiastic buyers for several studio locations already in operation and entrepreneurs who are interested in opening a brand-new franchise in your community.

## How We Educate And Support Our Studio Owners

### Merle Norman is committed to our franchisees' success

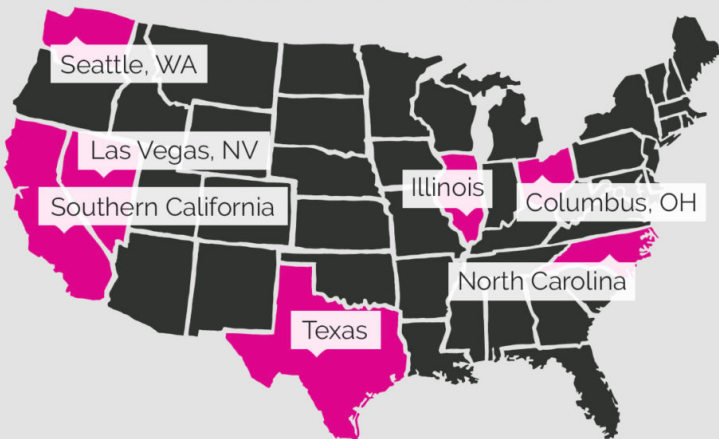
No matter your background or experiences, Merle Norman Cosmetics is committed to investing in your education and training, so that you are equipped to own and operate your Studio from day one.

Additionally, we support you beyond your Grand Opening. We offer ongoing educational opportunities and marketing and advertising support.

### We Teach Everything You Need To Know For Studio Ownership

Our education programs cover all aspects of Studio ownership, including best business practices, marketing strategies, skin care consultation and makeup artistry. Even if you've never worked in a retail setting or have any experience with cosmetic application, we will

### TARGET MARKETS





train you in every area to be an expert beauty consultant and savvy business owner. With our comprehensive artistry training program, it's easy to learn how to apply our products like a pro. You'll also learn valuable skills to ensure that your customers are satisfied with your service and expertise.

### Start-up Training

Once you sign your lease, you'll begin with our online training, then you'll attend a five-day comprehensive training program at our home office in Los Angeles, California, where you'll learn everything you need to know about setting up your business.

- Thorough product training on 200+ products and 600+ shades
- Professional makeup artistry skills and skin care knowledge
- Successful selling techniques
- Staff management tips
- Point Of Sale (P.O.S.) software training
- Website, email and hosting assistance

### Ongoing Training

With our ongoing training you'll stay in the know on the latest and greatest in beauty trends, makeup artistry techniques, and product information.

- Step-by-step instructional makeup artistry and new product videos taught by celebrity makeup artists
- Webinars on topics like successful selling techniques and product knowledge
- National training events featuring industry experts who provide sales coaching and artistry expertise

### We Support You During Every Step Of The Start-up Phase

Opening a new retail business space may seem intimidating, but our corporate team will help with every step of the build-out and start-up process. Our experts assist with all the logistics of site development, including real estate selection, fixtures and signage and store layout and construction.

## Real Estate Expertise

### We help with opening your new Studio:

- Lease negotiation assistance
- Site Selection and lease review

## Building and Construction

- Construction projections and design calendar for completion
- Cost estimates

## Signage and Equipment

- We coordinate your fixtures and signage
- Exterior branding and storefront consultations
- General equipment, materials and fixture recommendations

## Space Planning

- General space and merchandising planning to enhance customer flow
- Design drawings for retail/stockroom space, lighting, flooring and electrical
- Layout drawings for product assortment

## We Provide Ongoing Marketing And Advertising Support

At Merle Norman Cosmetics, we are deeply committed to offering the most extensive support system in retail cosmetics. After almost 90 years in business, we know that our franchise owners wear many hats, so we



make it our business to help you implement marketing strategies and advertise your franchise.

Few franchise opportunities offer franchisees the level of marketing and advertising support that Merle Norman Cosmetics gives to our Studio owners. We believe in equipping our franchisees with every possible benefit, so they will be set up for success.

## 60% Advertising Co-op Reimbursement

We offer a generous and unmatched advertising program that pays 60% of your media costs and postage (on approved advertising programs) to help you market your Franchise. Rules apply.

## FREE Professionally Produced Creative Materials

We provide a variety of FREE professionally produced creative materials for your use in promoting your business. Most companies charge franchisees for these items, which could total in the thousands of dollars each year!



Franchisees have access to: Constant Contact email templates, brochures/newsletters, social media images, seasonal posters, digital and print postcards, display boxes, radio scripts, newspaper ads, press releases and more!

### FREE National Advertising and PR Support

We advertise in top women's fashion magazines like InStyle, Oprah, Allure and Glamour and utilize professional public relations services to ensure that our brand recognition remains visible to the public ... all at no cost to you! We also advertise with professionally produced TV and radio commercials in national broadcast mediums and run social media campaigns on the most popular channels, including Facebook, Instagram, Twitter, YouTube and Pinterest.

All of our Studios are listed for free in our online Franchise Locator directory.

### Marketing Calendars

Strategically crafted month-by-month marketing calendars help you create a profit plan.

### Social Media

We recognize that social media is a crucial element to building a successful business, which is why we implement our own corporate social media campaigns as well as provide you with an ample amount of pre-formatted product images for your own social media efforts.

The SOCi platform provides user-friendly features that enables you to directly create and publish your own Studio specific posts as well as receive scheduled posts five days a week from Home Office featuring content about products and promotions that will keep your Studio's social media effort in sync and current.



## FREE Products For Demonstration

Almost 90 years ago, Merle Norman founded the company on the belief that customers will buy cosmetics if they receive a free product demonstration and makeover. We still feel that way today. That's why we provide free products (conditions apply) to use on your customers during beauty consultations and makeovers.

## Your Own Website!

The Merle Norman Studio website program allows you to create your own website. We provide the template (fees apply), and you provide the Studio hours and driving directions, special promotions, event listings and more!

"We really want potential franchisees to know that you won't be alone in this business," says Amy Hackbart, Chief Operating Officer of Merle Norman Cosmetics. "We have an army of people at our corporate headquarters who are

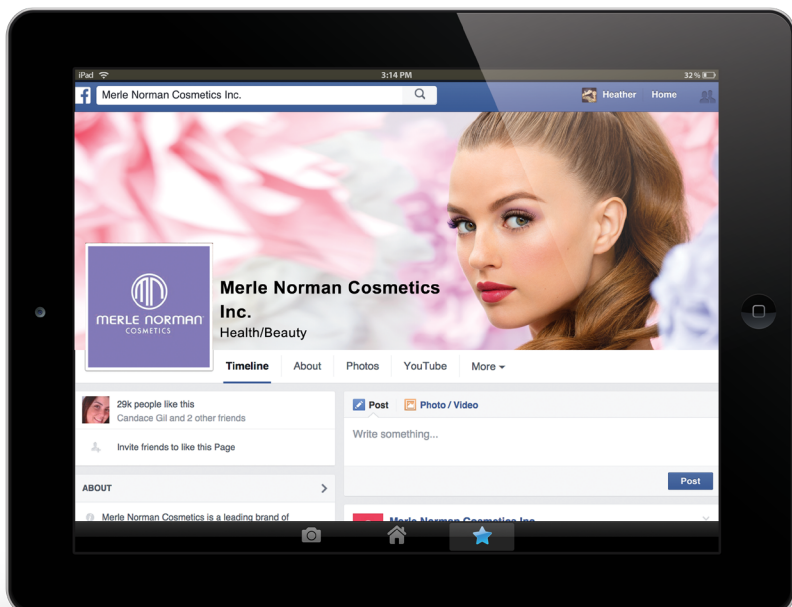


as invested in their success as they are, and we care very deeply for each of our studio owners and how well they perform. We work really hard behind the scenes, trying to make running a business easier for them, simpler for them, and ideally, something that's fun for them. We hope our efforts allow them the time, the freedom and the ability to be on the sales floor sharing the products and conveying to their customers what would help them look and feel better and why they became a Merle Norman Studio owner."

## How Much Can I Make?

**Merle Norman franchise owners have great potential for success**

The opportunity for success and potential for profit with Merle Norman Cosmetics is great for franchisees who are fully committed to every facet of business ownership.





to replenish their Merle Norman products, owners benefit from repeat visits from loyal clients.

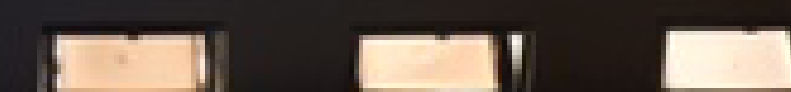
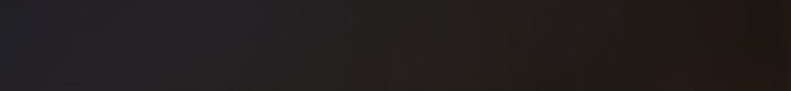
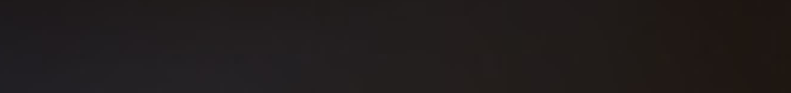
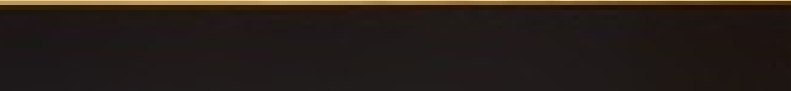
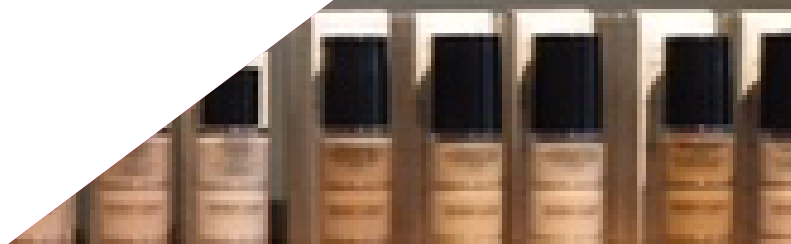
Determining how much money you can make with your Merle Norman Cosmetics Studio is difficult to estimate and depends upon a variety of factors. See excerpts from our Item 19 from our Franchise Disclosure Document (FDD).

These numbers show the ranges of the retail value of studio purchases from Merle Norman Cosmetics, based on the store's locations. Keep in mind that a franchisee's actual profit is dependent upon many variables, including overhead costs, debt and investment/profit from sales of other merchandise and services.

"The sky's the limit," says Amy Hackbart, Chief Operating Officer. "Every studio owner has to make the commitment to execute the programs, create the plans, and do more than sit there and wait for someone to walk in their door. You have to put forth the effort and put forth the planning and the thinking, and execute against that plan to help bring your brand name to the forefront of the mind of the consumer, but also then, deliver on the promise that the brand offers."

Our most successful franchisees are taking advantage of the numerous marketing tools we offer and then becoming active members of their communities. They are reporting great satisfaction with their Studios, from both a financial and personal perspective.

They love being their own boss and doing what they love on their own terms. Because customers return to their local Studios when it's time





## Regional Mall Locations Purchases From MNC Per Studio

	Purchase from MNC per Studio	Retail Value of Purchases from MNC
HIGH	\$315,202	\$656,673
AVERAGE	\$112,590	\$234,561
MEDIAN	\$105,507	\$219,806
LOW	\$26,955	\$56,156

Of the 53 U.S. New Design Studios located in regional malls, 23 Studios or 43% attained or surpassed the Average Purchases from MNC Per Studio. The following information relates to the 606 U.S. New Design Studios located in non-mall locations that operated under the New Design for the one-year period January 1, 2016, through December 31, 2016.

## Non-Mall Locations Purchases From MNC Per Studio

	Purchase from MNC per Studio	Retail Value of Purchases from MNC
HIGH	\$218,057	\$454,284
AVERAGE	\$60,730	\$126,521
MEDIAN	\$52,802	\$112,086
LOW	\$2,297	\$4,784

Of the 606 U.S. New Design Studios located in non-mall locations, 256 or 42% attained or surpassed the Average Purchases from MNC Per Studio.

MNC does not receive from its Studio Owners any statements regarding the dollar amount of a Studio Owner's retail sales of MN Products, nor does MNC receive from its Studio Owners any statements regarding a Studio Owner's total sales, expenses, costs or profits. Since MNC does not have this information, this financial performance representation only provides information as to the dollar amount of purchases of MN Products by New Design Studios and the retail value of those purchases.

Studio Owners are permitted to sell other merchandise (in addition to MN Products) and to offer other services (in addition to free makeover lessons using the lesson material provided by MNC). While MNC has not formally surveyed its Studio system, MNC believes that virtually all Studios sell merchandise in addition to MN Products and/or offer other services. Accordingly, the dollar amounts listed below as the "Retail Value of Purchases from MNC" are not intended to represent the total sales volume of any New Design Studio(s). MNC is unable to estimate what percentage MN Products comprise of a Studio's total sales.



## Future of Merle Norman: Spa Services

### Exclusive spa facials create multiple revenue streams

An exciting opportunity for franchise growth comes with the launch of our spa offering, including four exclusive facials. By offering these services, studio owners tap into the unlimited potential for growing their businesses through attracting new customers and retaining existing ones. Our exclusive facials combine professional-grade spa formulas and innovative skin care products only available at Certified Merle Norman Spas. Trained estheticians take time to diagnose a customer's skin care needs and provide custom recommendations that will complement the spa experience and beyond.

"The future of Merle Norman is the spa experience, which debuted this year," said Travis Richards, vice president of franchising. "Franchisees have the ability to make more money because you don't have the overhead of inventory, and you can offer spa services on top of selling cosmetic products."

We estimate that most studios could conservatively generate approximately

\$52,000 – \$80,000 annually in services, assuming only one treatment room, 24 facials per week at an average service price of \$69 – \$105.

Since most facial customers develop an ongoing relationship with their esthetician, the potential for repeat business from spa clients is huge. These clients are also more likely to purchase products used during their treatments and those their esthetician suggests.

We're excited that Merle Norman spa services will be an important component of our growth and development during the next decade. The U.S. Bureau of Labor Statistics found that the employment of skin care specialists is projected to grow 12% from 2014 to 2024, faster than the average for all occupations. "The beauty of adding spa services is not having to add money for inventory," explains Richards. "A lot of the Merle Norman Studios in the past have carried items like purses or jewelry, but that ties up cash. Spa services don't do that. It also adds to incremental sales of your retail product because now you're using the product during a pampering service that truly does make your skin — and you — feel better. As a franchise owner, it's going to mean a lot to your bottom line."



# Merle Norman Studio Owner Reviews

Business thrives for our franchisees  
because they love working with us



## Meredith Poland

"Because Merle Norman is a family-run company, you're going to find that the support you have from the home office is greater than maybe the support you would have from an extremely large corporation. Merle Norman Cosmetics may be one of the few franchise companies that offer a 60/40 reimbursement on corporate-approved advertising. So what that means is, I go spend a thousand dollars in advertising, and they will comp it back to me and give me credit on my account up to 60%. Where can you find a company to franchise with and be comped those types of advertising dollars? Potential franchise owners need to know about this amazing opportunity that Merle Norman offers. Your advertising dollars will go farther.

"If you are going to open a brick and mortar business in this day and age, why not do it with a company that's been in business almost 90 years — rather than just some new, up-and-coming company that might be hot for a quick minute and then might not make it? I do think that the heritage of Merle Norman is something to be valued. They have been producing cosmetics from start to finish, from product development to the time that it goes in the package, for more than 86 years here in the U.S. This is the kind of company that you are partnering with when you decide to take a big risk and a big leap of faith and say, 'I'm going to open a business.'"

— Meredith Poland, multi-unit Studio owner,  
Indianapolis, Indiana



## Kim Kelly & Kris Kline

"We have a product that we can sell with complete confidence. You're going to get your money's worth and see results from skin care. We're on trend, and we're not your grandmother's makeup anymore."

— Kim Kelly & Kris Kline, Studio Owners, Montrose,  
California

## Barbara Norris

"The greatest reward in my business is being able to help other women be confident and look their best. You have a network of women who, honestly, end up becoming your friends because they come into your store. And pretty soon, you're not only building confidence with the other women, but I now am more confident than I've been in my life. Not to mention the fact that I look better than I've ever looked in my life because of the skincare and the makeup.

"Customers can come into our stores, and we're nothing but Merle Norman. We're all one brand, and we're more personalized. They go to Sephora and Ulta, and it's just a 'Wal-mart' of this, that and the other. There are too many name brands, and it's confusing. And if you've been in those places, they're kind of dirty. Everybody's sticking their fingers in the lesson material. We don't have that. We're immaculately clean. We pride ourselves on that, too. And you're just not going to find that anywhere. And at a drugstore, they don't get to try before they buy. They buy it. Well, I have had numerous customers come in and say, 'Oh my goodness. I got this foundation at the drugstore. I paid this for it. And it's horrible. Oh, I just love yours.' And even though they know ours may cost a little more, it works. They're actually saving money and getting a better brand."

— Barbara Norris, multi-unit Studio owner, Scottsdale, Arizona



## Renee Hitt

"I love the independence of owning a Merle Norman franchise. I love being able to put my mark on something but still have a corporate identity. The most important thing though, to me, is that I help people feel better about themselves. I like to say, our goal is to help you be the best version of you.

"I always say we're 'the Starbucks of cosmetics.' You're going to pay a little bit more for something you could get for a dollar. You can get a dollar cup of coffee, or you can go to Starbucks and get a four dollar cup of coffee. It's all about how you feel while you're in there.

"I have a passion for helping people feel better about themselves, and this has been my vehicle for doing that. The product is something I believe in; the company has integrity and values that I can stand by. We've lived a very comfortable life doing it. We've raised our children; they went to private high schools, and they were active in all the things they wanted to do. We're a really successful studio. Both my daughters work in the business with me now, which is so rewarding. We are truly a small family business."

— Renee Hitt, Studio owner for 28 years, Brookfield, Wisconsin



# Next Steps

We are excited you're interested in bringing a Merle Norman Studio franchise to your community!

## 1 SUBMIT APPLICATION, CHECK TERRITORY AVAILABILITY AND VERIFY FINANCIALS

Once pre-qualified, we will ask you to complete our Confidential Questionnaire and submit your financial information. We will also be working to make sure a territory is available near you.

## 2 GET TO KNOW YOU AND GET TO KNOW US CONVERSATIONS

This is a time for us to get to know one another. You will get a chance to understand how we operate and assist you, and we will get a chance to know you better.

## 3 REVIEW OF FDD/RETURN TO MERLE NORMAN

This is the legal representation of the Merle Norman franchise opportunity. It contains summary information of the financial performance of our franchise units, as well as in-depth information about our operations and processes.

## 4 GET TO KNOW OUR FRANCHISEES

This is an opportunity for you to speak with some of our current franchisees to get a sense of what operating a Merle Norman franchise is like from their perspective.

## 5 SUBMIT APPLICATION TO FRANCHISE SELECTION COMMITTEE

This is the final approval process and you are formally welcomed to Merle Norman.

## 6 LOCATION SEARCH BEGINS

This is a crucial step in your new venture. During this time you will be spending time in your community, working with a local realtor and our in-house real estate professionals to find, negotiate and secure a lease.

## 7 SIGN STUDIO AGREEMENT, SCHEDULE TRAINING

Following your formal approval and receipt of your signed studio agreement, you will schedule your formal training in Los Angeles.

## 8 PRE-OPENING PROCESS BEGINS

Here is where the fun begins. At this stage you are raising brand awareness in your community through a variety of marketing techniques. This is the time when you get the community at large as excited about Merle Norman coming soon as you are.

## 9 ATTEND TRAINING

Training (HOT) is scheduled and attended in Los Angeles.

## 10 GRAND OPENING!

Open your doors to your brand-new Merle Norman Cosmetics Studio.