



FRANCHISE KIT

Take Your
Bite of the
Apple

Think

Adam & Eve[®]
Stores

Where Success Begins...

Adam & Eve



OUR ROOTS RUN DEEP. WITH OVER 4 DECADES OF PROVIDING OUR CUSTOMERS WITH ENDLESS POSSIBILITIES AND OPPORTUNITIES - OUR STORES HAVE PUT FUN BACK INTO THE BEDROOM!

We are the leader in the lingerie and adult-boutique market. When couples think about adult, sex-positive materials, they think of Adam & Eve. Our franchisees are trained on products, merchandising, marketing and sales. They deliver an outstanding customer experience in stores that are organized, warm and inviting. We have provided a safe shopping environment that our customers have come to appreciate. Our customers represent America: Our average customer is married with two children and is a gray or white collar worker between the ages of 25 and 59 with a college education and slightly higher-than-average household income.

We are so excited that you have downloaded our Adam & Eve Stores Franchise Kit, and we hope that you will gain a greater understanding of why we garnered the 2008 and 2012 Retail Store Chain of the Year award in our industry. There is only one Adam & Eve.

WE ARE AN UPSCALE SPECIALTY BOUTIQUE THAT SERVES DISCERNING COUPLES, WOMEN AND MEN.

I hope that our Franchise Kit will assist you in learning a little more about our opportunity. I am looking forward to having you visit soon and see for yourself what makes our retail model so successful.

Dave Keegan
General Manager
Adam & Eves Stores Franchising

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OVERVIEW

What started as a college thesis paper, today is a 300 million-dollar business. Phil Harvey, along with partner, Dr. Timothy Black, began promoting birth-control devices through non-medical channels, such as mail order, in 1974. Encouraged by the public's positive response, Phil explored ways to provide American adults with carefully selected sex-positive, top-quality merchandise that was backed up by complete customer satisfaction and money-back guarantees.

As an entrepreneur, Phil Harvey used his high profile business and profits from Adam & Eve to support his philanthropic efforts to protect millions of poor couples from unwanted pregnancies and HIV infections. His Washington, DC- based charity has implemented family planning and HIV/AIDS-prevention programs in 19 countries across Africa, Asia and Latin America.

Adam & Eve quickly became the leader in this space and have continued to expand over the past 40 years. Today, Adam & Eve employs over 350 men and women at its Hillsborough, North Carolina corporate headquarters and supports 60 retail-franchised locations in 18 states and Canada.

The decision to open retail stores in relatively high-traffic count areas was the next logical step in the evolution of a company that has brought adult-oriented novelty and video products to their customers for years.

So, if you are looking for a profitable business, and a business that is fun to own, we invite you to learn more about us.

"My husband and I had never visited an adult store before. When I first drove by the Adam and Eve store, I was intrigued by the high-end exterior. Once we visited, our outlook on romance changed dramatically."

"Adam and Eve stores have really helped reignite the spark in our love life!"

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FAQs

DO I NEED TO HAVE ANY PRIOR EXPERIENCE IN RETAIL OR THE FRANCHISE INDUSTRY TO OWN AN ADAM & EVE STORE?

You don't need any prior experience in owning your own business or operating a franchise business. We understand that the majority of new franchise owners do not have prior experience in owning their own business. We will teach you everything you need to know about owning a retail business. Our merchandisers are skilled at setting up your store to promote sales, and our trainers will ensure that you know your products.

WHAT SKILLS DO YOU CONSIDER IMPORTANT FOR MY SUCCESS AS A FRANCHISEE?

Besides the obvious love of helping others, we believe that strong sales and customer-service skills are important. Your Adam & Eve Store will be building on your willingness to develop relationships with your customers. You are the expert, and customers will look to you to provide advice on the products you sell.

HOW LONG WILL I BE AT TRAINING AND WHAT CAN I EXPECT TO LEARN?

Our initial training program consists of approximately one week of classroom and on-site training at company headquarters in Hillsborough, North Carolina. Your training program will include merchandising, product education, marketing, POS operations, customer-service training and personnel training.

In addition, our support team will be at your location for one week to work directly with you and your team during your opening.

WILL YOU ASSIST ME WITH MY STORE DESIGN AND BUILD OUT AND INITIAL MERCHANDISE ORDER?

Yes. Our plan is to begin working with you on locating and signing a lease for space that will provide you with the opportunity for success. We have a complete retail handbook that you will use to introduce our retail model to landlords and retail property owners. We will then begin working with you, your construction team and our suppliers to set up your store for retail success.

DO ADAM & EVE STORES PROVIDE FINANCING?

No. We do have a number of lending relationships that you may use; however, we find that local banking relationships are typically best. You may also personally finance the build-out and initial retail product that needs to be purchased.



FAQs

DO ADAM & EVE STORES OFFER A MULTI-UNIT FRANCHISE OPPORTUNITY?

Absolutely! We understand that you may want the flexibility to open multiple locations and have complete control of your territory. You are provided a protected territory as part of your franchise agreement. We will also provide you a first right of refusal for adjacent territories at the time of your franchise closing.

WHAT ARE THE INITIAL FRANCHISE FEES AND ONGOING ROYALTY FEES?

The initial franchisee fee is \$30,000. You will pay ongoing royalties of 5%. We also ask that you spend *at least 5%* on local advertising.

WHERE SHOULD I LOCATE MY ADAM & EVE STORE?

Our goal is to find locations that provide significant traffic. Our stores are considered “destination” stores. Free-standing buildings, strip centers and out parcels are all great locations. Because of the adult-themed product mix, local zoning and business-licensing ordinances will impact where you are able to locate your business.

Our typical store size is between 2,500 – 4,000 square feet. If possible, we want road visibility and prominent signage. We will work directly with your local real estate professional to help select the best location available.

HOW LONG WILL IT TAKE ME TO OPEN MY BUSINESS ONCE I HAVE SIGNED A FRANCHISE AGREEMENT?

Since our build out is not complicated, we will generally open within 6 - 9 months of signing your agreement. If your location has already been identified, the time to open can be reduced considerably.

WILL YOU HELP ME WITH MY INITIAL MARKETING STRATEGY AND GRAND OPENING?

Yes. We will assist you with all aspects of your opening and we will be in attendance.

SOCIAL MEDIA IS REALLY BIG RIGHT NOW. DO YOU HAVE A POLICY AS TO WHAT I CAN AND CANNOT DO?

We have an extensive social media policy that we have coupled with best practices. Some store owners are better equipped than others to monitor and manage their social media presence. We will discuss this at length during training and you will be all set up before you open your Adam and Eve Store.

A photograph of a two-story brick building with large windows. The name "Adam & Eve" is mounted on the brick facade above the windows. The building is set against a clear blue sky with some greenery visible on the right side.

Adam & Eve

APPROVAL PROCESS

STEP 1

HAVE AN INITIAL CONVERSATION with our Franchise Sales Director and discuss your background, territory availability, and the financial qualifications necessary to own an Adam & Eve Store.

STEP 2

COMPLETE THE LGA (Let's Get Acquainted Form). Your application will be reviewed by our Franchise Sales Director and Franchise General Manager.

STEP 3

SCHEDULE A Q & A SESSION with our Franchise Sales Director and Franchise General Manager, Dave Keegan. This initial call will provide you an opportunity to ask questions and learn more about our retail operations.

STEP 4

ATTEND A DISCOVERY DAY in Hillsborough, North Carolina. Your visit will give you a complete overview of our operation and support systems. You will have the opportunity to meet the staff that will be supporting your franchise location. Our Discovery Days are typically conducted in one day, and we are fairly flexible to adjust our schedule around your planned trip. We will thoroughly review the FDD (Franchise Disclosure Document) and answer any final questions concerning the details of the franchise territory and franchise agreement.

STEP 5

SIGN FRANCHISE AGREEMENTS and schedule your introductory session with our team to prepare for your training session. Welcome to the Adam & Eve Family!

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The adult sex-toy industry grosses over \$15 billion in annual sales. The success of books like Fifty Shades of Grey and network television shows have made a once taboo subject mainstream. New markets of consumers, who are now eager to explore their sexuality, are driving mainstream retailers to jump on the bandwagon.

The adult sex-toy industry is not a fad and is clearly here to stay. There is new innovation sparking a growing number of entrepreneurs to build and manufacture products that combine aesthetics and mechanics. Combine the products with good strong education and you have a growing need for consumer-friendly retail locations. Adam & Eve Stores are poised to be the national leader in providing consumers with options. What started nearly 40 years ago as a college project is now one of the largest and most innovative companies in the adult-sex sector. Phil Harvey had a dream. His dream is being realized everyday through the support of his not-for-profit organization and the growth of his retail stores.

"Our advantage in the market place is that our stores carry all Adam & Eve products available; signature and private-label lines. But, we also provide our franchisees with recommended, approved suppliers and vendors to purchase product from. We also encourage our franchisees to find new products and suppliers and bring them to our attention. Our goal is to provide consumers with the best products in the marketplace and to ensure that our franchisees are trained to provide guidance to our customers." We are passionate about helping to improve the sex lives of our customers. We know it can be transformational in a relationship. If you truly want to make a difference in people lives, then bringing an Adam & Eve Store retail operation to your community could be the perfect opportunity for you.

We look forward to having our initial conversation. Remember: The FIRST STEP is setting up a call with our Franchise Sales & Development Director, Dan Daniel. You can reach Dan at XXX-XXX-XXXX

Dream Big!

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