

# Clubstore Outlet

Clubstore Outlet is a unique retail opportunity which was founded by a team of professionals who brought years of experience in business development, retail and strategy to the business model. The business started with a single location in the Mt. Pleasant, South Carolina market. The single store proved to be successful and only after a year in business it quickly became obvious that the market was larger than what Clubstore could do on its own. Through strategic planning and presentations to Costco along with other discount wholesale retailers, Clubstore was able to obtain key strategic alliances and agreements which offered first rights to overstock items on new, but unsold items that needed to be pushed through the stores to make way for newer products. Once these arrangements were in place and the opportunity was defined, the need to expand through franchising became apparent to answer this immediate and enormous market opportunity.

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ClubStore Outlets hired Franchise Marketing Systems to initiate the franchise development process and start defining the growth channel for the retail model. For the most part, the retail segment of franchising was significantly slower than other market opportunities, but with a core differentiator through the discount product offerings, ClubStore had a unique position and strong value proposition. Franchise Marketing Systems worked with ClubStore Outlets to define the model and create a franchise strategic plan which focused on several Key Performance Indicators. Chris Conner and the development team identified key markets which could sustain master franchisees in addition to local markets throughout the Southeastern U.S. Mr. Conner's team identified that the majority of small to mid-sized markets had ample population and buying trends that could support stores in much closer proximity to one another than originally thought. Local, individual franchise unit growth was focused primarily in Louisiana, North Carolina, South Carolina, Georgia and Florida. Single Unit Stores would encompass markets of about 30k population with the right demographics and Master Franchise territories could be up to several million in size. Franchise Marketing Systems team of consultants put together the marketing materials, franchise digital marketing strategy, franchise training manuals and

overall franchise program structure.

What made the Clubstore Outlet model unique is that the brand offers a wide variety of quality merchandise from Wholesale Club retailers clearing out overstocked items, shelf-pulls, open box and damage box items and customer returns. CSO prices are up to 50% below retail without membership fees. The model offers the customer a unique shopping experience with new items and goods each time they visit a store. The local Costco retailers were generally the source of overstock products, so what a local store had in overstock would determine what products and inventory a retail store could carry. The business model combined with the power of the strategic alliance with Costco which creates consumer shopping excitement and anticipation of what's coming in next at really impressive discount prices. The CSO franchisee had an opportunity to invest in a simple, fun, easy and strong financial model.

When the Clubstore Outlet franchise was launched, the marketing program was split into two categories, one focused on recruiting the single unit franchisee and the other on selling Master Franchise models. In defining the marketing strategy, Mr. Conner's team developed an internet lead generation program to recruit new franchise store operators and a franchise broker sales model focused on recruiting new Master Franchise investors. ClubStore Outlet's team of consultants implemented the model and executed the franchise sales platform to perfection. During the first two years of expansion, the organization sold 4 new Master Franchise owners and over 30 new franchise owners who invested in single store operations.

What made the Clubstore model so attractive was the potential for an absentee owner to invest in the business and see impressive returns with a retail franchise model that had amazingly low cost of goods and impressive top line numbers. Today, with solid management and operations-focused leadership, the Clubstore brand has an opportunity to scale nationally and even globally.

**For more information on how to franchise your retail business, contact us:**

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