

# Franchising USA

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## **FASTSIGNS**

CONTINUES AGGRESSIVE EXPANSION AND OFFERS INCENTIVE TO VETERANS AND FIRST RESPONDERS



## **FASTSIGNS**

DON'T OVERTHINK YOUR **FRANCHISE MARKETING**

SPECIAL FEATURE **TRENDING FRANCHISES**

# FRANCHISING REINVENTED: THE LATEST TRENDS ROCKING THE WORLD OF FRANCHISING



In its earlier years, franchising was a place for single unit owners, who were happy to be their “own boss”, “buy a job” and provide a modest income for themselves and their families.

Franchisors faced significant and unique challenges. They most importantly fulfilled the traditional corporate leadership role, ensuring their company delivered on its promise to its customers, behaved in

a responsible way and earned profits. However, they also played the franchisor role, which required them to coordinate the ambitions of their franchisees, people who are franchise leaders in their own right.

Social and economic changes, mean that the best franchise systems must be adaptable in the way they do business. In the digital age, franchise businesses have to stay on top of new developments, new franchise tech, changes in consumer behavior and latest management techniques, to “shine up” their operations and stand out in a sea of competition. As well, as a franchise system grows and develops, changes will be needed to maintain adequate levels of support to its franchisees.

We are halfway through 2019, and so far it has been a busy year for the franchising industry. We have seen new startups enter the franchising sector and others lose traction. So, what are the latest trends rocking the world of franchising?

**1** More than half of all franchise units in the United States, are run by multi-unit operators, some with hundreds of units and revenues in the tens of millions. These operators don’t work in their stores, or travel from home to home to provide services. Rather, they manage their company, employing a professional staff of field and unit managers, while they focus on strategy and growth.

**2** Multi-brand franchisees (those with two or more brands) are also a rising

trend. These franchisees have often maxed out their territory, with their first brand and must now take on a second or third brand, to continue to grow their organization. Others are seeking additional brands to provide cash flow for different day parts, or to diversify their risk, by creating a hedge against market cycles, changing consumer tastes and shifts in the economy.

**3** More and more franchises are eyeing overseas markets as means for expansion. In recent years, an increased number of US franchises have gone global, thanks to a recovering economy and the intervention of the FTC. Even franchises that already have an international presence, are opening more locations in more countries.

**4** The most successful franchise brands reveal a love of consumables. We love our food! Edible consumables are growing in a recovering economy, as consumer purchases of bigger ticket items are delayed or scaled down in budget conscious households. Innovations in food concepts are also reasons why consumers are responding in a positive way, to the increased variety and creativity in all things food.

**5** Franchises, in order to gain a competitive edge, are embracing new technology as a means of operating responsively and quickly to their customers. Mobile pay and apps are the strongest customer facing technology being deployed, with increasing uptake by consumers. Incorporating Apple or Android pay, is also an emerging trend. Franchises are investing in their online profiles, with the ability to access resources and materials 24/7. As a result, this investment enhances the experience of their customers and increases brand awareness.

**6** Emergence of Micro-Influencer Marketing - personalities with a massive following on social media (e.g. content producers, beauty vloggers, celebrities, industry thought leaders). More and more franchises are looking to collaborate with these micro-influencers to boost sales, build their online presence and bolster brand awareness.

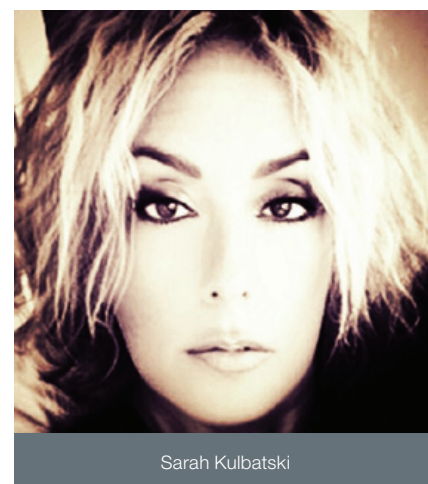


"In the digital age, franchise businesses have to stay on top of new developments, new franchise tech, changes in consumer behavior and latest management techniques, to "shine up" their operations and stand out in a sea of competition."

**7** A smart trend gaining popularity, is providing customers with add ons that supplement a franchise's core business. These may include supplementary services/goods, that engage changing demographics in order to attract a new customer base. This ranges from concept development for current or predicted future needs within your market, vertical integration within your supply chain, or cross promotional initiatives to foster brand awareness.

**8** Staffing in the franchise sector is also moving forward to meet the demands of a 21st century workforce by assisting in building the brand from the inside out. Evolving a franchise's internal hiring processes, in response to the changing workplace demographics of Millennials and Gen-Z employees, is a must. Next generation staff have prompted rethinks of various HR processes, such as faster recruiting channels and more frequent and less formal performance review processes, to proactively identify issues that may prevent the retention of valuable staff, shifting the focus from non-traditional hiring procedures, and an emphasis on the workplace culture and lifestyle benefits.

**9** Some franchise companies have come up with a so-called employee-to-franchisee program: a program that allow employees to work their way to becoming their "own boss". Once they meet program-specific requirements, they can buy a franchise location with little or no equity.



Sarah Kulbatski

**10** In the past, we have seen more minorities purchase and operate franchise businesses, however, more and more women are making waves in the industry, from fast-food to IT management and everything in between.

**Sarah Kulbatski is the COO of JT Franchising. By virtue of having spent most of her professional career in the franchising sector, Ms. Kulbatski, a dynamic individual with a passion for business, who is driven to achieve short and long term results, with a commitment to quality and sustainability, has extensive experience in working within a climate of positive franchise relations. Ms. Kulbatski believes that a climate of positive franchise relations lies at the heart of a successful and thriving organization.**

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