

DRUXY'S
fresh deli revolution



A revolutionary opportunity.



Heritage and tradition since 1976

DRUXY'S takes pride in its traditional Deli roots. We hold to the classic way of preparing our sandwiches from briskets and slicing steaming meats to order for each sandwich. We see fun interaction with customers as key to building a lasting relationship. We take pride in the quality of our food and how we prepare it for our customers. But we are also searching for new, fresh, quality products to compliment our deli menu to meet the needs of today's customers.



Bruce, Peter and Harold Druxerman

Welcome to the revolution

DRUXY'S is one of Canada's freshest and most exciting delis.

Concept

The DRUXY'S story begins with the original DRUXY'S Famous Deli Sandwiches restaurant, opened in 1976 in the heart of Toronto's financial district. Premium smoked meats, fresh sandwiches and salads and enough Old World deli flavour to saturate the Royal Bank Plaza, launched a deli revolution that would grow to include more than 50 restaurants across Canada and growing.

Positioned in the under-served niche between the "traditional deli" and the growing "health food" trend, DRUXY'S has revolutionized the deli industry. The ultimate combination of traditional and new, DRUXY'S is unique for many reasons, among them:

- Focus on **fresh, healthy food** (including a menu of sandwiches, salads and soups that are certified by the Heart and Stroke Foundation's Health Check Program).
- **Revolutionary** service delivery system designed to guarantee freshness and choice – customers are encouraged to design their own sandwiches, salads and breakfasts choosing from over 50 fresh ingredients.
- The **deli tradition** of slicing our deli meats from hot briskets for the freshest quality.
- **Allergy and special diet friendly offerings** including gluten free, lactose free and vegan.
- **Diversified locations** in office towers, shopping malls, hospitals, museums, airports and suburban industrial complexes.

As a franchise, DRUXY'S equips each franchisee with:

- A **unique, distinct brand** that is respected and remembered.
- **Proprietary offerings** that make meals an experience for our customers.
- Trademark variety of **wholesome recipes**.
- Friendly, accommodating **service** that generates customer loyalty.
- **Memorable, aggressive marketing** that invites customers to join the "fresh deli revolution", driving business and attracting media attention.
- **Franchise support** that brings our decades of experience to bear on your business.

System

DRUXY'S System is based on three guiding principles:

1. Customers are entitled to whatever they want – we will never say "no" to a customer.
2. We serve the highest quality, freshest and healthiest food possible to our customers.
3. We stay true to our deli heritage offering freshly prepared sandwiches, salads, soups, bagels and coffee.

If our three guiding principles are consistent with your beliefs then you will be able to thrive at DRUXY'S.

In executing these principles we have three main programs:

1. Design Your Own Sandwiches encourages customers to decide how they want their sandwich prepared. Customers can choose from 13 spreads, 12 fillings, 11 veggies, 10 breads, 10 cheeses and 9 other toppings. Then they can have it plain, toasted or grilled.
2. Design Your Own Salads lets customers choose which of 54 ingredients and 16 dressings they want in their salads.
3. Grilled Cheese Breakfast Sandwiches that encourages customers to choose their bread, cheese and add-ons in making their sandwich, which is then grilled.

These programs are based on presenting fresh ingredients and encouraging customers to build or design their meal rather than DRUXY'S having specific sandwich and salad recipes. Service is fun, enjoyable and **easy** for both the staff and customers. By encouraging choice and allowing any item at no additional charge, staff have the joy of always being able to please customers and feel great about the food they prepare.

Most importantly, this Design Your Own system is easy for staff to learn. All you need to do is let the customer tell you what to include on their sandwich, salad or breakfast.

“While DRUXY'S follows the format of a fast food restaurant, we pride ourselves on offering our customers quality, fresh and healthy food delivered with warm, personal service. Since 1976, we have prepared every sandwich directly in front of each customer to his or her exact specifications.”

Bruce Druxerman, President



“We are proud of the quality of our ingredients and we put them on display for our customers to see... From Solid White Albacore Tuna and Sockeye Salmon to our specially prepared briskets of beef and our very own special blend of coffee, we serve the very best products we can find.”

Bruce Druxerman
President

“Every day we get positive comments from our customers that our sandwiches and salads are delicious. They really enjoy the choice of fresh toppings and the great value.”

Gary Hollett
Druxy's #90



Menu

DRUXY'S selection of hot deli sandwiches, fresh salads, soups, fresh baked bread, bagels and pastries and our signature coffee blend has been developed to satisfy the sophisticated palates of Canadians in all their diversity. Our menu continues to evolve to position our franchises to service customers who are increasingly committed to health conscious eating. While the major fast food companies have just begun to recognize the importance of fresh salads and sandwiches, our many years of experience have given us a strong foothold in the marketplace with our extensive and ever expanding menu.

DRUXY'S Famous Deli is dedicated to serving high quality food the way our customers want it. That is why our menu is filled with a great selection of items that are not only made with the best ingredients, but are also delicious and healthier than other quick service restaurants. At DRUXY'S nothing needs to be sacrificed to get the great taste you are looking for.

From traditional favourites – like our Corned Beef and Roast Brisket of Beef, served on your choice of a wide variety of fresh baked breads with as many toppings as you can handle – to our selection of salads loaded with fresh ingredients... DRUXY'S menu offers something for everyone.

Our menu items are constantly reviewed and improved upon, and seasonal flavours are introduced through the year.

Catering

DRUXY'S catering program extends the DRUXY'S experience to a wider audience and creates an additional revenue stream. Our restaurants have generated up to 60% of sales from catering business. More importantly, catering is a valuable promotional tool because what one person orders can convert 15 others into new DRUXY'S customers.

Ambiance

Each DRUXY'S restaurant is designed around our customers' comfort and enjoyment. Our fresh, modern interiors make DRUXY'S an ideal venue for everyday dining, breakfast, lunch, breaks and event catering. Our decor is designed to be clean and understated, allowing our fresh food to become the focus.

Franchisee Support

The DRUXY'S family is capable, helpful and welcoming. When you join it, you become part of a team of experienced restaurant entrepreneurs. We assist you in every aspect of your new business, from initial site selection to thorough training to results-producing marketing... we share the tools of our brand's success and together... we watch your investment grow.

Our goal is to prepare you to build and operate a revolutionary fresh deli.

To that end...

We assist you with the selection of a location, the build-out and arranging of authorized suppliers to deliver top value. We provide guidelines and specifications for the operation of your franchise business and ongoing consulting on operational issues.

We have developed a state-of-the-art online resource centre that provides all the information that a franchisee needs. From manuals and memos, to recipes, marketing tools and helpful videos, the DRUXY'S Franchisee Success Software (FSS) combines everything a franchisee needs into an easy to use and easy to access online resource centre.

For your restaurant to succeed, it is crucial that you be driven for success, love interacting with customers and take pride in knowing that the meals you prepare for your customers are both important and appreciated. We have found that customer driven franchisees can achieve a minimum 20% greater growth than an average franchisee! DRUXY'S goal is to give our franchisees the training and tools they need to grow within our customer driven organization. We are committed to being remarkable in the food and service we provide.

Our level of service has had remarkable results generating average guest frequency of 4.5 times per week. But, more importantly, over half our business comes from regular guests who frequent DRUXY'S multiple times per day. Our research has found that there truly is a direct relationship between sales growth, customer loyalty and service.



“Within the last 24 months, 4 new competitors have opened and yet sales have not dropped. I have had steady sales over the last 5 years. We are so alive here! Of all the restaurants that were here when DRUXY'S opened, we are the only one still here.”

Firoz Normohammidi
DRUXY'S # 19



Location

DRUXY'S is a relatively simple operation that does not have a grill or fryer, meaning it needs no exhaust or special fire protection. This makes it a natural fit for just about any location of 500 - 1800 sq. ft. Over the years, DRUXY'S healthy menu has appealed to health conscious consumers found in office buildings, shopping malls, hospitals and tourist spots. Our business builds loyalty and services 3 day parts so locations that attract this type of customer are ideal.

Is your community ready for a DRUXY'S?

If you are thinking about bringing DRUXY'S to your community here are some questions to consider:

1. Does your community have a population of at least 30,000 people?
2. Are the people in your community interested in healthy food options or are they satisfied with the current standard offerings?
3. Does your community have at least 500 companies? Accounting, legal and consulting firms are ideal clients for catering.
4. Is there a concentrated office area that has space for a food retailer?

If you believe your community is ready for a DRUXY'S please contact us today. DRUXY'S has a team of real estate experts that can help you find a suitable location.

Build-out

We can provide you with established services and vendors and help you oversee your restaurant's development. Whether you are retrofitting an existing restaurant or building a new one, we assist you through the build-out process.



Franchisee Training

Your franchise fee includes a thorough training program that gives you the tools necessary to effectively manage all aspects of your new location, including operations, marketing and customer service.

Typically, a franchisee will train for 6 weeks in a training restaurant and 2 weeks in their own restaurant. The initial training will be conducted at a location designated by DRUXY'S Head Office. Our training program for you and your staff is thorough. The only extra cost for training beyond what is included in your total investment is travel, accommodation and meals. (We will cover the cost of training 1 person in our Head Office training centre. It will be the franchisee's cost to pay for the training of additional personnel and hourly staff at a corporate restaurant. It will also be the franchisee's cost to travel to the designated Head Office training centre. For franchise resales, there is a training cost of \$3,500 per person.)

Beyond the initial training DRUXY'S field staff does regular checks of all restaurants to give franchisees valuable feedback on how they are doing. Additionally, we run regular seminars to keep franchisees up to date on issues of importance to their operation from ordering products and costing to staff training and local store marketing.

You will find that our doors are always open and you will be encouraged to contact our support team on an as-needed basis, prior to opening and throughout your term as a franchisee. We encourage communication, feedback and new ideas from franchisees to help us grow and evolve.

Marketing

For us, marketing is closely tied to customer service. We invest heavily in marketing DRUXY'S with materials that consistently deliver the right message for the right target customer. We work

closely with our advertising agency to build programs and promotions that bring repeat and new customer traffic to our delis and get noticed by the media. Our marketing team brings years of experience servicing franchise restaurants. They are available to work with you to adapt or build new promotions specific to your location. We are always looking for ways to drive business to our restaurants and we count on our franchisees to deliver the fresh deli revolution experience.

DRUXY'S advertising supports our front line by speaking out to potential customers about our philosophies, our goals and our desires in serving our customers. We extol the virtues of our staff and franchisees, of our product and our systems. We build on the effort that each employee puts into serving our customers... and we see the results!

Giving back

With locations across Canada and a reputation for supporting hundreds of charities ranging from bridge clubs to church bazaars to golf tournaments, DRUXY'S is a good example of an organization that takes community commitment seriously.

If it's happening in Canada, we are there in some fashion – either giving product or prize support. We take pride in our ability to help so many charities, and in finding the best 'fit', matching the charities interests with our own abilities.

Our largest fundraising effort involves support for Camp Awakening, a special camp located in Northern Ontario that challenges children with physical disabilities to experience the great outdoors. For the last decade, DRUXY'S has spearheaded province-wide fund raising and awareness building campaigns to support this worthwhile cause. We are absolutely thrilled to help finance a camping experience for these children each summer.

“By offering our franchisees constant encouragement with a positive outlook, ongoing support and training, and proven marketing programs, DRUXY'S demonstrates our high level of integrity.”

Peter Druxerman
Vice-President, Marketing



“Our marketing has become an important element of our success today. DRUXY’s has succeeded, where many have failed, by understanding the importance of marketing.”

Peter Druxerman
Vice-President, Marketing



Frequently Asked Questions

Q. What is the total investment?

The total cost of a DRUXY'S Deli will vary from project to project, with a total investment of approximately \$400,000. This includes the franchise fee of \$30,000, construction cost of \$275,000 and other costs such as opening inventory, first and last months rent, opening promotions and working capital.

You will need to have a minimum of \$150,000 available in unencumbered cash. The balance of the investment can normally be arranged through a bank loan.

Q. What is unencumbered cash?

Unencumbered cash is cash on hand, in a savings account, chequing account or GIC account, otherwise known as "liquid capital". Home equity and RRSPs are not usually considered unencumbered, unless you can borrow against your home or RRSP. Your assets must be in Canada and you must be able to provide appropriate documentation to substantiate all assets.

Q. Does DRUXY'S provide financial assistance?

While DRUXY'S does not offer our own financial assistance for franchisees we have made arrangements with the Bank of Montreal for a loan program open to franchisees on approved credit. The contact at the Bank of Montreal is Rosemary Iacobellis, Commercial Account Manager, Bank of Montreal, 2851 John St., Unit 300, Markham, Ontario L3R 5R7, Tel: (905) 475-2722, Fax (905) 475-7513, email rosemary.iacobellis@bmo.com.

Q. How much are the ongoing Royalty and Advertising Fees?

The Royalty fee is 6.5% of the Franchise's Weekly Sales net of promotion and discounts. This fee provides you with the use of the DRUXY'S brand name and operating system as well as ongoing support, training, research and development. In addition, the franchisee is required

to make a weekly Advertising Fund contribution equal to 2% of the Franchise's Weekly Sales. This is used to promote and build brand recognition. Franchisees are also expected to invest a further 2% of sales in local promotions aimed at building customer relations within the local neighbourhood.

Q. What is the average return on investment?

Your return will depend on a number of factors: your skill and abilities, your competition, interest rates, the economy, labour and supply costs, lease terms and the marketplace in general. But most importantly it will depend upon your commitment to your customers. As you proceed, you will meet existing franchisees who can share their experience with you.

Q. Where do my products/ ingredients come from?

DRUXY'S is famous for our quality and consistency. Therefore, it is important that we purchase products through a designated supplier system, which ensures high quality and consistency. As a franchisee you also benefit by way of bulk purchasing, reasonable credit terms and regular delivery to your restaurant.

Q. What ongoing support is given to a franchisee?

Our main function as a franchisor is to support and assist the franchise system. This means providing ongoing phone calls, restaurant visits and coaching to ensure each one of our DRUXY'S franchises is following our proven systems, specifications and standards to drive consistent operations and attain profitable sales.

DRUXY'S regularly adds to its menu and consistently offers support in marketing, communications, supplier relations and system implementation.

Q. Who determines the location of a franchise?

DRUXY'S Development Department will assist in site selection. We welcome all site suggestions and we will advise you on whether these sites meet our standards.

Q. How much money can I expect to earn?

Naturally how much money a franchisee earns will depend on the sales and expenses of a location, the franchisee's skills, the quality of staff, current market conditions and local competitive activity. Profitability can fluctuate from area to area and even restaurant to restaurant. It is also important to remember that some locations take longer than others to establish a regular customer base. Repeat business is key, as it provides the base for significant growth of sales. Our research has found that there truly is a direct relationship between sales growth, customer loyalty and service. The commitment of a franchisee to his or her customers will lead to better than average profits.

We make no earnings claims and encourage each candidate to conduct his or her own thorough due diligence review, one that includes professional assistance and includes contacting our existing franchisees.

Q. What marketing programs are used?

You can expect ample marketing support from DRUXY'S. Ad production, menu development, point-of-sale materials, signage, billboard and transit posters and radio campaigns are only a few of the many marketing support opportunities.

DRUXY'S marketing focuses on programs that are designed to positively impact local store sales.





“As a franchisee for many years. I am proud to welcome the Fresh Deli Revolution into my store. Our customers can still enjoy a great traditional deli sandwich and now they have all these fresh and healthy toppings to design their own sandwich and salad.”

Mehrdad Moshiri
Store #52

DRUXY'S Tidbits and Accolades

In 33 years
we have proudly served...

209,494,158
customers

69,831,373
sandwiches

6,348,307
loaves of bread

14,664,588
pounds of meat

78,211,148
bagels

13,758,981,951
coffee beans

NOW IF THAT'S NOT AN
INVITATION TO JOIN US,
WE DON'T KNOW WHAT IS!

Handy printed
material keeps
customers informed
and up to date on
promotions supporting
the Fresh Deli Revolution.

Lifestyle

*When you invest in a DRUXY'S franchise, you are making a lifestyle decision.
You are choosing a future of independence, self-management and opportunity.*

DRUXY'S stands apart from other food franchises, in that many of our locations have hours of operation that do not include evenings or weekends. Your restaurant opens in the morning and closes at the end of the business day. Our hours of operation reflect the locations we are in – from malls to business centres to hospitals. We encourage franchisees to take

advantage of leisure time with family and friends or recreational and other pursuits. Choosing DRUXY'S means choosing an established brand, breakthrough marketing, a proven system, support from Canada's most experienced franchise professionals and a lifestyle that affords you every opportunity for advancement... In short, you are choosing a Fresh Deli Revolution.





DRUXY'S
fresh deli revolution

We hope you'll
join the revolution

DRUXY'S is a rare opportunity to be part of a unique model with the potential to fulfill your personal and business goals. We invite you to learn more about this opportunity, get to know our experienced team and explore whether a future with DRUXY'S is right for you. To arrange a meeting, kindly complete the Franchise Opportunity Questionnaire (enclosed) and return it to our franchise development department for review. We invite you to contact our franchise department with any questions.

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