

# Aussie Pooch Mobile

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After creating a mobile service that washes dogs outside their owners' homes, a young entrepreneur has successfully franchised the concept. Her firm now has almost 200 franchises in many parts of Australia, as well as up to 30 in other countries. She and her management team are debating how best to plan future expansion.

Elaine and Paul Beale drew up in their four-wheel drive outside 22 Ferndale Avenue, towing a bright blue trailer with red and white lettering. As Aussie Pooch Mobile franchisees whose territory covered four suburbs of Brisbane, Australia, they were having a busy day. It was only 1.00 p.m., and they had already washed and groomed 16 dogs at 12 different houses. Now they were at their last appointment — a 'pooch party' of 10 dogs at Number 22, where five other residents of the street had arranged to have their dogs washed on a biweekly basis.

Prior to their arrival outside the house, there had been ferocious growling and snarling from a fierce-looking Rottweiler. But when the animal caught sight of the brightly colored trailer, he and two other dogs in the yard bounded forward eagerly to the chain link fence, in a flurry of barking and wagging tails.

Throughout the residential areas of Brisbane and in a number of other Australian cities, dogs of all shapes and sizes were being washed and groomed by Aussie Pooch Mobile franchisees. By mid-2015, the company had grown to more than 165 franchisees, and claimed to be "Australia's premier mobile dog wash and care company". A key issue facing its managing director, Christine Taylor, and members of the management team was how to plan and shape future expansion (*Exhibit 1*).

## FOUNDING AND EXPANSION

Located in Burpengary, Queensland, just north of Brisbane, Aussie Pooch Mobile Pty Ltd. (APM) was

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**Exhibit 1** Christine Taylor with dogs

founded in 1991 by Christine Taylor, then aged 22. Taylor had learned customer service early, working in her parents' bait and tackle shop from the age of eight. Growing up in an environment with dogs and horses as pets, she knew she wanted to work with animals, and learned dog grooming skills from working in a local salon. At 16, Taylor left school and began her own grooming business on a part-time basis, using a bathtub in the family garage. Since she was still too young to drive, her parents would take her to pick up the dogs from their owners. She washed and groomed animals at home and then returned them.

Once Taylor had learned to drive and bought her own car, she decided to take her service to the customers. So she went mobile, creating a trailer in which the dogs could be washed outside their owners' homes, and naming the fledgling venture "The Aussie Pooch Mobile". Soon, it became a full-time job. Eventually, she found she had more business than she could handle alone, so she hired assistants. The next step was to add a second trailer. Newly married, she and her husband David McNamara ploughed their profits into the purchase of additional trailers and gradually expanded until they had six mobile units.

Aussie Pooch Mobile specialized in bringing its dog washing services to customers' homes. Dogs were washed in a hydrobath installed in a specially designed trailer, which was parked in the street. The trailer had partially open sides and a roof to provide protection from sun and rain (*Exhibit 3*). Apart from flea control products and a few grooming aids, APM did not attempt to sell dog food and other pet supplies initially. The company had resisted the temptation to diversify into other fields to focus on their niche in the dog bathing industry. "We did not want to be a jack of all trades because you'll never be good at anything," declared Taylor. "We now have an exclusive

## THE SERVICE CONCEPT

*I look at the business as if it's my first child. I see it now starting to come of age where it wants to go alone, but still needs me to hold its hand a little bit, whereas initially it needed me there the whole time. With the support staff we have in place, the business is now gaining the support structure it needs to work without me. This is what I am aiming towards. I appreciate that a team of people can achieve much more than one person alone.*

it. Said Taylor:

APM's expansion benefitted from the leverage provided by several master franchisees, who had obtained the rights to work a large territory and sell franchises within provided further assistance to managers and franchisees. The central support office also housed staff who responsible for overseeing trailer design and systems support. Each state had its own manager and training The management team consisted of Christine Taylor as managing director and David McNamara as director and complied with the Franchising Code of Conduct. APM was a member of the Franchise Council of Australia

By mid-2015, the company had 167 mobile units in Australia, with 60 located in Queensland, 52 in New South Wales, 19 in Victoria, 14 in South Australia, and eight in the Australian Capital Territory. The Aussie Pooch Mobile group bathed more than 20,000 dogs each month, and had an annual turnover of approximately \$7.5 million.

the US in 2006, Taylor offered the master franchise to a top performing Australian master franchisee to provide them with further opportunities to grow.

**Exhibit 2** APM expanded into the different states in Australia



In 1996, a New Zealand division of the firm was launched in Tauranga, a small city 200 kilometers southeast of Auckland, under the name Kiwi Pooch Mobile. In 2000, Taylor expanded operations into New Caledonia through a master franchise agreement, launching "La Pooch Mobile". In 2001, Aussie Pooch Mobile was launched in the UK, beginning with a town in northern England. Soon, there were four operators under a master franchisee. The following year saw the official launch of The Pooch Mobile Malaysia, also under a master franchisee. When setting up the company's presence in

As existing units were converted from employees to franchisee operations, Taylor noticed they quickly became about 20% more profitable. Initially, APM focused on Brisbane and the surrounding region of southeast Queensland. Subsequently, it expanded into New South Wales and South Australia in 1995; Canberra, Australian Capital Territory (ACT) in 1999, and Victoria in 2000 (*Exhibit 2*). Expansion into Western Australia came in mid-2004.

*David would go bike riding or head to the coast and have fun with the jet ski and I was stuck at home and felt like I was going nuts, because I'm a really active person. I was hungry for information on how to expand the business, so I started researching other companies and reading heaps of books and came up with franchising as the best way to go, since it would provide capital and also allow a dedicated group of small business people to help expand the business further.*

The idea of franchising came to Taylor when she found herself physically constrained by a difficult pregnancy:



**Exhibit 3** Dog trailer image

range of products that customer demand has driven us to providing, but we still work closely with vets and pet shops, and are by no means a pet shop on wheels. We are more like a specialist dog care service that provides needed items with professional advice.”

In contrast to retail pet service stores, where customers brought their animals to the store or kennel, APM brought the service to customers’ homes, with the trailer parked outside on the street. The use of hydrobath equipment, in which warm, pressurized water was pumped through a shower head, enabled operators to clean dogs more thoroughly than would be possible with a garden hose. The bath was designed to rid the dog of fleas and ticks, improve its skin condition as well as clean its coat and eliminate smells. Customers supplied water and electrical power.

The fees paid by customers varied from \$22 to \$70 per dog, depending on breed and size, condition of coat and skin, behavior, and geographic location, with discounts for multiple animals at the same address. At ‘pooch parties’, a concept developed at APM, the homeowner acting as host typically received a discount on their dog wash at the discretion of the operator. Additional services, for which an extra fee was charged, included aromatherapy baths, doggy facials, and doggy massages. These services ranged from \$4 to \$10. Additional dog grooming and clipping was available for \$10 to \$50 per dog depending on the breed and condition of the animal.

Operators also offered free advice to customers about their dogs’ diet and health care, including issues such as ticks and skin problems. They encouraged customers to have their dogs bathed on a regular basis. Most customers made appointments once every two or four weeks.

### Exhibit 3

Services offered in 1990	Services offered in 2015
Hydrobath	Hydrobath
Brush	Brush
Nail cut	Nail cut
Ear Clean	Ear Clean
Eye clean	Eye clean
Chamois dry	Chamois dry
Deodorise	Deodorise
Own brand solutions	Own brand solutions — expanded
	Blow Dry
	Retail own brand products
	Retail products
	Medicated washes
	Worming
	Massage for dogs
	Aromatherapy for dogs
	Doggy Facials
	Clipping (hair cutting)

## A SATISFIED CUSTOMER

The process of bathing a dog involved a sequence of carefully coordinated actions, as exemplified by Elaine Beal’s treatment of Zak the Rottweiler. “Hello my darling, who’s a good boy?” crooned Elaine as she patted the enthusiastic dog, placed him on a leash, and led him out through the gate to the footpath on that warm, sunny day. Paul busied himself connecting hoses and electrical cords to the house, while Elaine began back-combing Zak’s coat in order to set it up for the water to get underneath. She then led the now placid dog to the hydrobath inside the trailer, where he sat patiently while she removed his leash and clipped him to a special collar in the bath for security. Meanwhile, the water had been heating to the desired temperature.

Over the next few minutes, Elaine bathed the dog, applied a medicated herbal shampoo to his coat, and rinsed him thoroughly with the pressure-driven hose. After releasing

**Exhibit 4** Population of Australia by State and Territory, March 2011

State/Territory	Population (000)
New South Wales	7,618.2
Victoria	5,938.1
Queensland	4,779.4
South Australia	1,698.6
Western Australia	2,591.6
Tasmania	516.6
Australian Capital Territory	390.8
Northern Territory	244.6
<b>Australia Total</b>	<b>23,781.2</b>

Source

Australian Bureau of Statistics 2015.

**Exhibit 5** Distribution of Consumer Expenditures on Dog-related Goods and Services 2010

Product/Service	Allocation
Dog Food	31%
Vet Charges	44%
Dog Services	21%
Pet Purchases	4%
<b>Total dog-related expenditure</b>	<b>\$3.6 billion</b>

Source

Australian Companion Animal Council, 'The Pet Care Industry to the Australian Economy: 7th Edition 2010' Report.

## FRANCHISING IN AUSTRALIA

Australia was home to a number of internationally known franchise operators, including Hertz Rent-a-Car, Avis, McDonald's, KFC, Pizza Hut, Subway, Kwik Kopy, and Snap-on Tools. In contrast, most Burger King outlets operated under the name Hungry Jacks, an acquired Australian chain with significant brand equity.

By the beginning of the 21st century, the Australian franchising sector had reached a stage of early maturity. McDonald's, KFC, and Pizza Hut opened their first outlets in Australia in the 1970s. These imported systems were followed by many home-grown business format franchisees such as Just Cuts (hairdressing), Snap Printing, Eagle Boys Pizzeria, and VIP Home Services, all of which grew into large domestic systems and then expanded internationally, principally to New Zealand and Southeast Asia.

Zak from the special collar and reattaching his leash, she led him out of the hydrobath and onto the footpath, where she wrapped him in a chamomile cloth and dried him. Next, she cleaned the dog's ears and eyes with disposable baby wipes, all the time continuing to talk soothingly to him. She checked his coat and skin to ensure there were no ticks or skin problems, gave his nails a quick clip, and sprayed a herbal conditioner and deodorizer onto Zak's now gleaming coat and brushed it in. Returning Zak to the yard and removing the leash, Elaine patted him and gave him a large biscuit, specially formulated to protect the animal's teeth.

## THE AUSTRALIAN MARKET

Australia's population of 23.7 million in 2015 was small in relation to the country's vast land area of 7.7 million km<sup>2</sup>. A federal nation, Australia was divided into six states — New South Wales (NSW), Victoria, Queensland, South Australia, Western Australia, and the island of Tasmania — as well as two territories: the large but thinly populated Northern Territory, and the small Australian Capital Territory (ACT), which contained the federal capital, Canberra, and its suburbs. The average annual earning for employed persons was \$77,000.

With much of the interior of the continent uninhabitable and many other areas inhospitable to permanent settlement, most of the Australian population was concentrated in a narrow coastal band running clockwise from Brisbane on the southeast coast through Sydney and Melbourne, to Adelaide, the capital of South Australia. Some 2,700 kilometers (1,600 miles) to the west lay Perth, known as the most isolated city in the world. A breakdown of the population by state and territory is shown in Exhibit 4. The northern half of the country was in the tropics, Brisbane and Perth enjoyed a sub-tropical climate, and the remaining major cities had a temperate climate. Melbourne was known for its sharp fluctuations in temperature.

There were about 3.4 million domestic dogs in the country in 2009, and approximately 36% of the nation's eight million households owned at least one. Western Australia had the lowest proportion of dogs per population, while Tasmania had the highest. In 2011, it was estimated that Australians spent an estimated \$3.6 billion on dog-related goods and services, of which 30% went to dog food, 37% to veterinary services, 15% to dog products and equipment, and 17% to other services, including washing and grooming (Exhibit 5).

In 2014, Australia boasted more than 1,100 business-format franchise systems holding an estimated 79,000 outlets. Although the US had many more systems and outlets, Australia had more franchisors per capita, reflecting the relative ease of entry into franchising in this country.

Most of the growth in franchising occurred in business format franchising as opposed to product franchising. Business-format franchises provided franchisees with a full business system and the rights to operate under the franchisor's brand name, whereas product franchises merely allowed independent operators to supply a manufacturer's product, such as car dealerships or soft-drink bottlers.

Typically, franchisees were required to pay an upfront franchise fee (averaging \$30,000 in service industries and \$40,000 in retailing) for the right to operate under the franchise system within a defined geographic area. This initial fee was included in the total start-up cost of the business (ranging from around \$89,000 in the service sector to more than \$275,000 in the retail industry). In addition, franchisees paid a royalty on all sales, and an ongoing contribution toward advertising and promotional activities designed to build brand awareness and preference. Would-be franchisees who lacked sufficient capital might be able to obtain bank financing against personal assets such as property or an acceptable guarantor.

## FRANCHISING TRENDS

The rapid growth of franchising globally had been stimulated in part by demographic trends, including the increase in dual-income families, which had led to greater demand for outsourcing of household services such as lawn mowing, house cleaning, and pet grooming. Some franchise systems offered multiple concepts under a single corporate brand name. For instance, VIP Home Services had separate franchises available in lawn mowing, cleaning, car washing, and rubbish removal. Additional growth came from conversion of existing individual businesses to a franchise format. For instance, Eagle Boys Pizza had often approached local pizza operators and offered them the opportunity to join this franchise. Almost half the franchise systems in Australia were in retail trade (27% non-food and 18% food). Other large and growing industries were administration and support services (15%) and other services (11%), as shown in *Exhibit 6*. Most franchisees were former white-

**Exhibit 6** Distribution of Franchise Systems in Australia by Industry

Industry	Percentage
Retail trade	27.1
Accommodation and food services (includes food retail, fast food, coffee shops, etc.)	18.1
Administration and support services (includes travel agencies, office services, domestic and industrial cleaning, gardening services, lawn mowing, etc.)	14.7
Other services (includes personal services, pet services, auto repairs and servicing, IT services, etc.)	10.5
Education and training	6.9
Rental, hire, and real estate services	6.4
Arts and recreation services	3.4
Financial and insurance services	3.3
Professional, scientific and technical	2.9
Construction	2.1
Transport, postal, and warehousing	1.2
Information media and telecommunications	1.0
Healthcare and social assistance	1.0
Wholesale trade	0.6
Manufacturing	0.4
Electricity, gas, water, and waste services	0.4
<b>Total</b>	<b>100.0</b>

**Source**

Franchising Australia 2014, Asia-Pacific Centre for Franchising Excellence, Griffith University.

collar workers or blue-collar supervisors who craved independence and a lifestyle change.

Over the years, Australia's franchising sector had experienced a myriad of regulatory regimes. Finally in 1998, in response to perceived problems in many franchising systems, the federal government introduced a mandatory Franchising Code of Conduct, administered under what is now the *Competition and Consumer Act 2011* (formerly the *Trade Practice Act*). Among other things, the Code required that potential franchisees be given full disclosure about the franchisor's background and operations prior to signing a franchise agreement. In contrast, the franchising sector in the US faced an inconsistent set of regulations that varied from one state to another. In the UK, there were no specific franchising regulations beyond those applying to all corporations operating in designated industries.

Master franchising arrangements had become common in Australian franchise systems. Under master franchising, a local entrepreneur was awarded the rights to sub-franchise the system within a specific geographic area, such as an entire state. Because of Australia's vast geographic size, it was difficult for a franchisor to monitor franchisees who were located far from the head office. The solution was to delegate many of the tasks normally handled by the franchisor itself, to master franchisees instead. This made them responsible for recruiting, selecting, training, and monitoring franchisees in their territories as well as overseeing marketing and operations.

Not all franchisees proved successful, and individual outlets periodically failed. The main reasons for failure appeared to be poor choice of location or territory, and a franchisee's own shortcomings. In addition to the technical skills required in a given field, success often hinged on of the franchisees' sales and communication abilities. Disputes in franchising were not uncommon, but could usually be resolved internally without recourse to legal action. The causes of conflict most frequently cited by franchisees related to franchise fees and alleged misrepresentations made by the franchisor. In contrast, franchisors cited conflicts based on lack of compliance with the system by franchisees.

## FRANCHISING STRATEGY AT AUSSIE POOCH MOBILE

New APM franchisees were recruited through newspaper advertisements and 'advertorials' as well as by word-of-mouth. The concept appealed to individuals who sought to become self-employed on their own. Interested individuals were invited to meet with a representative of the company to learn more. If they wished to proceed further, they had to complete an application form and submit a refundable deposit of \$250 to hold a particular area for a maximum of four weeks, during which the applicant could further investigate the characteristics and prospects of the designated territory. This fee was credited to the purchase cost of the franchise if the applicant decided to proceed, or returned if the applicant withdrew the application. A new franchise in 2015 cost \$35,820, excluding the federal goods and services tax (GST), (up from \$34,700 in 2010, \$24,000 in 2002, and \$19,500 in 1999). *Exhibit 7* identifies how APM costed out the different elements.

**Exhibit 7** Aussie Pooch Mobile: Breakdown of Franchise Purchase Cost

Item	Cost (2015)	
Initial training		\$2,500.00
Initial franchise fee and documents		803.88
Guaranteed income		4,800.00
Exclusive territory plus trailer registration		10,900.00
Fixtures, fittings, stock, insurance, etc.:		
Aussie Pooch Mobile trailer and hydrobath	\$12,064.30	
Consumables (shampoo, conditioner, etc.)	2,000.00	
Retail products	350.00	
Insurance	300.00	14,714.30
Initial advertising		2,000.00
Communications levy		100.00
<b>Total franchise cost (excluding GST)</b>		<b>\$35,818.18</b>

## SELECTION REQUIREMENTS FOR PROSPECTIVE FRANCHISEES

APM had set a minimum educational requirement of passing Year 10 of high school (or equivalent) for prospective franchisees. Taylor noted that successful applicants tended to be outdoors people who shared four characteristics:

*They are motivated and outgoing. They love dogs, and they want to work for themselves. Obviously, being great with dogs is one part of the business — our franchisees understand that the dog's even an extended member of the customer's family — but it's really important that they can handle the bookwork side of the business as well, because that's basically where your bread and butter is made.*

Other desirable characteristics included people skills and patience, as well as good telephone etiquette. Would-be franchisees also required a valid driver's license, access to a vehicle that was capable of towing a trailer, and the ability to do this type of driving in an urban setting. Originally, Taylor had expected that most franchisees would be relatively young, with parents willing to buy their children a franchise and set them up with a job, but in fact, only about half of all franchisees were aged 21–30; 40% were aged 31–40 and 10% were in their forties or fifties. About 60% were female.

Potential franchisees were offered a trial work period with an operator to see if they liked the job and were suited to the business, including possessing skills with animals and people as well as sufficient physical fitness.

## HOW THE FRANCHISE WORKED

In return for the franchise fee, successful applicants received the rights to a geographically defined franchise, typically comprising about 12,000 homes. Franchisees also obtained an APM trailer with all necessary products and solutions to service the first 100 dogs, as well as red uniform shirts and cap, advertising material, and stationery. The trailer was built to industrial grade standards. Its design included many refinements developed by APM in consultation with franchisees to simplify the process of dog washing and enhance the experience for the animals. Operators were required to travel with a mobile phone, which they had to pay for themselves.

In addition to franchised territories, APM had approximately 30 company-owned outlets. These were operated by representatives who leased the territory and equipment and in return, paid APM 25% of the gross weekly revenues (including GST). The reps generally were individuals who either could not currently afford the start-up cost or were evaluated by the company for their suitability as franchisees. Typically, reps either became franchisees within 12 months or have left the company.

## ASSISTING FRANCHISEES, OLD AND NEW

The franchisor provided two weeks' pre-opening training for all new franchisees, and representatives also spent time with each one to help them open their new territories. Training topics included operational and business procedures, effective use of the telephone, hydrobathing techniques, dog grooming techniques, and information on dog health and behavior. Franchisees were given a detailed operations manual containing instructions on running the business in accordance with company standards.

To help new franchisees get started, APM placed advertisements in local newspapers for a period of 10 weeks. It also prepared human interest stories for

distribution to these newspapers. Facebook and Google AdWords, along with other website advertising, was carried out. Other promotional activities at the time of launch included distributing pamphlets in the territory, and writing to local vets and pet shops to inform them of the business. APM guaranteed new franchisees a weekly income of \$600 for the first eight weeks, and paid for a package of insurance policies for six months, after which the franchisee became responsible for the coverage.

Ongoing support by the franchisor included marketing efforts, Facebook networking within their area, monthly newsletters, a telephone hotline service for advice, an insurance package, regular (but brief) field visits, and additional training. If a franchisee fell sick or wished to take a vacation, APM would offer advice on how to best deal with this situation, wherever possible, providing a trained person to help out. It also organized periodic meetings for franchisees in the major metropolitan areas, at which guest presenters spoke on topics relating to franchise operations. Previous guest speakers included veterinarians, natural therapists, pharmacists, and accountants. Once a year, a conference was organized, and they had trade stalls and guest speakers from within the group as well as external speakers. At this conference, any new products, systems, and services were introduced.

To further support individual franchisees, APM formed a Facebook forum, allowing operators to share ideas among themselves, with a team leader keeping an eye on things to ensure this forum remained positive. Each franchisee was assigned to a franchise area development manager (FADM). The FADM facilitated communications between franchisees and the support office. Regular interaction was achieved through face-to-face contact, group meetings, and via phone and email to discuss different issues within the company. The FADM's undertook training twice yearly to help improve systems and communications within the franchise. They were provided with strategies and training to help support their groups to ensure all their KPI's were met.

## FEEES

In return for these services and support from the franchisors, franchisees paid a royalty fee of 10% of their gross weekly income, in addition to a \$34 (including GST) flat fee per week. Prior to 2014, franchisees had paid an advertising levy of 2.5% instead of the flat fee component. Income was reported on a weekly basis and fees had to

be paid weekly. In addition to these fees, operating costs for a franchisee included car-related expenses, purchase of consumable products such as shampoo, insurance, telephone, and stationery. *Exhibit 8* shows the average weekly costs that a typical franchisee might expect to incur.

Franchisees included several couples, like the Beales, but Taylor believed that having two operators work together was not really efficient, although it could be companionable. Paul Beal, a retired advertising executive, had other interests and did not always accompany Elaine. Some couples split the work, with one operating three days a week, and the other worked three or even four days. All franchisees were required to be substantially involved in the hands-on running of the business; some had more than one territory and employed additional operators to help them.

**Exhibit 8** Average Annual Operating Expenses for an Aussie Pooch Mobile Franchisee based on \$55,000 turnover

Expense Categories	Cost
Consumable products	\$2,880
Car registration	430
Car insurance	500
Fuel	3,360
Insurances	1,151
Repairs and maintenance	1,104
Phones, stationery, etc.	1,920
Communications levy	624
Franchise royalties	5,500
Flat fee	1,607
<b>Total</b>	<b>\$19,076</b>

## ADVERTISING AND MARKETING

Aussie Pooch Mobile had a national website and Facebook page, and paid for Google AdWords to promote its national website. It promoted a single telephone number nationwide in Australia, staffed by an answering service 24 hours a day, seven days a week. Customers paid only a local call charge of 25 cents to access this number. They could leave their name and telephone number, which would then be electronically sorted and forwarded via alphanumeric pagers to the appropriate franchisee, who would then return the call to arrange a convenient appointment time. Customers were also able to send a message direct to an operator from the website.

APM offered its franchisees expert advice on local advertising and promotions, and also made promotional products and advertising templates available to franchisees who were also encouraged to setup their own Facebook pages. Other corporate communications activities included maintaining the website, [www.aussiepm.com.au](http://www.aussiepm.com.au); distributing public relations releases to the media; and controlling all aspects of corporate identity such as trailer design, business cards, and uniforms.

“I try to hold the reins pretty tightly on advertising matters,” said Taylor. APM’s franchise agreement required individual franchisees to submit their plans for promotional activity for corporate approval. She shook her head as she remembered an early disaster, involving an unauthorized campaign by a franchisee who had placed an offer of a free dog wash in a widely distributed coupon book. Unfortunately, this promotion had set no expiration date or geographic restriction, with the result that customers were still presenting the coupon more than a year later, across several different franchise territories.

With APM’s approval, some franchisees had developed additional promotional ideas. For example, Elaine and Paul Beal wrote informative articles and human interest stories about dogs for their local newspaper. When a client’s dog died, Elaine sent a sympathy card and presented the owner with a small tree to plant in memory of the pet. Franchisees also provided a Pet Report Card to their clients accompanied by a retail promotional flyer.

## DEVELOPING A TERRITORY

Obtaining new customers and retaining existing ones was an important aspect of each franchisee’s work. The brightly colored trailer often attracted questions from passers-by and presented a useful opportunity to promote the service. Operators could ask satisfied customers to recommend the service to their friends and neighbors. Encouraging owners to increase the frequency of washing their dogs was another way to build business. Knowing that a dog might become lonely when its owner was absent and was liable to develop behavioral problems, Elaine Beal sometimes recommended the acquisition of a ‘companion pet’. As Paul remarked, “Having two dogs is not twice the trouble, it halves the problem!”

However, to maximize profitability, franchisees also had to operate as efficiently as possible, minimizing



time spent in non-revenue producing activities such as travel, setup, and socializing. As business grew, some franchisees employed additional operators to handle the excess workload, so that the trailer might be in service for extended hours, seven days a week. Eventually, a busy territory might be split, with a portion sold off to a new franchisee.

APM encouraged this practice. The company had found that franchisees reached a comfort zone of about 50 to 80 dogs a week, and then their business stopped growing because they could not physically wash any more dogs. Franchisees could set their own price when selling all or part of a territory, and APM helped them to coordinate the sale. When a territory was split, a franchisee usually was motivated to rebuild the remaining half to its maximum potential.

## COMPETITION

Although many dog owners had traditionally washed their animals themselves (or had not even bothered), there was a growing trend towards paying a third party to handle this task. Dog washing services fell into two broad groups. One consisted of fixed-site operations to which dog owners brought their animals for bathing. The locations for these businesses included retail sites in suburban shopping areas, kennels, and service providers' own homes or garages. The second type of competition, which had grown in popularity in recent years, consisted of mobile operations that traveled to customers' homes.

With few barriers to entry, there were numerous dog washing services in most major metropolitan areas. The majority of dog washing services in Australia were believed to be standalone operations, but there were other franchisors in addition to Aussie Pooch Mobile. Of these, the most significant appeared to be Jim's Dogwash and HydroDog.

## JIM'S DOGWASH

One of Australia's best-known locally developed franchisors was Melbourne-based Jim's Group, which described itself as providing quality mobile grooming and care for dogs throughout Australia and New Zealand. The company had originated with a mowing service

started by Jim Penman in Melbourne in 1982, when he abandoned ideas of an academic career after his PhD thesis was rejected. In 1989, Penman began franchising the service, known as Jim's Mowing, as a way to facilitate expansion. The business grew rapidly, using master franchisees in different regions to recruit and manage individual franchisees. Over the years, an array of other home-related services were launched under the Jim's brand, including Jim's Fencing, Jim's Pool Care, Jim's Cleaning, Jim's Bookkeeping, and Jim's Car Detailing.

Jim's Dogwash made its debut in 1996, employing a bright red, fully enclosed trailer emblazoned with a logo that showed Jim with a dog. It had 57 franchises in Australia, and two franchisees in New Zealand. Jim's expansion strategy had been achieved in part by creating smaller territories than APM, and pricing them relatively inexpensively, in order to stimulate recruitment of new franchisees.

A territory, typically encompassing about 6,000 residences, sold from \$13,000 up to \$19,000 which included GST. A trailer could be purchased for \$18,500 or rented at \$400 per month (both including GST). Ongoing franchise fees included a flat monthly royalty (rather than royalties being calculated on a percentage of sales) of \$438 including GST; an advertising levy, also set as a flat monthly fee of \$165 including GST; and a \$7 per lead fee including GST. Jim's fee for washing a dog including blow drying averaged \$65 per dog. In recent years, Jim's Dogwash started offering aromatherapy, and also sold pet food and accessories.

## BLUE WHEELERS

Another franchised dog washing operation was Blue Wheelers (formerly Hydrodog), based in the Gold Coast, Queensland. Hydrodog commenced operations in 1994 and sold its first franchise in 1996. In 2012, the franchise renamed itself Blue Wheelers and diversified its brand by introducing a new franchise called Dash Dog Wash, which provided a purely dog wash service only. Blue Wheelers continued to offer the full range of dog washing and grooming services. By 2015, Blue Wheelers had 178 franchise units across Australia with one master franchisee operating in Western Australia. Dash Dog Wash was still in the 'puppy' stage of development with only three units operating. The distribution of franchise units across both franchises was broken down as follows: A new Hydrodog franchise unit cost \$24,950 (including

State/Territory	Blue Wheelers	Dash Dog Wash
ACT	4	0
New South Wales	51	1
Northern Territory	4	1
Queensland	40	0
South Australia	18	0
Tasmania	3	0
Victoria	36	1
Western Australia	22	0
<b>Total</b>	<b>178</b>	<b>3</b>

To facilitate expansion outside its original base of southeast Queensland, APM appointed a franchise sales manager in Sydney for the New South Wales market, and another in Melbourne for both Victoria and South Australia. One question was whether to adopt a formal strategy of appointing master franchisees. Currently, there were master franchises in Queensland (Gold Coast), New South Wales (Wollongong and Campbelltown), and Western Australia.

Also, Taylor had long been attracted to the idea of expanding internationally. In 1996, the company had licensed a franchisee in New Zealand to operate a subsidiary named Kiwi Pooch Mobile. However, there was only one unit operating by early 2002, and she wondered how best to increase this number. Another subsidiary had been established as a master franchise in the French province of New Caledonia, a large island northeast of Australia. Launched in late 2000 under the name of La Pooch Mobile, it had one unit. Another master franchise territory had been established in Malaysia in late 2001, and there were two units operating by 2002.

In 2001, APM had granted exclusive rights for operation in the UK to a British entrepreneur who operated under the name The Pooch Mobile. Thus far, 12 units were operating in the English county of Lincolnshire, 200km (125 miles) north of London. This individual noted that English people traditionally washed their dogs very infrequently, often as little as once every two to three years, but once they had tried The Pooch Mobile, they quickly converted to becoming monthly clients, primarily for the hygiene benefits.

In 2004, the regional master franchisee from the Gold Coast in Queensland moved to Denver, Colorado, to open The Pooch Mobile in the US. The Pooch Mobile has since expanded to Las Vegas and Hawaii. The US market is strong, and dog owners have readily embraced the dog washing concept.

As the company grew, the directors knew it was likely to face increased competition from other providers of dog washing services. But as one successful franchisee remarked: "Competition keeps us on our toes. It's hard being in the lead and maintaining the lead if you haven't got anybody on your tail."

GST) in 2002, of which \$10,800 was accounted for by the initial franchise fee for a 10,000-home territory. By 2011, the franchise fee had increased to \$41,950 plus GST; this included the trailer, equipment, launch promotions, and everything a franchisee needed to start their business. The territory size had also changed, with a minimum of 5,000 homes, although most territories included more than that number, and were based on a designated suburb. By 2015, the Blue Wheelers franchise fee was \$46,990 based on a minimum of 5,000 homes, and the Dash Dog Wash franchise fee was \$29,990 based on 10,000 homes. On average, the company washed about 45,000 dogs per month with average earnings per franchisee between \$1,100 and \$2,500 per week.

Blue Wheeler's dog grooming services, which included blow drying, ranged in price from \$35 to \$90. In addition to their dog grooming services, franchisees sold dog food products, including dry biscuits and processed meats (pork, chicken, beef, or kangaroo), as well as dog toys and other accessories. They did not offer aromatherapy, facials, or massages. Both franchises charged franchisees a flat management fee instead of a royalty: \$140 (plus GST) per week for Dash Dog Wash and \$175 (plus GST) per week for Blue Wheelers.

## DEVELOPING A STRATEGY OF GROWTH FOR THE FUTURE

For the directors of Aussie Pooch Mobile, managing continued expansion presented an ongoing challenge. However, as Chris Taylor pointed out, "You can be the largest but you may not be the best. Our focus is on doing a great job and making our franchisees successful."

**Study Questions**

1. How did Christine Taylor succeed in evolving the local dog washing service she developed as a teenager into an international franchise business?
2. Compare and contrast the tasks involved in recruiting new customers and recruiting new franchisees.
3. From a franchisee's perspective, what is the advantage offered by belonging to the APM franchise rather than going it alone?
4. In planning for future expansion, how should Christine Taylor evaluate the market potential of Australia versus that of overseas? What strategies do you recommend and why?

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In 2007, the regional market, limited from the Gold Coast in Queensland moved to Denver, Colorado. In 2008, the Pooch Mobile moved to the US. The Pooch Mobile has since expanded to Las Vegas and Hawaii. The US market is strong, and dog owners have readily embraced the dog washing concept.

As the company grew, the directors knew it was likely to face increased competition from other providers of dog washing services. But as one consultant remarked: "Competition keeps us on our feet, it's not being in the lead and maintaining the lead if you have got anybody on your tail." The company had originated with a mowing service described as providing quality mobile grooming and care for dogs throughout Australia and New Zealand.

The territory size had also changed, with a franchisee included more than 2,000 homes, although most territories included more than 500 homes. The Blue Wheeler's franchise fee was \$28,900. The territory size had also changed, with a franchisee included more than 2,000 homes, although most territories included more than 500 homes. The Blue Wheeler's franchise fee was \$28,900. The territory size had also changed, with a franchisee included more than 2,000 homes, although most territories included more than 500 homes. The Blue Wheeler's franchise fee was \$28,900.

Both franchisees offered a range of products, including dog accessories, as well as dog toys (ball, chicken, beef, or language), as well as dog toys and other accessories. They did not offer aromatherapy. Both franchisees offered a range of products, including dog accessories, as well as dog toys (ball, chicken, beef, or language), as well as dog toys and other accessories. They did not offer aromatherapy. Both franchisees offered a range of products, including dog accessories, as well as dog toys (ball, chicken, beef, or language), as well as dog toys and other accessories. They did not offer aromatherapy.