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Q3 | 2017

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From the editor's desk

BY KERRY PIPES

Consumer Marketing Evolves

A consumer marketing professional from 10 years ago would hardly recognize today's marketing landscape. Geofencing, programmatic ads, text analytics, customer experience management systems, and Snapchat would have sounded like a foreign language. Can you imagine what things will be like in another 10 years? What about next year? Yet here we are, in the second half of 2017, with a dizzying array of choices, strategies, and tactics for reaching consumers and converting them into loyal, repeat customers.

We took a deep dive into the evolution of consumer marketing strategies and tactics, with a focus on some of the newer channels brands are employing today. Mobile marketing is exploding simply because *everyone* has a smartphone and knows how to use it. Social media in all its forms is a great way to reach customers—and to hear from them. Speaking of customers, a brand's ability to micro-target customers is unrivaled in marketing history. The amount of consumer data being collected, sorted, analyzed, and monetized is mind-boggling.

Franchisees, meanwhile, should be busy taking advantage by optimizing their local marketing efforts. They have many tools available, but they need support and guidance from their franchisors—through phone calls, webinars, field reps, or by providing easily downloadable, customizable resources busy franchisees can adapt for local markets.

I was struck by something Dasch Shenberger, vice president of franchise marketing for Scorpion Internet Marketing, says in this issue. "Everyone is moving toward hyper-local and hyper-personal. When people need something, they always want to find what's close, but marketing with paper is becoming a dinosaur."

While the trend is definitely toward digital, it's not a be-all and end-all. Multichannel/omnichannel marketing means using whatever means necessary to reach customers—where, how, and when they want to be reached. The power of "new school" media is strong, but some time-tested "old school" tactics still get the job done best. Today's successful brands find the right combination to create effective marketing strategies—and refine them on a regular basis.

We also dove into brand reputation—the cumulative result of brand narrative, customer service, the quality and consistency of a brand's products/services, and a host of intangibles. In an era where anyone can write a bad review, listening and knowing how to respond is a key skill for any franchise system. With consumer-generated online reviews growing by the day (positive and negative), brands are finding it more difficult to track them all. Many have turned to third-party partners to manage the volume and respond in an Internet-timely manner.

We also review our Franchise Consumer Marketing Conference, which continues to expand each year and has become the "go to" event for franchise brand marketers.

In sum, it's up to each brand, working closely with their franchisees and strategic partners, to uncover the best tools for reaching, listening to, and responding to customers. When it comes to consumer marketing in 2017, where does your brand stand? ■

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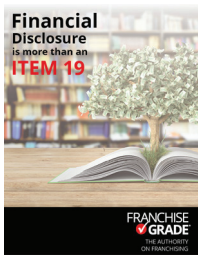
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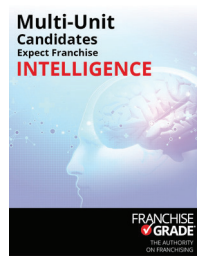
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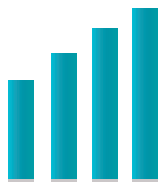
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Leadership

FRANCHISE LEADERSHIP AND MANAGEMENT



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BY KERRY PIPES

SWEET DEALER

CEO and M&A pro leads sweetFrog's expansion

Patrick Galleher is chairman and CEO of sweetFrog Frozen Yogurt. He's also an accomplished private equity executive who leads Boxwood Partners as its managing partner. He has a track record of leading successful transactions and acquisitions at Boxwood, working with national brands such as Yoga Direct, Dragonfly Yoga, and Red Rock Products, and was part of the 2015 sweetFrog acquisition.

He's had an illustrious career that has seen him succeed as a top salesman, product management expert, COO, and CEO of WILink plc (now PrecisionIR), a global financial company. He even became the youngest CEO on the London Stock Exchange in 2002 and led and integrated five acquisitions during his tenure.

In May, sweetFrog announced plans to acquire and rebrand as many U.S. locations as possible. It's a role right up Galleher's alley. He says sweetFrog's reputation, supply chain, and cost structure makes the brand an attractive fit for any chain seeking to be acquired and any store owner considering a rebrand.

"In the past two years, we have hired phenomenal corporate employees, added passionate franchise owners, and of course, are serving the best-tasting frozen yogurt, ice cream, and gelato on the market," he says. sweetFrog has been recognized with industry awards and grown to more than 340 stores in 28 states, including 10 overseas locations.

Galleher has other big, hairy, audacious goals—like reaching 1,000 locations in 40 states and extending the brand into the grocery aisle. "Our brand is strong, it resonates with consumers, and we just need to execute further location development," he says. Watch for more sweetFrogs in nontraditional locations such as airports, universities, and malls. And they may just acquire another yogurt brand.

Galleher likes to stop and enjoy a sweetFrog cup now and then. His favorite is the Vanilla NSA with Cookies & Cream, chocolate flakes, hot fudge, and brownie bits.

Leadership

What is your role as CEO? To set vision, objectives, and provide parameters around decision-making. I also provide frequent access to franchisees for feedback to the senior management team.

Describe your leadership style. Ascribe to people to do what you inspect versus expect. We have great information systems for immediate feedback on store performance, customer satisfaction, and results. This allows a much more informed decision-making process.

NAME: Patrick Galleher
TITLE: CEO
COMPANY: sweetfrog Enterprises
UNITS: 343
AGE: 44
FAMILY: Wife Julia and 4 boys Patrick 16, William 15, Jack 12, and Ryan 9
YEARS IN FRANCHISING: 5
YEARS IN CURRENT POSITION: 3

What has inspired your leadership style? My mentor was a McKinsey consultant along with senior management at Mars & Co and PepsiCo. They helped me develop my leadership around making well-informed decisions based on facts and analysis.

What is your biggest leadership challenge? Finding store-level employees for our 71 corporately owned locations who fit our culture and brand promise.

How do you transmit your culture from your office to front-line employees? Fun is instilled in everything we do at sweetFrog. We try to make normal everyday activities *fun* and want every employee to live that way.

Where is the best place to prepare for leadership: an MBA school or OTJ? I never received an MBA and feel OTJ provides more tactical experience. I did attend the Center for Creative Leadership in Belgium and the London Business School General Management program, which helped transform my leadership style and take what I learned on the job and apply it in a more strategic fashion.

Are tough decisions best taken by one person? I do subscribe to the buck-stops-with-me and tough decisions need to have an internal owner. I tend to trust tough decisions to my final informed decision after listening to stakeholders make pros and cons arguments.

How do you make tough decisions? After hearing all sides and reviewing any industry



ceo profile

or outside information.

Do you want to be liked or respected?

Respected by far. Being liked as a leader has to develop out of respect. Without respect you can't make the tough decisions that companies need to have made to maintain success. Success breeds being liked, but being liked doesn't create success. I have an extreme lack of empathy and counter that with hard work, good decisions, and leading successful organizations.

Advice to CEO wannabes: You must be confident, you must not be afraid to make a wrong decision. I shoot for 85 percent correct decisions. That last 15 percent can bury an organization because it can cause paralysis by analysis. As Tom Peters said, you ready, aim, fire, or you ready, aim, aim, aim. If you never fire, you never hit the target. Make mistakes, learn, and then improve the next one. I will add the caveat that not all decisions are equal and there are some that you need to be 95 percent confident of before making. Don't surround yourself with weak senior executives. If you ever hear a manager feeding back what you want to hear, you need to push back and determine whether that manager is really adding value. I want constructive debate within my senior management team. Without debate your solution, answer, or decision won't be as strong.

Management

Describe your management style: Hands off, while leaving managers to fail if they can't keep up with the team.

What does your management team look like? We have a tremendously passionate management team that includes many who have vast restaurant and franchise experience.

Favorite management gurus? Pat Lencioni, Jack Daly, Cameron Herold, and Tom Peters.

What makes you say, "Yes, now that's why I do what I do!"? When a franchisee calls and says thanks for everything we do!

Operations

What trends are you seeing with consumer spending habits in your stores? Our business stabilized and grew modestly in 2016 after a difficult 2014 and 2015. So far, 2017 has been tremendous. Consum-

ers are still spending on frozen yogurt, ice cream, and gelato, and our brand has gathered more of the consumer wallet as competitors have closed down.

Has the economic recovery reached all of your customers? Our target audience is 10- to 14-year-old females. As minimum wage and employment rates of teenagers have improved, we have seen strong sales gains from our 13- to 18-year-old customer segments.

How is the economy driving consumer behavior in your system? The stronger employment is better for us. Also we contend with high-volume, lower average ticket dinner restaurants. If business is strong for them it leads to strong sweetFrog sales. We also benefit from strong movie releases since a good portion of our footprint is located near or next to movie theaters.

What are you expecting from your market in the next 12 months? Continued growth in same store sales and expansion of our footprint. We have stores opening every month and are looking for new locations in South Florida, Texas, and California.

Are your franchisees bullish or bearish about growth and adding additional units? Most of our unit growth is coming from existing franchisees building new locations. I would say most of our franchisees understand that a national brand with national buying, distribution, and marketing is much stronger than a mom-and-pop location in our industry.

Personal

What time do you like to be at your desk? 8 a.m. is my usual start time, but if you asked my team they would complain about texts and emails starting at 6 a.m. from my home office before I head downtown.

Exercise in the morning? Wine with lunch? Even though I own a large health club my workout routine has taken a break for the past year as travel schedules and meetings have given me a good excuse to fall off the wagon. I don't drink wine, but an occasional vodka soda.

Do you socialize with your team after work/outside the office? A little bit, but not as much as in other companies I have led.

Last two books read: *Make Big Happen*

by Mark Moses, *Double Double* by Cameron Herold.

What technology do you take on the road? iPhone, iPad, and laptop.

How do you relax/balance life and work? Play golf once a week and spend time with my four sons.

Favorite vacation destination: Duck, N.C.

Bottom Line

What are your long-term goals for the company? 1,000 locations, 40 states, and a brand that can extend into the grocery aisle for frozen desserts. We have few nontraditional locations such as airports, universities, and malls. This is a great opportunity.

How has the economy changed your goals for your company? Lease rates have increased since our launch in 2009, which makes some lease renewals challenging. We are focused on some fast-growing metro areas such as Dallas/Fort Worth where sometimes you have to site a store in front of growth, which makes year one challenging.

Where can capital be found these days?

We are a small private equity group so we are actively looking for places to put capital at the moment. We have plenty and it's fairly easy to find in today's market.

How do you measure success? Number of locations, same store sales, and four-wall profitability.

What has been your greatest success?

We have reacquired several underperforming stores and in a couple of months turned their sales and profitability around. We are convinced that our product is industry-leading in flavor and taste, that our brand resonates with our target better than any competitors, and that our team and marketing are improving every month.

Any regrets? Always regrets, but we learn and improve from them.

What can we expect from your company in the next 12 to 18 months? Lots of new opening announcements, hope to acquire another frozen yogurt brand to reflag under sweetFrog, the acquisition and rebranding push, and lots of new flavor and product announcements. ■

BY KERRY PIPES

THE MARCH TO 500

Scooter's Coffee prepares for growth

Todd Graeve has motored his way through the Scooter's Coffee organization. He's been an area representative for the brand, served as chief financial officer for 8 years, and now is CEO. Under his leadership, the brand has opened 44 franchises over the past 18 months. And he says expect more to come.

"We'll be investing in the people and infrastructure needed to support and encourage growth," he says. That will include adding directors and vice presidents in the marketing and operations departments. He also plans to double Scooter's roasting and distribution facility by the first quarter of 2018.

Franchisees are front and center at Scooter's, and soon there will be more. Graeve says the company plans to add 40 to 50 new units in the next 18 months. "We're seeking entrepreneurs in the Midwest and nationally who have interest in participating in our march to 500 stores," he says.

He also is focused on maintaining a culture of family with their employees and franchisees as Scooter's progresses from a small company to a larger one. As an entrepreneurial company and culture, he says, "We'll continue to be aggressive in our goals and growth trajectory. But it won't be what defines us. Taking time to help others find success and purpose will be

NAME: Todd Graeve

TITLE: CEO

COMPANY: Boundless Enterprises & Scooter's Coffee

UNITS: 166

AGE: 48

FAMILY: Wife Melanie and two daughters, Mackenzie and Madison

YEARS IN FRANCHISING: 12

YEARS IN CURRENT POSITION: 1

our testimony. It will be what characterizes us at the end of the day."

Looking ahead, he expects a strengthening in same store sales and an increase in demand for the Omaha-based brand.

Leadership

What is your role as CEO? I serve three key and very important groups of people: 1) our employees, 2) our franchisees, and 3) our private investors. I serve these groups by leading day-to-day operations of the company and support of our franchisees. I communicate vision and strategic direction and make sure that the company, our employees, and our franchisees have the resources they need to achieve success and advance short- and long-term initiatives. In addition, I actively attend to company culture and seek to nurture or grow key relationships internally, externally, and with our franchisees.

Describe your leadership style. Although not always perfect, I strive to lead on a platform of humility and an "others first" frame of mind. As Zig Ziglar said: "You will get all you want in life, if you help enough other people get what they want." I balance that mentality with a firm commitment to a concise course of action and strategic goals. Also, building trust is key to effective leadership. Engendering trust takes time, humility, integrity, and a genuine and consistent commitment to doing what's right and good for others.



As a company and leadership team, we will always seek to help others along the way.

What has inspired your leadership style?

As a younger man, my parents and family relationships were key to developing my leadership style. I was blessed to have a number of high-integrity influences cross my business path during the course of my life, starting with my father. I still interact with a few of those key individuals today. As a spiritual man, I navigate by a "True North" when it comes to moral or ethical thinking. This influences significantly the manner in which I lead and serve.

What is your biggest leadership challenge?

We're growing quickly. As leadership, we're challenged with a couple of things: 1) investing in the people, infrastructure, and systems needed to support a growing company and franchise community; and 2) maintaining a culture of family (employees and franchisees) as we advance from a small company to something much larger in scale.

How do you transmit your culture from your office to front-line employees?

Active communication and development of trust are key components to culture advancement and transmission. As a growing company, we must create platforms by which we cast and communicate vision, invite front-line employees into the conversation, and create visibility to the greater purposes. There must be a collaborative dynamic with the front line. Leadership must walk at the highest level of integrity, genuinely serve our employees, remain approachable and open to ideas from within, commit fiercely to our core values, and cast vision in a clear and concise manner. In doing so, we walk the walk while deepening and further establishing company culture and trust.

Where is the best place to prepare for leadership: an MBA school or OTJ? Nothing can prepare one for life, leadership, and success like on-the-job experience, a balance of real life success and failure, tough decision-making, and trial by fire.

Are tough decisions best taken by one person? How do you make tough decisions? I'm prepared to make tough decisions and clearly understand that, ultimately, the buck stops with me. I'm best prepared to make tough decisions by surrounding myself with and pursuing wise counsel. I meet with

"Leadership must walk at the highest level of integrity, genuinely serve our employees, remain approachable and open to ideas from within, commit fiercely to our core values, and cast vision in a clear and concise manner."

other executives and leaders in the company often. In those meetings, foundations emerge for quality decision-making. In addition to seeking sound counsel from those I trust, I never make challenging decisions without first assessing circumstances through filters of high integrity and humility. All of this must be balanced with timeliness of decision-making and active and purposeful advancement of strategic goals.

Do you want to be liked or respected?

I want to be approachable and a humble leader who has earned the respect and trust of others over time.

Advice to CEO wannabes: Many CEOs are smart and talented producers. However, conviction beyond the numbers is the separator. The great CEOs seek success for their company but also strive for higher purpose. This includes a fierce commitment to integrity, humility, and simply doing what's right for others. The great CEOs will place others before themselves. In addition, a CEO should be passionate and purposeful about what they're doing daily. Passion is infectious and purpose-motivating. Finally, know that there will be critics and that's okay. Just walk with integrity, always.

Management

Describe your management style: I don't like to micro-manage, but I do want to make myself available to offer resources, expertise, or guidance when needed. I will, at times, get more involved when I sense a need or issue that requires swift movement.

What does your management team look like? We're developing an amazing management team, full of very smart and competent individuals. The team reflects an ever-growing entrepreneurial spirit balanced with servant leadership hearts.

What makes you say, "Yes, now that's why I do what I do!"? When we have a positive and meaningful impact on the business of a franchisee, or on an employee's life, I become energized. At those times, I further recognize purpose in our daily walk with this company and community of people. As an entrepreneurial company and culture, we'll continue to be aggressive in our goals and growth trajectory. But it won't be what defines us ultimately. Taking time to help others find success and purpose will be our testimony. It will be what characterizes us at the end of the day.

Operations

What trends are you seeing with consumer spending habits in your stores?

We're seeing higher average tickets through increased add-on food purchases. Much more often, consumers are purchasing a food item along with a drink. Our afternoons are becoming busier, as demand for coffee and breakfast food items trends toward other day parts. Also, speed of service is key. Our fastest-growing stores are operated by franchisees who clearly recognize consumer demand for fast and friendly service.

Has the economic recovery reached all of your customers?

Economic recoveries will place more disposable income into the pockets of our customers. And our customers have choices. So we must be on our A-game all the time at our stores. We must deliver an excellent experience, each time. We call this the "Amazings": Amazing People, Serving Amazing Drinks, Amazingly Fast. We compete very well by remaining ruthlessly focused on fast and friendly service, while delivering the best coffee.

How is the economy driving consumer behavior in your system? While we're not immune to shifts in the economy, the loyalty-based dynamic we have with our customers does mitigate the larger economic fluctuations for us. As in 2008–2009, we tend to remain quite strong in sluggish economies or recessions, relative to other concepts and industries. Our customers are very loyal during good and bad times. While some industries may have struggles during trending economies, we've been very pleased with continued growth at the unit level. It's also been interesting to watch the increase in average ticket during this period.

What are you expecting from your market in the next 12 months? I expect to see a strengthening in same store sales and an increase in demand for the Scooter's Coffee brand and franchised business model, in particular in the Midwest.

Are your franchisees bullish or bearish about growth and adding more units? Definitely bullish. More than any other time in our history, our franchisees are increasing their holdings. New units are being developed by our existing and established franchisees. At the same time, demand for the brand and business model from new and prospective franchisees is growing.

Personal

What time do you like to be at your desk? I'm an early riser and like to be working and reading at my home desk (over coffee, of course) by around 6 a.m. I commute to the office after that.

Exercise in the morning? Wine with lunch? Although not always as dedicated to a workout as I need to be, I prefer to exercise in the morning. I enjoy a glass of wine or beer on occasion in the evening with my wife. Unless I have business lunch plans, I'll tend to work through the lunch hour.

Do you socialize with your team after work/outside the office? Outside of company-sponsored social events, which I love to attend, I generally don't socialize with the team outside of the office. That said, we have many company-sponsored events that encourage a culture of family and togetherness.

Last two books read: Jim Collins' series

"We're actively seeking entrepreneurial individuals or groups who have interest in participating in our march to 500 stores."

of books; *Wild at Heart* by John Eldredge.

What technology do you take on the road? Laptop and iPad.

How do you relax/balance life and work? This has been a challenge for me over the years, as I tend to enjoy work and the challenges and rewards associated with building businesses. In recent years, and with the help of my wife, I'm learning to take time away from work. I'm always amazed by the clarity and vision gained when there is a clearing of the mind for a short period.

Favorite vacation destinations: My wife and I love the beach, in particular the Caribbean and Mexico. We'd love to spend some time in Italy soon.

Favorite company product: I love our dark roast brew, black. I drink it every day. I also love our cinnamon rolls and spicy breakfast burritos.

Bottom Line

What are your long-term goals for the company? We will remain laser-beam focused on expanding Scooter's Coffee drive-thru units in the Midwest and ultimately nationally. We'll do this by growing our franchise system. We have a specific goal of 500 profitable stores within 6 to 8 years.

How has the economy changed your goals for your company? It hasn't changed our plans much, if at all. Over the years, during strong and weak economies, and in the midst of evolving competitive landscapes, we've remained strong on same-store sales

and seen growth with new unit additions and unit-level profitability. As long as we never take our eye off unit-level profitability and ROI for our franchisees, we believe we can hit or beat our goals during varying economic conditions.

Where can capital be found these days?

Our franchisees often secure capital through traditional financing mechanisms and banks that understand our business model and unit-level cash flow. Many times, our franchisees bring their own banking relationships and/or they connect with banks that have a history and established relationship with Scooter's. Many new units are advancing on the platforms of our successful multi-unit franchisees. Those established franchisees capitalize stores with a combination of earnings, bank debt, and private investors. We award franchises to financially strong and proven prospects who have available capital of their own and who typically leverage that personal capital with traditional financing, SBA financing, or private investors. In our franchise system, we've seen increased alignment between quality operators and silent investor capital. In the right circumstances, it can be a very productive and meaningful match.

How do you measure success? Our ability to influence the success of others.

What has been your greatest success?

In business, the development of quality and sustainable partnerships.

What can we expect from your company in the next 12 to 18 months?

With more robust annual unit additions and increasing demand for the brand, we'll be investing in the people and infrastructure needed to support and encourage growth. This will include new director level and VP level hires in marketing and operations in 2017 and 2018. In addition, we'll expand our roasting and distribution facility by more than double by Q1 of 2018. We'll add 40 to 50 new units to the system over the next 18 months. We're actively seeking entrepreneurial individuals or groups, in the Midwest and nationally, who have interest in participating in our march to 500 stores. Most existing and prospective franchisees have interest in building Scooter's Coffee stores on multi-unit platforms. Our job is to help them achieve those dreams and success through strategy, roadmap development, teaching, and proactive execution. ■



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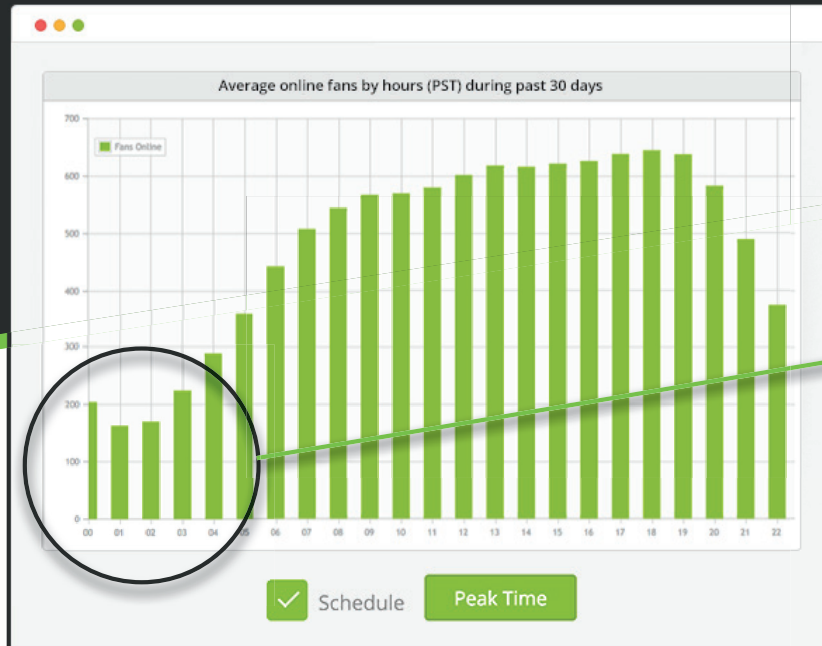
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Apr 16	Apr 17	Apr 18 10:00am Check out 10:00am Check out 10:00am Check out	Apr 19	Apr 20 9:00am Win a trip! 9:00am Win a trip! 9:00am Win a trip!	Apr 21 6:00pm a5 Let us help 6:00pm a5 Let us help 6:00pm a5 Let us help	Apr 22 6:00pm a5 Did you 6:00pm a5 Did you 6:00pm a5 Did you
Apr 23 7:00pm a5 We'll help 7:00pm a5 We'll help 7:00pm a5 We'll help	Apr 24 6:00pm a5 Did you 6:00pm a5 Did you 6:00pm a5 Did you	Apr 25 7:00pm a5 Find some 7:00pm a5 Find some 7:00pm a5 Find some	Apr 26 6:00pm a5 Did you 6:00pm a5 Did you 6:00pm a5 Did you	Apr 27 9:00am Research 9:00am Research 9:00am Research	Apr 28 9:00am Win a trip! 9:00am Win a trip! 9:00am Win a trip!	Apr 29 9:00am Win a trip! 9:00am Win a trip! 9:00am Win a trip!
Apr 30 8:00am Read this 8:00am Read this 8:00am Read this	May 1	May 2 9:00am+5 See the 9:00am+5 See the 9:00am+5 See the	May 3	May 4 10:00am Exciting 10:00am Exciting 10:00am Exciting	May 5	May 6 7:00pm Today is a 7:00pm Today is a 7:00pm Today is a
May 7	May 8 4:00pm Check this 4:00pm Check this 4:00pm Check this	May 9	May 10 5:00pm+5 See the 5:00pm+5 See the 5:00pm+5 See the	May 11	May 12 8:00pm Tips for 8:00pm Tips for 8:00pm Tips for	May 13
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BY SEAN KENNEDY

COWBOY COOL

Makeover improves both front and back of the house

Cowboy Chicken debuted our redesigned restaurant interiors earlier this year. After reviewing customer feedback, we held a brand summit in 2016 and developed a prototype that focused on redesigning the restaurant interiors to better reflect the food we serve.

In early 2016, four back-to-back restaurant openings and previous back-of-house design opportunities helped inspire the development of our modular kitchen prototype. In 2015, we reported our strongest system-wide sales to date, had restaurants built or being developed in seven states, and signed agreements to develop more than 60 new restaurants, so we had no room for mistakes or disorder.

Still, we struggled to find a way to remodel franchise-wide. Each restaurant's uniqueness created complexities because our locations are all so different. We had to make training adjustments with each opening

because each back-of-house layout was so different, especially when it came to storage solutions. That prompted us to take a hard look at what worked best so no employee would have to take more than a few steps to reach what they needed.

In early summer 2016, a front-of-house

wood with white subway tile, solid surface countertops, and sealed concrete floors as counterpoints.

By spring 2016, our team had mapped out several new plans that could handle the volume of new store openings and also function well over the long haul. Construction on the new prototype began in September 2016 in Oklahoma City, and it opened for business in February 2017. The plans were reviewed by Josh Monahan at Best Restaurant Equipment & Design to make sure everything was properly scaled and that we didn't have missing or extra equipment.

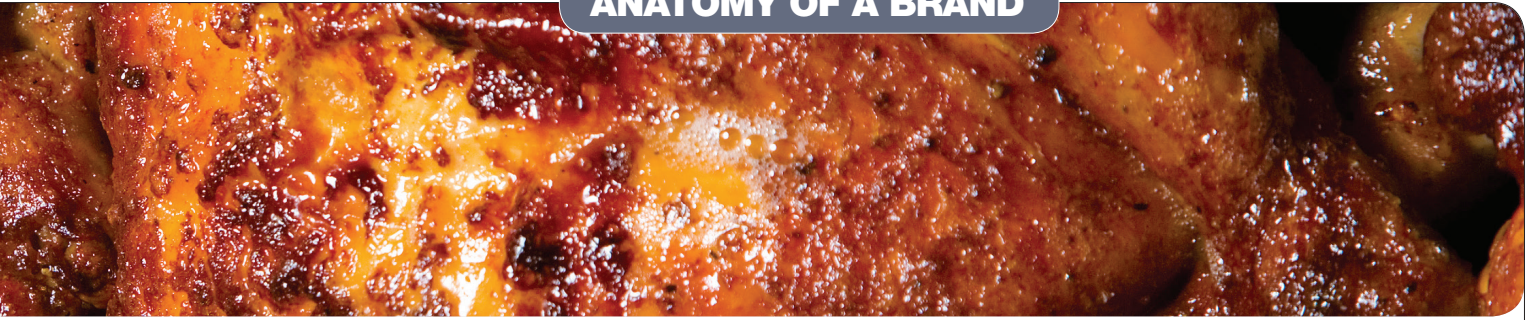
Our number-one goal was reducing steps and increasing productivity for our employees. We would watch the prep cooks going from the back of the kitchen into the cookline to access the convection ovens or steam kettle, even at peak times. It made no sense. Now we can place both rotisseries under a single hood and save money. The



branding makeover led by KJP Marketing Services of Atlanta and Propaganda, Inc. of St. Louis helped us transform from "cowboy kitsch" to "cowboy cool." To highlight the "flavor born over an open flame," our restaurants now feature neutral browns and grays with pops of orange. Design elements include fun graphics, plenty of locally sourced



ANATOMY OF A BRAND



front-facing ovens serve as the focal point for the dining room, and the new configuration has increased available bar seats facing the ovens. From fall to spring, everyone wants to sit in those seven spots. The sight of the flames and rotating chickens especially mesmerizes little kids.

Efficiency and job reassignments are the best benefits of the new layout. Now we have cooks who can turn around and grab necessary items to complete production without having to walk a few steps away. We have also configured our dish area placement so that it is accessible for the bussers without creating additional traffic near the production line, either by adding a separate entrance to the back of the house or by moving the service door from the front of the house to create a clear path.

Still, we experienced some pushback. Taking grilled chicken off the menu proved a sore point for some customers, but operationally the change has led to greater efficiency. The only way to meet ticket times was to pre-grill, but the protein's holding time was not long enough for our needs. By removing grilled chicken, we were able to remove the grill and reduce the hood size.

Updating menus also reduced freezer storage needs. We have removed the frozen fries and now cut our own, in-house. We also eliminated several other frozen ingredient items. We used to have a walk-in freezer, but now we use just a reach-in

freezer in back and a single-door freezer supporting the cookline, which increases output and reduces cost.

Initial guest counts at stores with the new design have increased by more than 30 percent, and the new stores are not experiencing the typical drop-off in volume that typically happens after a grand opening. The redesign has made the post-opening transition smoother for both front-of-house and back-of-house operations.

The environment creates more efficien-

cy for the cooks, resulting in equal results without extra effort required of them, so employees have a better work environment. We are confident that this major shift in design will result in better customer and employee satisfaction throughout our locations. We feel we will experience similar success in our upcoming openings and beyond. ■

Sean Kennedy is president of Cowboy Chicken, a fast casual restaurant concept specializing in wood-fired rotisserie chicken.



Legal view

Joint Employment Better news is around the corner

BY MICHAEL SEID

Labor Secretary Alexander Acosta recently announced that he was withdrawing from the Obama administration's interpretation of joint employment. We have not yet turned the corner on joint employment, but at least we can see the end of the wall where we believe the corner is located.

The National Labor Relations Board (NLRB) offered up a new definition of joint employment, with indirect and potential control replacing a more exacting standard of direct control. The definition was so expansive and poorly thought through that, in addition to franchising, other sectors also were swept up into the problem, including manufacturers, distributors, and tech companies.

The purpose of the Obama administration's upturning more than 30 years of settled labor law was an imperative of SEIU and other labor unions. By fusing employees from different companies into one collective bargaining unit, unions had hoped to dramatically create a climate that would stop the bleed of membership that had been accelerating over the past several decades. That did not happen.

The Obama administration's definition of joint employment was based on a labor theory advanced by David Weil, administrator of the Department of Labor's Wage and Hour Division, in his 2014 book *The Fractured Workplace*. The thrust of the book was the emergence of the gig economy and decline of full-time employment, a natural transition as we move further into a technology- and service-based economy.

Fueled by a massive investment by the SEIU, unions also pushed other disruptive labor changes including the Fight for \$15, predictive scheduling, the elimination of secret ballot voting, ambush elections, and even micro bargaining units. Acosta has clearly made the statement

that the Trump administration is returning to a proper and sensible approach to labor relations.

Nothing in Secretary Acosta's actions will change how the NLRB views joint employment. Employers still will need to meet the current requirements under the Fair Labor Standards Act or

Franchising is based on setting and enforcing brand standards—not on day-to-day control.

various state definitions of joint employment. Change will require legislation and other actions, and the federal and state litigation involving McDonald's, Browning-Ferris, Domino's, and others will continue through the courts. While the return to a rational approach may be getting clearer, we are far from having anything settled—and should be thankful to the forward thinking of the IFA's government relationship team's focus to enact laws in 19 states defining joint employment back to its historic definition.

The board of the NLRB consists of five members appointed by the president for 5-year terms and confirmed by the Senate. When the NLRB board adopted its changes to the definition of joint employer, there was a Democrat majority on the board supporting the growth needs of SEIU and other labor unions.

To begin fixing the problem, in June the Trump administration announced the appointments of Marvin Kaplan, counsel at the Occupational Safety and Health Review Commission, and William Emanuel, a labor-law attorney with Littler Mendelson, to fill the vacant seats.

Both are solidly pro-business. Senate hearings began on July 13.

When the two appointees are confirmed, for the first time in close to a decade, the NLRB board will revert to Republican control. It is at that point we can expect to begin to turn the corner and undo much of the damage the Obama administration and SEIU have done.

Without the active support of the NLRB and DOL, it is expected that private-sector union membership will continue to decline as technology advances. Even if we succeed in growing our manufacturing base, technology will eliminate much of the labor required, and the jobs that are left cannot be filled by those without the needed skills.

I would expect to see additional states pass right-to-work laws; and at the federal and state level we will begin to see a rebalancing of the public-sector labor market, further reducing union membership. Unless unions begin to adopt a positive business and labor agenda and become part of the solution, for all practical purposes both private and public sector unions in the U.S. have atrophied in importance.

Unexpected benefits?

There is still much work to be done. Of particular importance will be the education of legislators at the state and federal level on franchising. The IFA's Franchise Action Network (FAN) meeting in Washington, D.C., Sept. 11–13, along with its grassroots efforts, are essential and need to be expanded.

Despite problems caused by the Obama administration's DOL and NLRB, in an odd way franchising may have benefited. Some in franchising had allowed the pendulum to swing a bit too far toward controls, and some franchisors had moved away from the real meaning of a licensing relationship. Franchising is based on setting and enforcing brand standards—not on day-to-day control. Those who focused on avoiding joint employers have also better separated themselves from the risk of vicarious liability. Maybe the past eight years of government over-regulation were not a total loss. ■

Michael Seid is managing director at MSA Worldwide. Contact him at 860-523-4257 or mseid@msaworldwide.com.

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REPUTATION MANAGEMENT IN A DIGITAL WORLD

Chipotle was soaring along, the envy of many for its rapid growth, committed fan base, and growing reputation as the next big thing. Its reputation was golden, with lines out the door and investors clamoring to get in on the action.

It was nothing but net profit for Chipotle—until brand disaster struck in late 2015 in the form two E. coli outbreaks. By February 2016, the CDC had cataloged 55 cases in 11 states with 21 hospitalized in the first outbreak; then 5 more cases in 3 states with 1 hospitalization.

That's a hard pill to swallow for a brand that not only prides itself on the quality and freshness of its food, but also on the relationships built with loyal fans over the years, as well as with investors as its stock price steadily increased.

"If you're selling food for a living, the last thing you want to do is make people sick. You feel awful because you hurt people," said William Espey, Chipotle's brand visionary and 18-year company veteran, at this year's Franchise Consumer Marketing Conference, where he was a keynote speaker (see page 32).

In a matter of months, a reputation built over two decades went down the tubes, along with its stock price. Trust was broken and would take time to rebuild, no one knew how long. Even for the best of us, a damaged reputation is hard to shake.

This July, after 2 years of damage control and working to rebuild its once-sterling reputation, Chipotle suffered a major hiccup. Or maybe it was a sneeze, when an employee in Virginia showed up to work sick, CEO Steve Ells surmised in a conference call shortly after the event.

Customers came down with norovirus and the brand took another hit. Despite reporting positive results for the first six months of 2017, the brand's stock price fell again, and headlines focused on the Virginia incident, not the hard-earned turnaround.

Just the facts

While norovirus is incredibly contagious, it's also incredibly common: about 1 in

16 Americans get it each year. Also known as food poisoning or the stomach flu, it can be uncomfortable, but mostly it's taken for granted, no big deal. But not for Chipotle.

"It's magnified when it happens to us," says Espey.

How to deal with perception is the issue when your dinged reputation takes another hit. In this most recent case, says Espey, "I don't think putting out an ad, doing it in a marketing way, is really a viable option." Instead, he thinks focusing on the facts through a public relations approach is the best path forward.

"You put the facts out there and hope you're putting seeds in the ground that will start growing and connect with the truth," he says. Add to that the social media element—where he says loyal fans are correcting misperceptions online, on their own—while the company is making people available to answer questions and explain that this has nothing to do with the food or supply chain.

Lessons abound for the brand—and others. Espey said the 2015 E. coli events

were the result of not enforcing the brand's own safety standards. That's been fixed, including hiring a new safety expert. This time, said Ells, the brand is "undertaking communication and training efforts to ensure that every manager understands and executes these norovirus procedures." He said compliance with these procedures is a "non-negotiable" condition of employment.

Crisis management 102

So what happens when you've done everything right and something still goes wrong? Take the classic 1982 Tylenol poisoning, where seven people died. A subsequent analysis of crisis communication strategies by the Department of Defense concluded that the damage was done by "a malevolent person or persons."

Parent company Johnson & Johnson acted quickly, withdrawing all product from the shelves and warning the public, through a combination of PR and paid advertising, not to use it. The goal was first to protect the public, and second to save the brand's market-leading reputation. (The DoD report noted that Tylenol had a 37 percent market share, outselling the

next four leading painkillers combined.)

The end result, said the report, was that the public viewed Tylenol "as the unfortunate victim of a malicious crime." Mission accomplished, but no one knew at the time how it would turn out.

Debra Vilchis, COO at Fishman Public Relations, suggests four steps a company should take in a crisis:

- 1. Act fast.** Don't wait for events to overtake you and spin out of control.
- 2. Tell your story.** If you don't tell your side, someone else will. "No comment"



William Espey



Debra Vilchis

is like saying guilty as charged. Don't let your lawyers drive your response.

3. Say you're sorry. Then make it right and don't do it again.

4. Be human. Make people feel you're listening to them. During interviews, spokespersons can use guides and talking points, but it's imperative they sound like a real person, not a series of canned messages that come off as cold.

• Be Human

"The one thing I always go back to," she says, is 'Be human.' Be real, apologize, acknowledge what you did, and say how you're going to fix things."

DIY or third party?

Listening and responding to what people are saying about your brand online is a must these days. Some brands are doing it themselves, some are working with third parties, and some are doing both. Mike Brown, an area director for Jersey Mike's Subs in California, made the choice to hire out.

"We realized 5 or 6 years ago that online reputation management was a new thing to most of us—the Yelps of the world were just becoming commonplace," says Brown. "It became clear to us that we weren't very good at knowing how to build our reputation online in a positive way and respond to negative feedback posted online."

He and his wife Cathy, also a Jersey Mike's area director in California, operate 14 restaurants themselves (7 in San Diego County and 7 in the Bay Area), and are area directors for another 30 units in San Diego County.

Coincidentally, they knew someone socially who was working on a solution and asked them to be one of his early clients. "At the time, and still today, unless we have somebody on our own payroll who's really good at this, it's best to farm that out to a third-party vendor," says Brown, who found the service and value worked for him, compared with hiring someone to do it in-house. He

says hiring an outside expert also helped him with SEO and garnering more positive reviews.

"I think everybody understands the importance and power of reviews," says Griff Emery, founder of Shout About Us, the service Brown uses for his Jersey Mike's locations. "People trust friends and family first, then other consumers." He says search engines are placing more importance on online reviews, including volume and consistency, when they do their page rankings.

"It's really crucial these days to embrace and accept the fact that online reputation will be there," says Brown. "If you do nothing about it, it will still be there. Consumers are doing it on their own. The question becomes do you want to try to manage it and improve it if you can."

Emery's approach can be summed up in three steps:

- 1) Generate reviews—to improve local SEO and increase consumer confidence.
- 2) Listen—to customer feedback on the most influential review sites.
- 3) Respond—to online reviews to develop a brand advocate network.

His company monitors more than 50 review sites, from the major ones to industry-specific sites, and provides dashboard reports that can be seen and responded to on mobile devices. Responding, he says, is something hotels have been doing for some time. "It shows you care about the customer and

what they have to say," he says.

"Without that service, it falls on somebody to monitor all that," says Brown. "When you're running a restaurant your time is pretty chewed up during the day."

Working with partners

Making this work well is a two-way street that takes time and a lot of training and communication, at least initially. Brown says he moved a team member who was making sandwiches and working the counter into a marketing role as a li-

aison to Shout About Us. Says Brown, "We trained them so that they could respond promptly and appropriately to online reviews, so we as a brand can look like we're interested, engaged, and fair-minded."

And on Emery's side, "We take the customer through our process, but we also educate our responders." The key to training responders is having them understand the client's brand, from its product or service to its values and culture. This allows the hired responders to sound and

feel like the brand, not like an impersonal chatbot or someone reading or typing from a canned script.

At first, says Emery, the protocol is to pass along responses to the client before sending them out, to ensure it's the type of response the client wants. After a while, the back-and-forth becomes less frequent as responders get to know the brand and the client comes to trust

the process.

In the early years, "It was a fairly common occurrence to be contacted for our perspective. Over time, that became less. There are not 200 different issues, but maybe the same 20 repeatedly," says Brown. "Every franchisor that has multiple outlets is going to have some trend line about the most and least common complaints. For the most common, there could be a FAQ or script. Every once in a while there's an unusual one and they have to call us."

When it comes to negative feedback, "It's easy to get a little uptight and not respond in the most reasonable way," especially after a stressful day, says Brown, who's been in the industry nearly 40 years. "It's good to have a third party that can respond in a better way all around for your brand's reputation."

"The way to win here is if the customer leaves feeling satisfied, even if they didn't get what they expected," says Emery. "It's winning in the court of public opinion."

Who speaks for the brand?

Franchisor or franchisee? It depends on many factors: the product or service (a complaint about a sandwich with the wrong cheese is qualitatively different from one about giving grandma the



Griff Emery



Cathy and Mike Brown

wrong meds); the size and level of in-house expertise (infrastructure); and the image and relationship a brand wishes to convey to its customers and the public.

“Because our service, child care, is so very personal, the responses must be equally personal and heartfelt,” says Wendy Odell Magus, vice president of marketing at Kiddie Academy. “That is why we continue to have



Wendy Odell Magus

our first line of response take place at the local level from the franchisee. It would be inauthentic if we spoke on behalf of the franchisee in response to a customer’s feedback about their experience.”

As franchisors know from trying to get busy franchisees to do yet one more thing, this is not always an easy task. But at Kiddie Academy, “Franchisees are very motivated to manage their local brand reputation,” she says. “Usually they are quick to act and ask for support if they don’t understand the best path to engaging with the reviewer. I believe they see a direct correlation to the health of their business, and therefore are willing to invest the time and energy needed to manage their reputation.”

And as franchisors also know, not all franchisees and their managers are

equal when it comes to dealing with the public in the most effective or diplomatic manner.

“We continually provide coaching and training on how to handle reviews,” says Magus. “This happens in formal classroom settings and in real time in the real world. Because we monitor the overall brand reputation nationally and give visibility to franchisees locally, we

have multiple triggers in place to ensure timely responses.”

Kiddie Academy uses technology to manage the process. “We use several different monitoring platforms that aggregate reviews from across the Internet and present those results in a dashboard, as well as push alerts out directly to the franchisee with any new reviews,” says Magus. “The franchisee can also respond to the reviews, in most instances, directly from that monitoring environment.”

Train but verify

“Your reputation is everything online,” says Susan Boresow, president

of Title Boxing Club, and chair of this year’s Franchise Consumer Marketing Conference.

Title Boxing also has taken the in-house route, hiring a social media specialist who oversees the brand’s social media calendar and corporate Facebook, Twitter, and Instagram accounts and activities—and responds within minutes. Yelp is a little bit trickier, she says. And the specialist works with the operations team to protect the brand.

Title Boxing also provides webinars to train its franchisees in how to protect their online reputation. Franchisees share best practices on how-to’s such as who monitors phone calls and



Susan Boresow

social media, and how to respond, says Boresow. The company also has social media guidelines, processes, workshops, and e-learning videos, and is continually updating them.

The company also conducts a social audit of its franchisees, evaluating brand compliance on social channels “to make sure we’re coach-

ing our franchisees on best practices,” says Boresow. “We also monitor how quickly franchisees are responding.”

One example from last year’s audit was seeing some franchisees using the word “gym” online—not the image the brand wants to convey. “We’re not a gym, we’re a club,” says Boresow. The audit also found franchisees using old logos and photos that didn’t show the brand properly. “We just want to make sure they represent the brand, as any great brand would.”

The social audit is not just about policing and correcting activity, but also about getting the brand out there in a more effective way, she says. While the goal is to have the franchisees and trainers at all of its nearly 170 clubs present the same social media messages, she also doesn’t want to see cookie-cutter responses. Authenticity is key.

The audits are also an additional opportunity to coach franchisees on providing better content, as well as how to respond not only to problems or complaints, but also to praise from members. “What I love about our brand is that we get a lot of positives. We should be thanking our members,” says Boresow. ■

BRAND REPUTATION: THE BASICS

To build—and maintain—your brand’s reputation, keep these 5 tips at the top of your list, says Debra Vilchis, COO at Fishman Public Relations.

1) Keep on top of your operations and service quality. Do your job properly and provide great products and services—because bad reviews are often due to operational problems. Fix them and your reputation improves.

2) Know what’s out there about you. As a potential franchisee, I’m looking online, hearing about your brand on news and social media, from franchisees, and from customers. I’ll look on Facebook and Yelp to see what real people are saying. You must have a really great monitoring system to keep an eye out on brand mentions so you can act in real time. Get experts to help you respond.

3) Build your brand profile. If you’re

not doing a lot of PR that’s fine, but do a lot of self-publishing and that will build your brand profile. On your franchise opportunity page, feature growth stories, or franchisees doing great things in their communities.

4) Create goodwill. Do a lot of that; support a cause. Obviously because it’s the right thing to do, but also because it makes your brand more attractive to potential investors and customers.

5) Put out the right messages. It’s not enough just to get coverage for potential investors and customers to find. Know your story, and media train your people not to use “corporate speak.” Use PR materials, your website, blog, and social media. Disseminate good information about your brand over social media and use SEO to boost positive mentions online.



SHELLY SUN CARES ABOUT FRANCHISEE SATISFACTION

Q & A with Shelly Sun

Shelly Sun is the CEO and Founder of BrightStar Care® and the 2017 Chairperson of the IFA Board of Directors.

How important is franchisee satisfaction to you? *I don't know of any franchise executive who doesn't focus on franchisee satisfaction. I obsess over it! You've got to know what's working and what's not so you can course-correct if necessary.*

Do you believe that franchisees begin with an expectation of success, and are looking to their franchisor for leadership in order to maximize their success? *Every franchisee gets into business to succeed, but it's not enough to achieve great sales or profit – you want to feel satisfied about what you're doing. For success and satisfaction, yes, franchisees look to us for leadership. I have a mantra, "Listen, Learn, Lead." I need the first two in order to do the third.*

Some franchisees will tell you what they think you want to know, and others will withhold negative feedback. How can you be sure that you are making strategic decisions based on real metrics? *Confidential surveys are important because they're quantitative (we can measure and benchmark scores to specific programs) and they're qualitative where we ask open-ended questions. Franchisees who are generally reticent will often open up if the survey is anonymous. These surveys allow us to engage franchisees at a higher level. We compare these numbers with all of our conversations to get a picture of what's going on. Our goal is to use all available tools to get a clear picture.*

Recruiting high-quality candidates is crucial for long-term sustainable brand growth, and this is more challenging than ever before. How important is positive validation from existing franchisees in your sales and development process? *Incredibly important. Our CMO says personal testimonials have always been the most effective advertising – always will be – and that applies to franchise development. If we "listen, learn and lead" then validation will be more positive. Being certified as a **World-Class Franchise**® allows us to showcase our high franchisee satisfaction (through independent, third-party research) and this has proven critical to attracting and closing deals with high-caliber candidates.*

In your book, you write about a "culture of shared success"; can you expound on this? *It's very simple: we succeed if franchisees succeed, and vice versa. For example, we look closely at our weekly sales reports and jump right in if there's a decline somewhere. A franchisee has invested her own money to succeed with our brand, and we want that bet to pay off.*

For the last decade you have engaged the Franchise Research Institute to perform a confidential "deep dive" into your franchisee's opinions. How have you used the research results to prioritize corporate efforts in order to maximize "shared success" for BrightStar Care? *We use the data provided by FRI as our annual physical. A comprehensive (last year 73% of our franchisees participated) and confidential opportunity for everyone to speak their mind... and believe me they do! We are unusual in that our FAC has direct input into prioritizing our corporate efforts. For example, they asked for a better way to recruit and retain caregivers, and the very same year we delivered a solution they could implement locally. Not surprisingly, the same need showed up in our surveys with FRI. It reassured all of us that we were doing the right things.*

2017 marks FRI's 15th anniversary as the originator of franchisee satisfaction surveys. We are honored to provide research and recognition for many leading franchise companies. Founder and CEO Jeff Johnson has been immersed in franchising for over 30 years; first as a franchisee, next as a multi-unit franchisee, then as an area developer for a national QSR franchise.



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6 BRANDS TACKLE CONSUMER MARKETING CHALLENGES

When Scott Hilary arrived at Monster Tree Service in 2014, its website was almost primitively basic: one paragraph and one photograph. With that level of online marketing, it's no surprise that the company had just a handful of franchisees.

It was clear to Hilary, manager of franchisee services and customer relations, that the company needed a new website, and that it had to be mobile-friendly. Nor would it be enough to simply add more information to the site—there also would have to be video showing what the brand's arborists do. "I've never had tree service at my house," says Hilary. "If you haven't, and a lot of us haven't, you don't know the process."

The brand's website now features short, real-life videos of its crews in action, as well as customer reviews. The site also is animated by cartoon characters: a lumberjack holding a chainsaw, a white-jacketed doctor, and a legless, googly-eyed little green monster clasping a tree trimmer in one hand. Social media posts now include before-and-after photographs.

The brand's consumer marketing package also includes a non-digital tool: a calendar of community events where the company will appear, a minimum of once each quarter. At these events, arborists can answer questions, share ideas, and arrange follow-up visits. Visitors can also walk away with Monster Tree stickers, coloring books, and temporary tattoos, all featuring its little green monster. "It's a way to meet people face to face," says Hilary, "and show that we are a staple in their community."

Monster Tree also does direct mail marketing, especially when a neighborhood's trees and bushes have been afflicted by a disease and crews are working in the

area, ready to respond to residents who just received a mailer. The brand also practices another non-digital marketing technique: all its vehicles and cranes are branded with Monster Tree wrap—moving billboards, says Hilary. The company also has a \$50 Visa gift card referral program, which has proven so popular that some customers earn handfuls of cards each year, he says.

The brand also altered its approach to its website to ensure accuracy and keep it current. Instead of having a website for each location, the company now has one main website that includes all of its locations. "We had created a lot of separate content," Hilary says, "but we weren't updating it all that often." Where Monster Tree had sent a monthly newsletter to its customers, it now has a blog to share informational updates about tree diseases and to keep the content fresh.

"We've hit our marketing on all cylinders," says Hilary, and it has worked well. Monster Tree now has 18 locations in 11 states, all with top-of-the-page Google ranking, and is about to move into new offices twice the size of its old ones. The company has hired two more office staff and, for the first time in its nine-year history, will be hiring another certified arborist. Two or three more may soon follow, Hilary says, "because we are getting more leads than we can handle."

Also under discussion is a step toward a 24/7 chat pop-up, available to anyone who visits the company's website.

Providing a MAP

How to choose which of today's innumerable consumer marketing options to use, and learning how to use them effectively is the trick. Who will do what at corporate? How much control should a franchisor exert at the local level? How much,

and what, should franchisees be responsible for? For Homewatch Caregivers, founded in 1980, answering these questions and more begins with a detailed look at the numbers. "We provide fran-

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The Alzheimer's Association has put together a list of 10 signs to look for, such as memory loss, vision problems, or losing track of time. Read on for more information.

Learn More

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Learn More

chisees with a fully integrated Market Action Plan—a MAP," says Jennifer Tucker, vice president of marketing and business development for Homewatch. "The MAP is a series of ac-

tivities that build upon each other to help the franchisee develop a strategy that fits their local market," she says.

The MAP begins with a territory anal-

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ysis, online and field research, competitive and SWOT analyses, and a detailed go-to-market plan. This process includes consultation on marketing spend, account lists, and key messaging. In addition, says Tucker, “We have developed educational tools in a variety of platforms to accommodate different learning styles.”

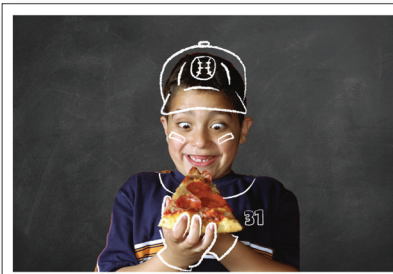
Homewatch’s approach is both comprehensive and data-based. “We invest in larger-scale consumer research as well as industry research within home care companies and the broader healthcare continuum,” Tucker says. “From this knowledge we identify general audience targets, which are narrowed to a specific local application through the MAP process. For instance, we know from larger-scale research that MDs are a good target in general. Through the local MAP process, we can identify which specific local MDs to target and how to approach them.”

Because its service is focused on the supportive care of people whose medical conditions and needs are often complex, the accuracy of the information it shares in its marketing tools requires a greater degree of corporate control than needed in other sectors. Homewatch has an in-house social media content writer who “is always trolling the web for topics that are relevant to us. She has also found experts around the country for our blog posts,” says Tucker. “Nothing compares to an in-house writer with a developed voice and detailed training about what we do and who our franchise partners are.”

When Homewatch first established a Facebook presence, Tucker says, “a majority of our network said, ‘Hallelujah! Don’t ever make me have to think of something clever to say on Facebook!’” That fits with what Homewatch wants its franchisees to focus on: training caregivers. “We don’t want them to be a digital agency,” she says. “If you do what’s best for your consumer, you’ll be doing what’s best for you, too.”

Involve the franchisees

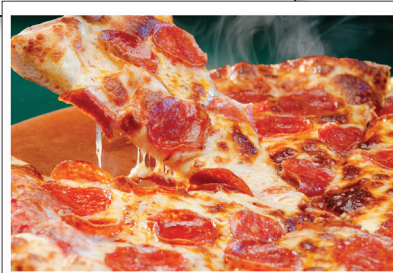
Allison Loehr, director of marketing at Cottage Inn Pizza, has worked to build out the Ann Arbor-based franchise’s online and social media profiles so that all the content and platforms consistently reflect the brand’s product—and still have lots of local flair.



Kid takes a bite of pizza and the outlines of a baseball player animate around him (audio of a baseball park)
VO: There’s something awesome about fresh, wholesome, delicious food.



Cutting ingredients
VO: ...It’s all hand-crafted with extra care.



Beautiful hot pizza and pasta shot (mmmmm)
VO: The result? The most amazing pizza and pastas you’ve ever tasted.



People pull slices away.
VO: ...all powered by awesome.



Pizza Factory logo and tag
VO: Come on in!

“We create the local pages and then encourage our franchisees to take ownership of their own social media channels,” she says. “We educate them on how to maintain quality photography of the product, but we want them to be spontaneous about posting, too. We want them to have fun.”

Cross-channel marketing campaigns also mean that Cottage Inn can see how different locations respond to different approaches and platforms—right down to whether residents are accessing the brand’s digital marketing by iPhone or Android. That kind of detail makes it easier to select what tools to use for a truly local feel in the brand’s different markets.

“When I meet a new owner they are excited about running their own pages,” says Loehr. “Our digital media manager is there to help, and we offer multiple avenues for marketing so we can develop a customized plan of attack for each of our 56 locations.”

The brand’s digital marketing manager does monitor social media activity. And if there are complaints, says Loehr, “We encourage owners to let us handle responses.”

Cottage Inn’s marketing techniques are paying off, she says: sales for March were up 19 percent year over year.

Family-friendly fun

The analytics and data that social media provides make it much easier to geotarget, and to compare how each solution performs compared with campaigns past, says Pizza Factory CEO Mary Jane (MJ) Riva. With 110 locations in six states and more to come in Montana and Canada, it’s critical to evaluate carefully before investing in any system-wide innovations or changes. And when making marketing decisions, the brand incorporates feedback from its franchisees and franchise advisory council.

At the moment, analytics are showing that Facebook is the franchise’s best marketing performer, and Pizza Factory makes sure its posts take advantage of Facebook’s inherent tactic—sharing—and its users’ fondness for family-friendly fun.

“We are a place where people come with their families, so that platform matches our brand,” says Riva. “We are also producing videos—and videos are everywhere—that are fun and lighthearted.”



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The company's New Year's Eve Times Square moon drop video, which replaced the moon with a pizza, was a viral hit on Facebook.

Pizza Factory also knows that community partnerships with entities that share similar values are another powerful form of consumer marketing. "We have just signed to be the official pizza of the San Jose Sharks," says Riva. "The team supports an anti-bullying culture, and that partnership with them tells our customers that we want to be part of their community."

Mobile-friendly website

The Moran Family of Brands operates six different automotive service and repair brands, making it imperative to have a way for customers on the move to connect with its many locations. Once the company made its website mobile-friendly, it added a customer review management platform that triggers a request for a review. Each store now receives an average of four to five new reviews a week, which has boosted search engine rankings for its brands, says Chad Sajovic, director of marketing. The mobile-friendly website also means that customers

on the go can now schedule appointments from their smartphones.

To build and maintain its local connections, the company encourages its franchisees to post photos of their community projects. "One of our centers started a 'bikes for tykes' program in which the owner donates a bike to a child in need after every major car repair. We've seen a great deal of social media activity with this program," Sajovic says.

The company also has found a way to use print to increase its personalization of the brand. "Our people include handwritten thank-you cards with every service," he says. "We believe that that personal touch has produced a significant uptick in our customer engagement."

Welcome to the neighborhood

Michael Plummer Jr., CEO of Our Town America, runs a business that helps other businesses connect with people who have just moved into town. Instead of receiving an old-school welcome cake from a neighbor, new residents can find a packet of information about their new town's basic services, like doctors, dentists, pizza restaurants, dry cleaners, and car repair.

Founded in 1972, Our Town began franchising in 2005 and now has 50 franchisees, some with multiple territories. The company was once completely paper-dependent, but Plummer has expanded its marketing tools to include email, mobile tracking, loyalty programs, and other digital methods that make sense of the immense stack of information the company gathers—and use it to continue growing the brand by learning more about its customers.

"We have a huge infrastructure of data," says Plummer. While that data helps shape the brand's consumer marketing targets, he is working to digitize everything the company offers its franchisees—while remembering that not everyone has a smartphone.

The brand equips its franchisees with marketing materials, including online tools, and works hard to promote national awareness of its services. It also asks franchisees to share press releases, blog posts, and other downloadable content with their clients and prospects through social media and email. The company also has been successful at winning media coverage in grocery store, restaurant, hair care, and auto dealer trade magazines. Plummer says that coverage has led directly to new sales. ■

DIGITAL SHIFT

When print, radio, television, and word of mouth were the only marketing options available to franchisors, choices were limited. The rise of digital and social media, with a reach to consumers in staggeringly large numbers, has made those choices far more difficult, since options are plentiful and continually evolving.

Yet franchisors have discovered that some reliable basics are emerging, both in strategy and tactics. "Everyone is moving toward hyper-local and hyper-personal," says Dasch Shenberger, vice president of franchise marketing for Scorpion Internet Marketing. The California-based company, founded 15 years ago, is considered one of the early players in digital and social media marketing. "When people need something, they always want to find what's close, but marketing with paper is becoming a dinosaur," Shenberger says.

Local community events are huge

on social media. "People want to see a business sponsoring things in the community," he says. Also, he adds, encouraging online or social media reviews is smart because local reviews convert well.

Videos continue to grow in popularity, he says, while customer loyalty program strength "will never go away, so you must figure out how to attract people into those programs," says Shenberger.

Search engine optimization is important, he says, but needs careful monitoring, as the rules continually change. "The algorithms may be different in three months. Google will never give you specifics, so you can't reverse engineer for it. So watch the trends," he advises.

However, what will not change, he says, is that successful consumer marketing must continue to reflect the core values of your brand.



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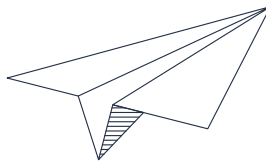


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BY EDDY GOLDBERG



MARKETING MAVENS MEET

2017 FRANCHISE CONSUMER MARKETING CONFERENCE SCORES

This year's Franchise Consumer Marketing Conference was a superb success, with nearly 350 franchise marketing executives and exhibitors on hand to learn, network, and, hopefully, do a little business. The 165 franchisor marketing executives from more than 125 brands included CEOs, presidents, CMOs, marketing VPs, marketing directors and managers, along with field marketing, communications, technology, and social media experts.

Longtime attendee Susan Boresow, president of Title Boxing Club, was this year's conference chair. Leading up to the conference, she said, "Whether you have been there every year, missed a few years, or are brand new, you won't want to miss this year. I guarantee that this will be a strong investment, not only in your people,



but also with your brand." And she was right.

Don't believe us? Here's what one attendee (Martha France, marketing director at Vya), wrote on her company's blog following the conference: "Hats off to the team at Franchise Update Media for a terrific Franchise Consumer Marketing Conference last week in Atlanta. The Vya team came away from the event with some great connections and an instructive view into the realities faced by today's franchise marketers." (For her full recap, visit the Vya website.)

The conference opened with a presentation by Chipotle Brand Visionary William Espey, called "Build Your Crisis PR Plan." Espey was refreshingly candid in his assessment of what went wrong with the brand—and how the brand has been working to repair its reputation with consumers

FRANCHISE CONSUMER MARKETING CONFERENCE

FCMC BY THE NUMBERS

ATTENDEES

~350 TOTAL

165 FRANCHISORS

125 BRANDS

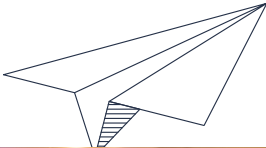
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Robert Stephens, keynote speaker



Keynote speaker Seth Mattison



Michael Huye, Simran Toor



Conference Chair Susan Boresow



Steven Sgroi, Sophie Kearney, Charles Groome

since the E. coli breakout of 2015. (See story on page 22.) One big factor, he said, was complacency born of success, and not keeping up with the brand's own safety standards following its rapid growth to roughly 2,300 units and 50,000 employees since its start in 1993.

Comparing a brand's relationship with customers to a personal relationship, he said that if you want to make things right you must apologize, come clean, and strive to rebuild trust. Referring to the brand's historically irreverent image, "Funny doesn't work any more. You have to work yourself back," he said. "We learned a lesson, got spanked, and are moving on," he said.

One big lesson, he said, was not to wait for circumstances to force innovation. "Too bad we didn't do it two years ago," he reflected. "Take the

time now to audit what's going on in your company. Build your foundation before the storm."

The two other keynote speakers were Robert Stephens, Geek Squad founder and former chief technology officer at Best Buy, who focused his presentation on anticipating change, disruption, and having the courage to move forward with new ideas. The final keynoter was Seth Mattison, workforce strategist and management trendspotter, whose topic was customer experience versus customer service.

Mattison began by exploring the shift from hierarchical thinking to network thinking. Historically, that means moving from a one-way, top-down, authoritarian perspective to one of transparency, information sharing, and collaboration. An excerpt from his most recent book, *The War at Work*, sums up this new point of view:

"We're entering the age of the Network, a world of hyper-connectivity and constant flux, where disruption is the norm and autonomy, empowerment, and meaning are basic expectations of the new workforce. Organizations are being forced to execute and perform today while simultaneously maintaining the discipline to reinvent themselves for a very different future."

Workshops, panels, talks

The workshops, sessions, and presentations were led by Conference Advisory Board members and franchisors. Day One topics included brand positioning, content marketing, programmatic media, local store marketing, and mobile marketing. Day Two featured succession planning, understanding today's mountains of data, lead generation to drive revenue, digital media, marketing to Hispanics/Latinos, choosing the



Jam Hashmi, Martin Greenbaum



Darrell Johnson, FRANDATA



Ali Rauch, \$500 winner



right technology, disruptive marketing, communications compliance, inter-departmental collaboration, and best practices for ordering and delivery.

Darrell Johnson, CEO and president of FRANdata, presented his annual economic outlook and its likely effects on consumer marketing. He said the economy is continuing its weak recovery, with steady slow growth predicted for the next 18 months or so. Headwinds against continued growth include industry sector disruptions down the road; increased competition for consumer dollars resulting in weak pricing power flexibility; and a generation of Baby Boomers being displaced by Millennials, but with the latter group saddled by debt that will slow spending. In the battle for market share, he suggested brands make

their marketing “hyper-personal” (see page 54), focus on their franchisees’ financial results, and leverage household data to market more efficiently to their target audiences.

A star-studded panel discussion on succession planning consisted of Craig Ceccanti, co-founder and CEO of Pinot’s Palette; Barbara Moran-Goodrich, co-founder and CEO of the Moran Family of Brands; Mike Rotondo, CEO of Tropical Smoothie Cafe; and Steve Schildwachter, CMO of BrightStar Care. The lively discussion, facilitated by Ed Waller, CEO of Paul Davis Restoration and 2012 Conference Chair, focused on the four stages of a brand: the beginning (startup), the boom (growth), the transition (change), and the future (unknown). One useful reminder to

avoid complacency, from Moran-Goodrich: “Everything changes. The minute you think you have it figured out you don’t.”

Another power panel took on the topic of “Disruptive Marketing.” Moderated by Wendy Odell Magus, vice president of marketing at Kiddie Academy, the panel consisted of Heather Briggs, senior director of marketing strategy and planning at Great Clips; Rich Hope, CMO at Jersey Mike’s; Martha O’Gorman, CMO at Liberty Tax Service; and Jeff Rinke, vice president of marketing at Hungry Howie’s Pizza.

O’Gorman said the idea of the Statue of Liberty wavers at Liberty Tax “came about by mistake, like all great ideas.” Briggs spoke about the franchisee who came up with the idea





Keynote speaker William Espey, Chipotle



Duone Byars, Tom Carr

to offer free haircuts to active and retired military personnel on Veterans Day. Hope described Jersey Mike's annual Day of Giving, which has raised millions of dollars for charities and communities, and the "halo effect" of increased sales surrounding the event. And in addition to its many charity and community support initiatives, Hungry Howie's celebrates Pi Day with \$3.14 pizzas.

"Disruption is really about noticing trends before they happen and taking action," said O'Gorman. "If you see a trend, go after it."

An additional benefit, and a feature of all Franchise Update Media conferences, is ample time and opportunity to network with other franchise marketing executives, including members of the Advisory Board, during the

two-day event.

The Sponsor Networking Gallery was packed with vendors, suppliers, and other providers offering a wide variety of solutions including marketing technology, public relations, marketing strategy and planning, hyperlocal media campaigns, media planning/buying/optimization, branding, programmatic and digital marketing, SEO, business intelligence, printing and collateral services, and even outdoor advertising.

Some of the more than 125 brands registered for the conference included Arby's, Bojangles' Capriotti's, Chester's, Del Taco, Driven Brands, Express Employment, Great Clips, Hungry Howie's, Jersey Mike's, Liberty Tax, Primrose Schools, Toppers Pizza, Wayback Burgers, and Wing Zone.

This year's Platinum Sponsors were Silvercrest Advertising and Visualogistix (see page 50). The closing dinner at Maggiano's Little Italy was sponsored by SOCi. The conference had 70 sponsors in all.

The 2018 Franchise Consumer Marketing Conference is planned for June and will be held again at the InterContinental Hotel in Buckhead (Atlanta). This is the only industry conference of its kind that focuses on the most essential topics to franchise consumer marketers. Whether you are in food, retail, or service, you're sure to find value you can take home following the two-day event.

To learn more about next year's conference, visit the website or call 800-289-4232 x202.

See you next year! ■



CMOQ&A

Back to the Future

Freddy's Frozen Custard brings the 1940s to life!

BY KERRY PIPES

Shelley Young, vice president of marketing at Freddy's Frozen Custard & Steakhburgers, cherishes what she calls her "dream role for a marketer." Young loves pondering the marketing and growth possibilities of the 15-year-old brand that serves up 1940s-style steakhburgers, hot dogs, and custard treats.

"Beginning at Freddy's in 2011, when we had just 52 restaurant locations, has given me the honor to help shepherd the brand to where it is today, with more than 260 restaurants nationwide and no slowing of growth in sight," she says. Freddy's, she adds, is a brand with "values, integrity, hospitality, and quality."

Young complements her diverse marketing experience with an MBA in marketing, strategy, and finance from Northwestern University's Kellogg School of Management. Past experience includes brand management and product marketing at the Coleman Company, strategic planning at Koch Industries, and brand management at Kraft Foods.

Changes in technology and shifts in marketing strategies and tactics mean today's brands must stay flexible to adapt to an ever-changing landscape. That's not lost on Young, who says Freddy's is focused on how it can "stay relevant to our guests while also appealing to future ones—all while keeping our core brand values consistent and intact."

Describe your role as vice president of marketing. First and foremost, I am here to nurture and protect the brand and lead my team—and all of our team members—to do the same. Leading the marketing strategy means being an ambassador for the brand, actively communicating across all functions of the company and the entire franchise network about living the spirit of the brand and protecting it, especially as we grow. The culture defines my role as well. I know as long as I am

making strategic marketing decisions with Freddy's values as the foundation of the decision-making process, the integrity of the brand will be protected and allow us to more easily grow love for the brand among our guests.

What's unique about your position at Freddy's? There are many wonderful, unique aspects of my position here, but much of this ties back to working for such a strong, respected brand. Our corporate office is strategy-driven, yet operates like a local restaurant in that we are focused

on keeping the guest top of mind. From a marketing and operations perspective, we have a great program in place where we leverage our corporate stores to test, measure, and roll out new menu items and initiatives system-wide.

What's the most challenging part of being a marketing leader today? As technology continues to play a major role in all of our daily lives, the constant messaging from numerous sources can cause brand overload and confusion, but also brand excitement and loyalty. The growth of technology brings a wealth of available tools. The key is to use the ones that provide the most valuable opportunities for the brand. Knowing and using the right tools to share our brand message and core values to reach our fans and create new brand loyalists can be a challenging process. Often, it's trying a new tactic, evaluating its effectiveness, and either sticking with it or being nimble and changing course as needed. But when that new tactic or tool is successful and our message reaches and activates our core consumer, the challenge becomes rewarding.

What are the 3 most important keys to being an effective marketing leader today? 1) Communication is of utmost importance. As in any relationship, strong communication is a means of connecting people through shared values and collaboration to create mutual understanding. This applies not only to a brand with its fans, but also within our marketing teams and the broader Freddy's family. Communication sets the tone to create a collaborative environment that our teams desire to be a part of and thrive in. It also ultimately strengthens them and, in



turn, the brand itself. 2) Embracing the ever-changing role of marketing, in order to have the flexibility needed to adapt to the evolving landscape of our markets. It is necessary to allow our brand to evolve and stay relevant to our guests while also appealing to future ones—all while keeping our core brand values consistent and intact. If we look at marketing only from its traditional definition, this will hinder our ability to adapt to new and exciting ways of reaching our audience. 3) Finally, having passion for your brand is critical to fuel your drive and enthusiasm to see the brand succeed. That passion, and working to inspire it in your team and others in the Freddy's family, ultimately becomes visible to our guests and is what continues to help grow our national footprint—while sparking passion for the brand among our guests as well.

How do you prepare a marketing plan and execute the strategies?

I'm lucky to be part of a company with highly talented, engaged, and loyal team members, so we're better able to create and execute marketing strategies in an efficient manner. Working side by side with the founders allows us to channel their entrepreneurial spirit and business savvy to marry our brand, set in the 1940s, with today's modern marketing strategies and opportunities. We also work with loyal partners across the marketing spectrum who understand and love the brand and are excited to see it succeed. Our combined efforts allow us to effectively move the brand forward by rapidly and intelligently executing marketing strategies, while never losing sight of our core values that brought us to where we are today.

How do you measure marketing results and effectiveness?

We look at comparative AUV year over year, as well as social media traffic and other online measures for specific campaigns. Both limited-time offers and specific annual promotions provide measurable marketing periods in addition to our ongoing business.

Discuss your core consumer marketing strategies and objectives. A traditional marketing strategist would say "targeting everyone is targeting no one." But with a restaurant concept like ours, which appeals to such a broad range

"Surround yourself with smart people you respect, whose strengths balance your weaknesses and who you trust."

of ages, families, and individuals alike, it makes narrowing down that core consumer market a challenge. Instead of looking at traditional demographics, we focus on our guests' values. We know that people tend toward like-minded people and brands, and we keep that at the forefront of all of our marketing strategy decisions. As a company, we value hospitality and quality above all else, and we know our guests, both loyal and new, appreciate those same values. Highlighting those values in our marketing strategies is key.

How do you go about creating a customer-centric marketing and brand philosophy?

Freddy's story is the basis of our brand identity and provides the foundation for our positioning as a family-friendly restaurant with a focus on high-quality food and hospitality. It is also extremely important for us to be receptive to our guests' comments by incorporating their feedback into new ideas and better ways to serve them. Most importantly, our emphasis remains fixed on executing our core values of fast, friendly service in a relaxed environment coupled with quality food that's cooked to order and served fresh within minutes. It's the experience our guests enjoy, and it's what they expect as we continue to grow.

Describe your marketing team and the role each plays.

Our marketing team is small but mighty. Our core marketing team members work closely with our social media and PR teams to ensure that campaigns are well-rounded and reach our fans through multiple channels. Our team members have decades of experience with backgrounds in marketing, communications, and general business. Though each plays a unique role within the team, we are all very cohesive and bring our specific strengths and talents to every project. We are a highly collaborative and

engaged team, and that benefits all of our work for the brand.

Why is it so important for the marketing department to have a personal touch when it comes to helping the brand connect with franchise prospects? It may go without saying, but in the hospitality industry, everything is about adding a personal touch, and this is especially true of the Freddy's dining experience. Our brand was founded around one very special person, Freddy Simon—a lifelong family man—and his belief in American patriotism and family values. This is something that is deeply ingrained in our brand and something that we have held steadfast as we continue to grow.

How does this help your franchise sales and development effort?

Our values and brand standards—including the importance of maintaining a personal touch—are something we implement system-wide, and they are equally as important across all our networks. We do this by remaining accessible and available to meet the needs of our franchise sales and development team, as well as our prospects and partners. All departments contribute to the final decision of a prospective franchisee to join the brand. Many of our franchisees first experienced Freddy's as guests. So we truly have a brand that's driven by individuals who are passionate about the work they do and believe wholeheartedly in the concept and our core values. From support department employees and franchisees to restaurant management and team members, the Freddy's family works together to provide a genuinely exceptional dining experience that differentiates us from the competition.

What ways/tools do you rely on to do this?

We have a marketing committee that includes franchisees from across the country, in addition to our founders. It provides feedback on a variety of topics, so that we can evaluate the effectiveness of our efforts and adjust our strategies accordingly. The marketing committee has proven to be an incredibly valuable tool in helping us enhance our processes while allowing us to evolve our brand to the next level.

Do today's prospects expect more

from the franchise marketing department? What, and how do you provide it?

In addition to offering comprehensive, seamless marketing campaigns and tools to our network of franchisees, we offer ongoing training and support to ensure operators are successful in executing local marketing campaigns and promoting their restaurants in their respective markets. With a strong, effective marketing program in place, the likelihood of franchisees being successful and using these tools in the future increases.

How is technology changing the way franchise marketing is done in terms of one-on-one contact?

Technology has had a strong impact on one-on-one contact with our guests. As it continues to evolve and opportunities to use it continue to multiply, it provides us with an ever-growing number of ways to better target our core guest with various tactics, usually at a much lower cost than traditional marketing.

How is today's consumer and marketing data helping you fine-tune your marketing initiatives?

Data provides a window into both the strengths and opportunities in our overall business, as well as into our specific marketing initiatives. The feedback we receive from our consumer and marketing data helps us better understand how what we do resonates with our guests. With the right data, we are able to measure guest engagement with the brand on a daily, weekly, or monthly basis so we can adjust and improve our initiatives in real time.

Describe the evolving role of social media in your brand's marketing efforts.

Social media continues to provide another way for our guests to stay in tune with our everyday menu offerings, limited-time offers, and special promotions. Today photos and videos that guests, team members, and bloggers share can spread to thousands, if not millions, of people, faster than ever before. As marketers, this is a very exciting time, but also one that we have to be mindful of, ensuring that we maintain these channels as a welcoming avenue for guests to communicate any questions or concerns about their Freddy's experiences. As we continue to grow, so do our social media and digital hospitality teams to ensure we are engaging with users

across our various social media platforms as close to real time as possible. In addition, we post a combination of company news and community events with photos and videos to exchange information with guests. Our recent shift from studio-styled product shots to high-quality, natural images of an entire meal has noticeably increased the frequency in guests who comment, "Going to Freddy's now!" and "Will be there for lunch tomorrow!"

How are you assisting your existing franchisees with more contact and transparency? What are their immediate needs?

We understand and will always remain mindful that our franchisees are busy juggling different aspects of their businesses. As a result, we offer a convenient, consolidated online marketing portal where operators can download customizable creative templates for ad spots and other mediums on their own schedule. This not only saves time dealing with multiple vendors, it also helps to cut costs in the long run.

How do you work with other internal departments and does technology help?

Technology plays an increasingly important role in research and decision-making within our organization. Software such as SharePoint and other project management tools not only empower our team to take ownership of their decisions, it also allows our various internal departments to seamlessly collaborate with one another.

How do you manage costs and budgets for the marketing department?

My team and I develop and manage an annual budget for the department based on realistic marketing goals that are set for the year. Funds are then allocated toward different initiatives and marketing channels throughout the year where we feel we can be most effective in stretching our marketing dollars and boosting the bottom line.

Do you see vendors as business partners? Why/why not?

We embrace a philosophy of treating both team members and vendors as family, as well as treating and referring to our customers as "guests." Our belief is that it's the atmosphere of treating everyone with respect and offering a memorable experience that has been a catalyst for the growth of the brand.

How have marketing strategies and tools changed over the past decade?

How have you adapted? As we all know, technology and social media have dramatically changed and continue to change the marketing landscape. Though traditional marketing tools are still highly relevant, technology has allowed us to work more efficiently and effectively to target our core consumers and communicate the information they need, in the way they want to receive it, to make an informed decision about our brand. The Freddy's brand is set in the 1940s, but that does not prevent us from embracing modern marketing trends. We strive to keep the brand on-trend but not trendy, and keeping up with today's technology advancements helps us to stay relevant with our fans.

How is your marketing/branding strategy developed, and how does it flow through the system?

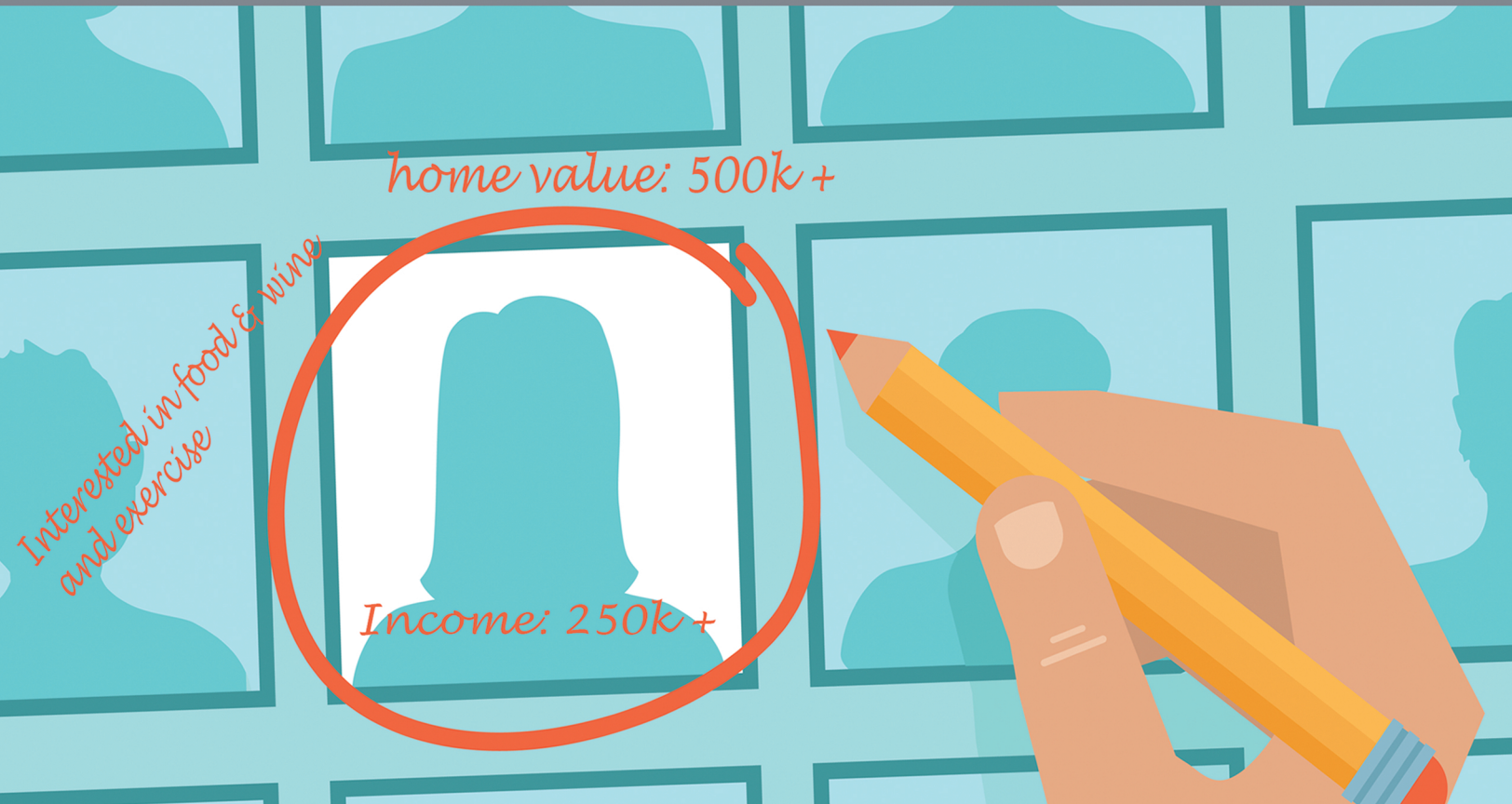
We launch annual promotions for various holidays, such as Freddy's birthday in February, National Frozen Custard Day, and Veterans Day. In addition, we provide marketing support for limited-time offers throughout the year as well as evergreen marketing pieces to support everything from a broad, traditional campaign to a specific local store marketing initiative. We work closely with our marketing partners to develop our programs and then share them with the executive team, other departments, and finally the whole system. Clear and thorough communication is key.

What advice would you offer to aspiring CMOs?

Never stop learning. Education in any field does not stop once the job starts. It really just begins. Continue to learn by listening to your team members—both inside and outside of marketing, experts in the field, those with years of experience under their belts, as well as those with fresh perspectives. Surround yourself with smart people you respect, whose strengths balance your weaknesses and who you trust with protecting and nurturing the brand just as much as you do. Keeping your finger on the pulse of marketing trends, business advancements, and leadership styles will allow you to grow in your career and not get stale in "how it's always been done." Asking questions to gain a deeper understanding and to uncover insights will always prove to be worthwhile. ■

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CMO roundtable

“HOW DO YOU ENSURE THAT YOUR FRANCHISEES SPEND THE AD FUNDS AND GET THE DESIRED RESULTS AT THE LOCAL LEVEL?”

Casey Terrell
Vice President, Marketing & Operations
Pinch A Penny Pool Patio and Spa

As the world's largest swimming pool retail, service, and repair franchise, it's imperative that our marketing initiatives are successful in driving sales and traffic on a local level to our more than 230 locations across the Southeast. In our 42-year history, our brand has seen tremendous success by solely managing the entire advertising budget, which



includes funds Pinch A Penny Pool Patio and Spa allocates to all of its territories in the Southeast.

Although our national footprint has grown over the years, we pride ourselves on our ability to remain “local,” while also maintaining our position as one of the pool industry's leaders in the marketplace. We're a relationship-based business and fully believe in selecting the right media partners and owner-operators who can assist our marketing and operations teams to create,

develop, and execute strategic marketing tactics at a local level.

We're very transparent with our franchisees and encourage them to share feedback and propose ideas about marketing and operational initiatives to our executive leadership team. Franchisees are also invited to attend the brand's various open forums to provide their feedback, such as our annual convention, where corporate shares its overall strategy for marketing and advertising and identifies new opportunities for growth and development.

In today's consumer landscape, our customers have access to a vast amount of technology and data for making purchasing decisions. Therefore our franchisees also must have access to the most up-to-date technology and analytics to continue to be at the forefront of the pool supply and service industry. In addition, having highly trained marketing and operations teams ensures that our advertising and marketing methodology not only resonates with customers on a local level, but also maintains healthy sales and increased traffic.

Artemio Garza
Chief Brand Officer
Driven Brands

Driven Brands features a dynamic portfolio of automotive retail brands, including Carstar, Maaco, Meineke, Take 5 Oil Change, and 1-800-Radiator, among others. As these brands have varying levels of maturity—from 45-year-old Maaco and Meineke to newer brands like Take 5—we manage numerous brand campaigns to build awareness for the new brands and brand refresh programs for the more mature brands.

Each retail brand has a marketing manager who develops a marketing plan each year to guide brand building activities nationally and locally. This is done in conjunction with national marketing advisory councils made up of franchise owners. Monthly and quarterly promotions are identified, and franchisees have an opportunity to vote on which ones are activated. Also, the national

marketing team develops television commercials, radio commercials, digital graphics, and print graphics that local franchisees can use in their individual markets.

In addition, the national marketing teams work with national media buying partners and digital service providers on programs that can be implemented locally. This includes network and cable television, local radio advertising, and local print media. The national marketing teams, in conjunction with the Driven Brands digital team, help create national platforms to ensure a uniform, SEO-rich presence for all brand franchisees online. This includes national websites with store-focused pages, social



pages on Facebook and Twitter, as well as, digital marketing like Yelp, pay-per-click, and retargeting campaigns.

Marketing campaigns are tracked through comprehensive monitoring, from tracking phone calls and web clicks to customer redemptions at the center level. In addition, ongoing brand tracking monitors brand awareness and engagement at all levels. ■

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Millennials

Selling to Millennials

4 tips to connect using unpaid posts

BY SHAWNA FORD

How to sell to Millennials has become a huge discussion in recent years. They're not instantly loyal to products or companies they like. They have a huge amount of purchasing power (\$200 billion according to U.S. Chamber of Commerce), but they also have a huge amount of debt and a tendency to eschew traditional purchases or adulthood milestones such as buying a home.

As a company, what can you do to get in front of them and earn their business? You can target the sites you know they're on. You can make sure your message fits their ideals and will get them listening. In other words, you can market to them on social media, and you can start with unpaid campaigns to help earn their trust and loyalty.

As I've pointed out before, nearly 70 percent of U.S. adults use at least one social media site. According to Pew Research Center's 2016 Social Media Update, the sites Millennials are using are Facebook, Instagram, LinkedIn, and Twitter, in order of popularity. Snapchat and Pinterest are also used, but less so than the big four. You want to make sure you are where your potential customers are, so you need to be on social media.

So how do you get started? With general posts and thought leadership. Why unsponsored or unpromoted posts over a paid campaign? Because it will help you test different content while narrowing down your key audience—all without paying for clicks or impressions. Here are some key thoughts to keep in mind when looking at your social presence and planning your social media efforts.

- **Make sure your profile is up to date and descriptive.** Okay, so this one is a little obvious, but make sure your profile page on each of your social media sites has your accurate business information and details about what you do and why.

Millennials are always on the go, and missing or incorrect information is going to slow them down. Having to check for your business hours or address using a search engine is a second step they may not want to take.

- **Don't expect loyalty to come easy.** Millennials can be exceptionally loyal once you've proven yourself, but that takes far more time than is seen in older generations. Millennials will not like



your company just because their parents did. You have to support their values of diversity, passion, sharing, and discovery. Plus, they want to feel informed and included. These tendencies are why a more subtle and connection-building form of marketing can go a long way with this group. Content marketing and thought leadership posts build expertise without trying to hard sell your product or service.

For those new to this, start by finding something about your company you can brag about. Post about the process you have that saves energy or water. Post about the charity you donate time or money to, and tag the charity. Post about something in your field that you're an expert on. Any

of these things will help you be seen as an authentic group of people rather than a cold business that's the same as everyone else in your industry. Speaking of that...

- **Authenticity is key.** Authenticity is important to Millennials and hard selling doesn't tend to come across as authentic. For this reason, posts that highlight your brand values, relevant articles, or informative content can draw their attention better than a post that looks like a standard ad. Don't get me wrong, you still want to have posts that promote your product or service. But sales-type posts shouldn't account for more than 30 percent of your overall total.

There are a few verticals where this isn't as true, such as restaurants and other food-based companies. But even those should try to have a balanced number of informational versus sales posts. For these verticals you also want to keep in mind that there are other things to post about besides the special of the day or new features. Informational posts about your values or your industry in general will help to build a deeper connection with Millennials.

- **As always, test, test, test.**

All social sites have analytics and insights you can check to see who is following you, who is liking your posts, and what types of items are getting more shares. Pay attention to these numbers and repeat the ones that brought the best return. Test posts with pictures. Then test different types of pictures. Then test the copy you're pairing with the pictures. The same goes for video posts and anything else you can think of. Test each piece of content you put out to ensure you're hitting the marks you want to. And remember, just because you aren't paying to promote them doesn't mean you aren't investing time into this. Checking your work and analytics is just as important on unpaid posts as it is on paid ones. ■

Shawna Ford is a marketing coordinator at Mindstream Media and has a background in social media marketing and copywriting. To learn more about Mindstream, call 800-548-6214 or email inquiries@mindstream-media.com.

Customer service

CEOs: Listen Up!

How to respond to customer complaints

BY JOHN DIJULIUS

Dealing with customer complaints that make it to senior executives is a critically important strategy, one that most companies fail miserably at in three ways:

1. Not creating a CEO communication strategy nor giving it the attention it deserves when a customer does make the effort to contact the head of the company.
2. Making it impossible for customers to ever be able to get in touch with the CEO/president.
3. And too often, when someone does get in touch with the CEO, the CEO makes it worse. (See PwC, Lululemon, Spirit Airlines, and United Airlines.)

Are you accessible?

It is incomprehensible to me how many corporate offices and senior management teams are totally inaccessible—or who do not handle it well when dealing with customers. Service Management Group did a study and found that only 35 percent of customers were highly satisfied with the service recovery of senior leadership, who too often make excuses, try to spin the situation, and insult customers by not validating their complaint.

However, there are exceptions. Umpqua Bank, based in Portland, Oregon, is aggressive at inviting customer feedback. If you have a question or comment and want to take it right to the top, every location has a phone in the lobby with a sign that reads, “Let’s talk.” Pick it up and you get CEO Ray Davis’s office. You can pick up the phone and tell him what you think the bank is doing right, and what you think it can do better. Or you can ask him anything you’d like.

Another great example of an owner who remains accessible is Mark Cuban, the billionaire owner of the NBA’s Dallas Mavericks. Cuban discusses his cus-

tomers service philosophy in a blog titled “Success and Motivation—Connecting to your Customers.” In it, Cuban shares two of his favorite quotes: 1) “Treat your customers as if they own you. Because they do.”; and 2) “You have to re-earn your customers’ business every day.” Cuban also describes his unique perspective on being accessible:

It’s interesting to watch different CEOs of different companies and how they deal with the issue of making customers happy. You can tell the ones that don’t trust their products or services.... They protect themselves from any possible interactions, whether direct, phone, or email, by having secretaries filter everything, and they respond with form letters or assistants, if at all.

I don’t know how they do it. I make my email available to everyone and anyone. Not only that, and more importantly, I make sure that all the customer service emails get forwarded to me. If someone is complaining, I want to know what about, and I want to get it fixed quickly. The best focus groups are your customers telling you what they think. No company is perfect, but the CEO who doesn’t listen to direct feedback from customers will not take the company as far as it can go.

How refreshing! And what a great role model Cuban is for all senior management. Get out from behind your desk and talk—and listen—to some customers!

Make it easy to complain

Think about the last several times you had a disappointing customer experience. Or when you left a business frustrated. Or hung up the phone more stressed than before you called. Did you tell anyone at the company? If you are like most people, you didn’t bother to waste your time sharing your displeasure with anyone at the business that disappointed you. Why? Because most customers

don’t think anyone at the business really cares, wants to hear it, or thinks you are trying to get away with something. So why would a customer want to waste their time? How often does this play out in your business: customers leaving unhappy without letting anyone know?

If we are not making it easy for our customers to give feedback, then it is happening to us more than any of us realize. Our customers have better things to do with their time than hunt us down and complain and then feel that it didn’t make a difference.

There are several ways to give permission to customers to communicate with us. I am not talking about customer measurement devices that ask customers their level of satisfaction and how likely they are to refer. While that is vitally important, I am referring to something totally different. I’m talking about not only giving your customers permission to communicate easily in a nonthreatening way, but also *asking* for their advice and feedback, positive and negative. Few companies ask their customers for praise, and lose the opportunity to celebrate and perpetuate outstanding performance. However, even fewer companies have the courage to ask their customers for feedback if their experience was below what they were expecting.

It is so simple to ask customers on everything: invoices, orders, emails, at checkout, on the receipt, on the website, even in restrooms. Here are some examples of what companies have used:

“Please tell us about your experience. It is very important for us to know how we are doing.”

“We want your advice on how we can be better.”

“Did we hit the mark today? Tell us. Did we miss? Tell us, please!”

“Was someone a hero for you today? We want to recognize them.”

“Were we the best part of your day? If you can’t answer yes, we need to know why.” ■

John R. DiJulius III is the author of *The Customer Service Revolution* and president of The DiJulius Group, a customer service consulting firm whose clients include Starbucks, Chick-fil-A, The Ritz-Carlton, Nestle, PwC, Lexus, and many more. Email him at john@thedijuliusgroup.com.



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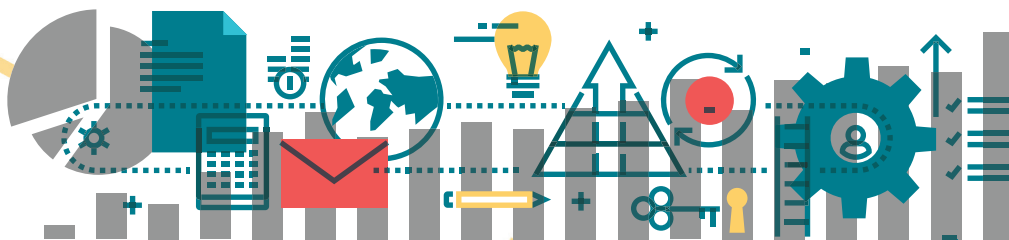
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Contact Erica Farage, Senior Director of Political Affairs and Grassroots Advocacy and Multi-Unit Franchisee Engagement International Franchise Association
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(202) 662-0760

Challenge the pros

“WHAT NEW MEDIA AND NEW MARKETING CHANNELS ARE YOU USING IN THE FRANCHISEE RECRUITMENT PROCESS?”

Bret Franson
Director of Franchising
The Gents Place

Over the course of the past year, The Gents Place has been heavily involved in marketing our franchise opportunity through a number of avenues, including social media marketing, public relations, open house events, and franchise expos—all designed to leverage our personal networks and entice growth.

With the first 10 license agreements awarded in six months to four strategic partners, plus several additional agreements in the pipeline we anticipate to execute in the next 60 days, The Gents Place is certainly experiencing steady growth to support the success of our marketing efforts—and we have the numbers to prove it.

To break it down into categories, we have found great success with our social media and public relations efforts, working with trusted strategic partners to help us achieve our goals. With social media, we have refined our strategy to include a targeted search for candidates who are both interested in and qualified to franchise our concept. Despite social media marketing consuming a significant portion of our spend, we have had tremendous success at a low cost of acquisition for our new franchise agreements.

The biggest challenge here has been identifying the imagery and message pairings potential candidates will respond to by entering the website and requesting more information. It's also extremely important to market where your audience exists, finding the social platforms these potential candidates use. For The Gents Place, we've found the most success with Facebook and LinkedIn.

Public relations and the undeniable star power of Emmitt Smith is proving to be a powerhouse. Many of the candidates we are recruiting are either familiar with The Gents Place before we talk, or they become

acclimated during the recruitment process by accessing the numerous published articles secured by our PR partner. Having Emmitt Smith as a co-owner brings attention to the brand, and our PR team works to leverage this partnership, securing great publicity for the brand. (Another big challenge is to not stand and stare in awe when Emmitt walks

in to do an interview.)

Another element that's not to be understated is the power of trade shows, which have been a fantastic resource for us. The Gents Place showcased at the Multi-Unit Franchising Conference for the first time in late April. As a result, we have many licenses in the works to be awarded to experienced multi-unit franchi-



“If you have proven success and remain a trusted brand, then your personal network wants to be involved.”

sees. The biggest challenge here is finding ways to stand out, be new and fresh as well as have an experienced support team and systems. Through our relationship with The Elevated Brands and Massage Heights, we more than meet that need.

What we have found to be true is that if you have proven success and remain a trusted brand, then your personal network wants to be involved with what you are doing. The Gents Place has had much success in this space as well. My friends, family members and co-workers mean a lot to me and I believe in our system and so do they. I have been involved in a family business all my life, so working with our personal networks doesn't present many challenges.



Doug Bostick
Senior VP Operations and Sales
Fazoli's

As America's largest fast casual Italian franchise, Fazoli's recently celebrated a record-setting fiscal year with the signing of franchise agreements to develop 30 new restaurants with 13 new and current franchise groups. Consequently, the company saw a 550 percent increase in new franchise agreements over the previous fiscal year. We have achieved 17 consecutive quarters of same-store sales growth. Aside from Fazoli's continued brand refresh efforts—including the removal of all artificial ingredients from our food menu and a new restaurant design—we can attribute this accelerated growth to our latest franchisee recruitment media and marketing initiatives.

This year, we moved completely away from print advertising and allocated additional funds toward the digital marketing space. This includes Facebook's Lead Generation and YouTube ads, and the results have been significant. In fact, we have found this approach to be both more successful and cost-effective in driving qualified leads. Through YouTube advertising,

we have also been able to target those people who are actively looking for franchise opportunities. Currently, our YouTube ads boast a nearly 30 percent view rate—approximately double the current industry standard of around 15 percent.

Digital marketing is constantly evolving, innovating, and expanding and we decided it would be an injustice to our brand, franchisees, and fans not to use these platforms. Through our internal operations team's tireless efforts, and working hand-in-hand with our dedicated digital and public relations partners, these initiatives have made all the difference in the world and we look forward to continued success for the rest of the fiscal year. ■

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Sales smarts

Keeping It Real

Building trust through authenticity

BY JOE MATHEWS

Webster's dictionary describes the word "authentic" as genuine, actual, bona fide. Simply put, authentic marketing means "information buyers can trust." Trustworthy information influences decision-making and inspires action.

More than 2,300 years ago in Greece, Aristotle taught extensively about persuasive communication. His techniques are so timeless and effective that they are still being taught to law and philosophy students today. Additionally, his teachings are highly relevant to franchise opportunity content creation such as websites, blogs, and lead nurturing.

Aristotle asserted that all persuasive communication contains three key elements. All three relate to franchise opportunity marketing today.

1) Ethos. The information source must be perceived as credible. Take the name, "Aristotle" for instance. It's a "smart name." It has instant "street cred." Would you be as interested if we discussed "Billy Bob's cognitive model for influencing behavior?" Although your website is expected to be biased, the writer's voice should indicate "high belief" and "objective bias." You should eliminate unsubstantiated superlatives such as "This is the best franchise in our industry." Says who? By what measure?

2) Pathos. The information must strike an emotional nerve, like a passion or a felt need. Franchisees invest in senior care, sports, fitness, and educational franchises to "make money by making a difference." They can relate to the brand purpose on a deep emotional level.

3) Logos. This is an appeal to logic. When we design franchise opportunity websites, we make a strong business case using data and rationales describing what makes the business unique, profitable, sustainable for the long haul, and necessary to the customer.

Selling in the online era

Harvard Business School faculty member

Frank Cespedes and automobile marketing and technology thought leader Jared Hamilton penned an article in the *Harvard Business Review* titled "Selling to Customers Who Do Their Homework Online" (March 16, 2016). They pointed out how self-directed research is altering the car buying process. Cespedes and Hamilton discovered that the average car buyer spends 14.5 hours on the auto buying

Err on the side of being overly transparent and overly generous with authentic information.

process, with more than 75 percent (11 hours) spent online and most of their research conducted up front.

Franchisors need to develop a talent for creating online content streams that appeal to ethos, pathos, and logos, successfully addressing candidates' questions and concerns. Franchise buyers are starved for content and information they can trust, which tells them the good and the bad and carefully manages expectations about what it takes to win as a franchisee. Franchisors have traditionally been stingy or inauthentic, driving buyers off their site and searching for robust and transparent content streams they can trust.

Shooting straight

Many years ago, I studied influence with Robert Cialdini, who wrote the marketing classic *Influence*, which outlines his principles of persuasion. I remember him saying, "Always lead with the negatives." Let's assume we are discussing a franchise with the best unit-level economics in a particular category. Cialdini would ask you to rate which of the two statements appears more credible to the buyer.

1. "We are the fastest-growing and best money-making franchise in the category."

2. "Our franchisees work very hard. This business is not right for everyone. But for the right person, they will find we are the best money-making franchise in the category."

If franchisors shoot straight and populate their website with trustworthy information, candidates will reward the franchisor's transparency with their investment dollars. Recently, I was sitting in a discovery day and a candidate was explaining to the executive team and other franchise candidates why he was there. The candidate said, "I loved the corporate culture, look and feel of the store, customer feedback, unit-level economics, and the overall leadership philosophy and website. I could see the fit." The CEO asked, "How do you know all this?" The candidate responded, "It was all up on your website."

Cespedes and Hamilton found that nearly 40 percent of auto buyers won't do business with a dealer whose website doesn't list vehicle prices. An even higher percentage will leave a car lot if prices aren't clearly posted on the vehicles. In other words, the tactic of "hold back information and make them talk to you" breaks down trust and ends communication. Holding back information is a conversation stopper, not a starter.

But where do you draw the line? When does content stop and conversation begin? The short answer is "nobody knows." The buying process is transforming. However, I believe you design systems that anticipate where behavior is going rather than where it has been. If you are going to err (and you are), then err on the side of being overly transparent and overly generous with authentic information. What's the downside? ■

Joe Mathews is CEO of Franchise Performance Group, specializing in growth strategies, franchise candidate recruitment, lead generation, and financing. He is the author of four books on franchising: *Street Smart Franchising*, *Franchise Sales Tipping Point*, *Developing Peak Performing Franchisees*, and *How To Create a Franchise Sales Breakthrough. Guaranteed*. Contact him at 860-309-1484 or joe@franchiseperformancegroup.com.

Supplier Spotlight:

BY KERRY PIPES

PARTNER WITH VISION

Visualogistix offers brands turnkey marketing solutions

When you hear the name “Visualogistix,” it conjures up a pretty good idea of just what the company does. A division of Dallas-based Thomas Printworks, Visualogistix handles marketing strategy, execution, and distribution for franchise companies across the country. The division was launched in 2010 to assist franchisors with marketing supply chain management, multi-channel marketing execution, and dynamic digital signage, says Trevor Hansen, the company’s vice president.

“Visualogistix focuses on helping organizations streamline their marketing supply chain, using our web platform and our strategically located production and fulfillment centers to create a more efficient delivery model for franchisees to access and receive the marketing tools they need to succeed and help grow the brand,” says Hansen. “We engage with our clients through a discovery process to identify key pain points and areas where we can help the client have significant efficiency gains, increased response rates, and cost savings.”

The company takes care of the procurement, fulfillment, and, if necessary, the installation of its clients’ marketing campaigns and collateral. The process reduces the time franchise marketing departments spend on tasks that take them away from their core marketing functions.

Hansen says Visualogistix is uniquely positioned to assist growing franchise brands and those trying to make their marketing execution more efficient,

as well as effective. Typically, those companies have limited marketing resources and must do more with the team they have. “They are looking to run multi-channel campaigns, limited time offer campaigns, and provide their franchisees with a high level of marketing options that can be localized, while still protecting the brand integrity,” he says. Most of the company’s clients have between 20 and 1,000 units.



Your ideas, delivered.

The company’s nine print production and fulfillment centers are positioned around the country to quickly provide clients with the resources they need. The company has also taken its knowledge of print execution and applied it to the execution, installation, and support of digital signage networks for menu boards and other applications.

Today’s franchise brands are looking for the capability to allow franchisees to localize their marketing efforts, while ensuring they adhere to brand standards. Meanwhile, customers, especially Millennials, he says, are looking for brands to have a local feel.

Multi-channel solutions

“We are seeing an increase in demand for multi-channel campaigns, the ability to tie together direct mail, social media, email, and SMS text messaging into a strategic campaign,” Hansen says. Multi-channel campaigns are growing in sophistication, with response rates significantly higher than with traditional, single-channel campaigns. Multi-channel campaigns also support triggered personalized



Trevor Hansen

Supplier Spotlight:

communications that aid in higher response and close rates.

It has become increasingly important for brands to understand the local market and the individuals in it. To communicate to an individual customer's specific interests, local store marketing (LSM) efforts must maximize the use of personal data collected through POP and web interactions.

He says Visualogistix will con-

tinue to expand its multi-channel offerings to include additional social media support. "Social media in the marketing mix is extremely important and, when tied together with traditional marketing methods, campaigns can see as much as a 10 times increase in response rates overall," he says.

Visualogistix is also expanding its digital signage tools, which will allow audience-aware technology

to recognize who is looking at the screen and deliver content based on that individual. Hansen says the company is seeing continued growth in the adoption of digital menu boards and digital signage.

"Additionally, we are working on augmented reality solutions for use in direct mail campaigns and in-store POP," says Hansen. Now that's a partner with vision. ■

CASE STUDY

Nothing Bundt Cakes

When it came to supporting their bakeries, the franchisee support team at Nothing Bundt Cakes knew they were facing some challenges in the production, fulfillment, and quality of their printed signage and the reliability of their print production vendors. They also knew that if they didn't identify the right solution quickly, they would waste valuable time going from crisis to crisis without ever solving the underlying issues—and feared they would lose credibility with their franchisees, who were becoming increasingly dissatisfied with the print procurement process.

Existing print vendors had frustrated the brand with errors in production and order fulfillment, technological barriers, difficulties in reliably bringing new bakeries on board, print quality issues, and dealing with seven different account reps in a four-year span, resulting in inconsistent service and pricing to the bakeries. So they turned to Visualogistix.

Their goal was to find a print procurement system that operated like clockwork: a vendor with quality printing and reasonable pricing, as well as a knowledgeable, problem-solving team able to find the right print solution for each unique need. Nothing Bundt Cakes found that Visualogistix could provide:

- responsive service, leadership, and professionalism in all communications with every member of the team, from CEO to single-unit franchisee;
- creative solutions to problems and a proactive

approach to quality control, print production, and order fulfillment;

- a willingness and ability to go the extra mile to ensure that the support team and bakeries have what they need, when they need it;
- an adaptable online custom portal that makes ordering simple and efficient for franchisees; and
- franchisees with multiple options to find the tools they need to meet their market's needs.

The Visualogistix Marketing Asset Management solution gives the franchisee support team at Nothing Bundt Cakes complete control of their marketing content, while still allowing for local market customization. The flexible interface makes it easy for both corporate marketing managers and local managers to get what they need, when they need it, and with the quality expected of the brand.

Visualogistix provided Nothing Bundt Cakes with a simpler way to ensure that the high quality of their brand image is not compromised by shoddy print production, inconsistent vendors, unreliable fulfillment services, and confusing ordering systems.

Now, the brand's franchisee support team members can rest easier, knowing that the items their franchisees need will be delivered to their locations on time and on spec—and that Visualogistix will continue to provide this service as the brand grows nationwide.

As a result, the franchisee support team at Nothing Bundt Cakes can focus on new directions for their print production needs, rather than on resolving service and production issues.



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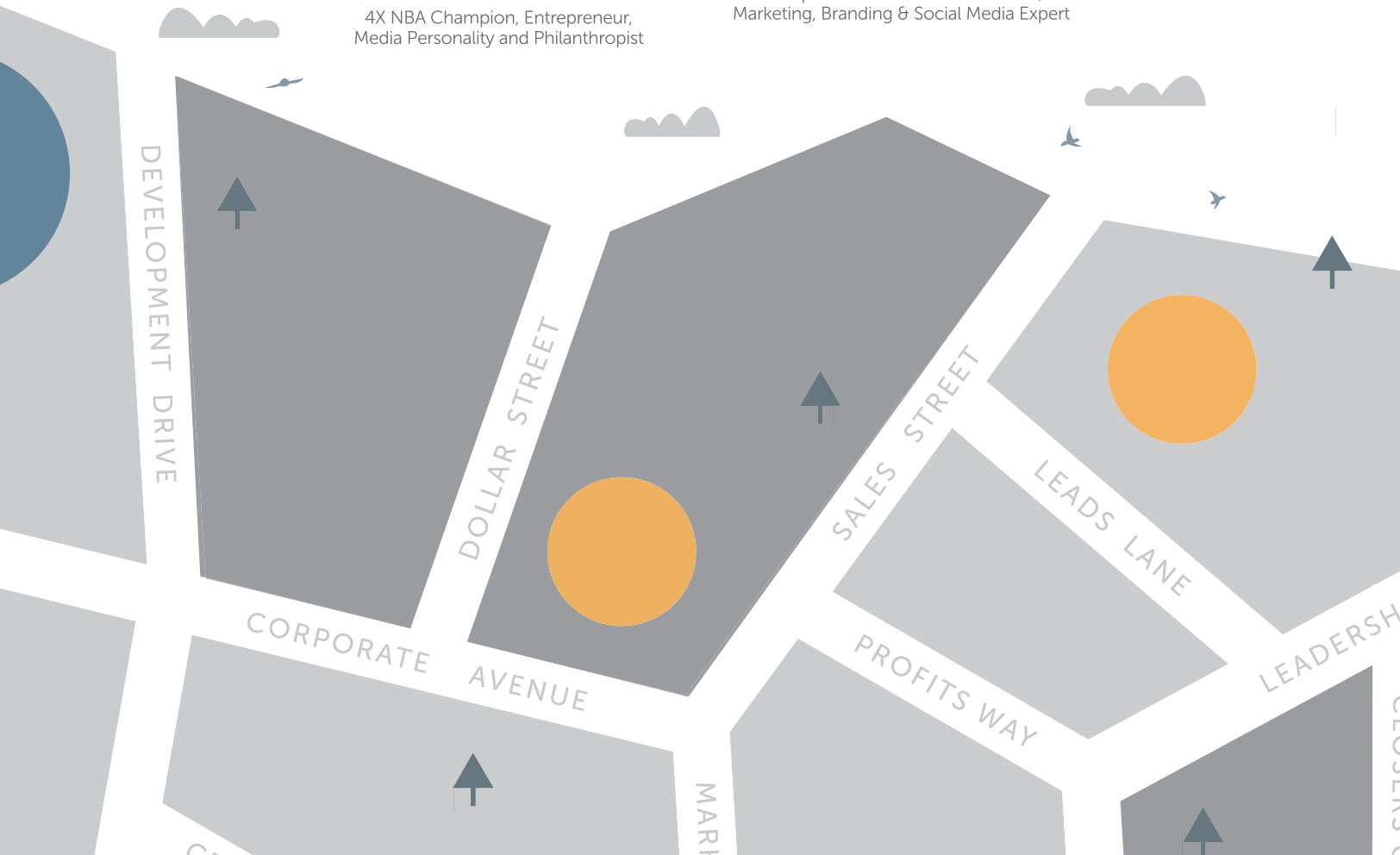
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MEDIA

Market trends

Optimize Marketing Funds Hyper-target campaigns by household

BY DARRELL JOHNSON

Advertising is not what it was 10 years ago. The pace of change for technology and data accuracy is just beginning to be understood. Both B2B and end-consumer customers have come to expect advertisers to understand who they are and “sell” to them appropriately. Companies today have access to understanding their ideal target market at a granular degree never seen before, so these expectations can be met.

One of the big issues in franchise marketing is the lack of balance between the need for system-wide consistency and location-level customization. Balancing these rather conflicting objectives is at the center of the marketing challenge most franchise systems face.

Marketing has become highly sophisticated, but I think we might be applying available technology to address the forest when we should be looking at the trees. We are investing an incredible amount of time, money, and marketing resources to reach as many people as possible when, with the right data analysis, resources can be best spent on targets with the best potential results.

Why strive to reach millions of people, the vast majority of whom aren't appropriate for your products or services, when you want to reach the hundreds or thousands who have the specific attributes ideal for your products or services? For the solution, perhaps we can turn to examples of the political usage of big data in recent presidential campaigns.

Starting with the 2008 campaign, big data turned mass marketing into targeted marketing. Instead of trying to attract people to a cause or an issue, a few data companies started profiling households. What magazines did they subscribe to? Were they college educated? Did they have pets? Rent or own? What were their purchasing patterns? What credit

cards did they use? What schools were they near? The range of data points was almost endless.

Armed with that set of detailed profile data, the campaigns turned to hyper-targeted messaging to select individual households. While mass communications

The old adage,
“You get what you
measure,” really
does hold true.

remained an important part of the political marketing plan, targeted marketing made a significant difference in reaching people and getting them to respond. Once the fine-tuning of the household profiles was completed, the rest was fairly straightforward targeted marketing. This work altered elections.

Lessons for franchising

Franchising seems well-suited to incorporate the same approach into its marketing campaigns. But how would this work?

Incredibly sophisticated data houses have sprung up to address the last decade's political campaigns. During the past 12 months, we took our entire franchisee database and matched it to one of these data house's file of 150 million households. That allowed us to expand our level of detail about a franchisee from basic information to detailed household information. We not only know what unit they own, but who they are as individuals. This obviously allows franchisors much better insights into their franchisee community. Among other things, this is helping franchisors target similar prospective franchisees in other markets.

Why not use that same capability to profile a franchise system's customers?

This could be done on a very granular, localized level. With such a localized profile, using such a database of household information would allow franchisors to address the forest and franchisees to address the trees, thereby solving one of the major balancing challenges franchisors confront.

What are you measuring?

Let's move on to a second issue: measuring activity, but not outcomes. Marketing is the only franchisor-related function that involves both franchisor and franchisee financial contributions. This makes franchisors accountable to their franchisees not only to explain how they spent the marketing dollars, but whether it was effective. Explaining how they spent marketing dollars is easy, but perhaps misguided. Remember portals and clicks in the 1990s? Back then all that seemed to matter was getting clicks. Today clicks have given way to “likes” and “shares” and “retweets.” Using such measures to address effectiveness has been problematic and, I think, usually misses the real questions franchisees have:

1) How did the marketing spend affect franchisee unit revenues?

2) How did that revenue change per marketing dollar compare with other brands?

If I were a franchisee, I'd be willing to contribute more to the ad fund if the answer to the first question was that my net revenue increased more than the cost of marketing. Answering that question is not as tricky as many believe. Perhaps a future article can be dedicated to that topic.

The second question is waiting for us to answer. In doing so I'm quite confident we will have better marketing performance. We're seeing that reflected in the Item 19 Financial Performance Representations (FPR) study we did for the IFA: better-performing brands are disclosing more detailed FPR information. By analyzing franchise system revenue changes and marketing spend, the most effective marketing programs will reveal themselves. The old adage, “You get what you measure,” really does hold true. ■

Darrell Johnson is CEO of FRANData, an independent research company supplying information and analysis for the franchising sector since 1989. He can be reached at 703-740-4700 or djohnson@frandata.com.

International

The Global Middle Class Trends show it on the rise worldwide

BY WILLIAM EDWARDS

“... 96 percent of the world’s consumers and over three-quarters of the world’s purchasing power are outside of the United States.” — Linda McMahon, U.S. SBA Administrator

More than one-third of the global economy depends on middle-class consumption, which is advancing by 4 percent, surpassing the rate of GDP growth, according to Homi Kharas, senior fellow at the Brookings Institution.

India, Indonesia, and China represent 2.8 billion (40 percent) of the world’s population, with 600 million (21 percent) middle or upper class today. Beginning around 2020, the middle class will make up a majority of the world population. According to Kharas, nearly 90 percent of the next 1 billion people to attain middle-class status will be in Asia.

• **China.** Between 2000 and 2010, consumption in China multiplied from about \$650 billion to nearly \$1.4 trillion. The country’s big spenders have become notorious for ravenously gobbling up pricey Swiss watches and high-end handbags. The average age of a high-spending consumer in China is significantly lower than in other countries because they have much greater access to material goods at a younger age, thanks to the 4-2-1 family structure, the result of China’s one-child policy: one kid having the benefits of two parents and four grandparents, so disposable incomes are much higher. To succeed in China, global brands must align with local culture and tastes.

“I think the Chinese Dream is the American Dream plus 10 percent,” says Karl Gerth, the Hsiu Chair in Chinese Studies at University of California-San Diego. To win over this generation of empowered and discerning Chinese Millennials—who are poised to be the world’s biggest spenders—it is imperative for retailers to adapt to their needs: mobile, social, experiential, convenience-driven, and customized prod-

ucts and services. Consumer awareness in China is king.

• **Italy.** Until the 1990s, international concepts and brands were unheard of in Italy. The few brands that tried to enter the market (e.g., Wendy’s) failed miserably. Two factors changed that: immigration and, more important, the Internet. The first created a more diverse population while the second made the world more accessible and perspectives became more global. Now Italians are literally hungry for nontraditional concepts. International brands are entering the market at full force, and this is predicted to be just the beginning. Not too many years ago, Italian restaurants were the classic family dining format, but now all formats from fast food to fast casual to fine dining are well-received.

Years ago, franchising was treated like a curse word, but now it is the most common method for expansion. U.S. brands are extremely popular because of their original, high-quality product and, more importantly, their business model and proven perfection in every part. In an economy known for its bureaucracy and high labor costs, a business run with precision is the only way to be profitable. (Daniel Alley, Partner, ADEA Group, Milan)

• **Brazil.** Traditional brick-and-mortar retail will still continue to be strong for a long time, but the online channel will increase in importance in the consumer buying decision process. The Brazilian consumer now relies on the web to research for information on services and products to make a better buying decision. Therefore, the integration of online and physical channels is inevitable. For Millennials, who represent 30 percent of the Brazilian population, happiness and positive experience are favored over the ownership of the product. (Ursula Aleixo, CEO, Fastdezine)

• **Millennials.** Deloitte’s 2017 Global Millennial Survey was conducted with 8,000 Millennials (born between 1980

and 2000) in 30 countries: “Millennials in emerging markets generally expect to be both financially (71 percent) and emotionally (62 percent) better off than their parents. This is in stark contrast to mature markets, where only 36 percent of Millennials predict they will be financially better off than their parents and 31 percent say they’ll be happier.”

According to YPulse, “...though local cultures inevitably impact the generation in different ways, Millennials are the most globally minded generation to date, which means they have more in common with their international counterparts than any generation before them. They’re growing up with a common set of media influences, and of course the Internet is the great equalizer, allowing the generation to access much of the same content and build friendships and communities with peers in other countries that they have likely never met.”

• **Social media.** Much of the developing world uses social media as their primary way to communicate with friends, family, and business associates. Brands must market through social media to be viable today. Here’s a quick roundup of global social media use: Facebook, 1.87 billion; WhatsApp, 1 billion; WeChat (China), 850 million; Instagram, 600 million; Twitter, 320 million; and Skype, 300 million.

• **Seniors.** “The demographic future for the U.S. and the world looks very different than the recent past. Growth from 1950 to 2010 was rapid—the global population nearly tripled, and the U.S. population doubled. However, population growth from 2010 to 2050 is projected to be significantly slower and is expected to tilt strongly to the oldest age groups, both globally and in the U.S. The percentage of the global population 65 or older will go from 8.2 to 15.6 percent, from 605 million today to 720 million in 2020 to 1.5 billion in 2050.” (Pew Research Center)

“Age is only a number: the global elderly want to be heard. As they redefine their role in society, they are looking for ways to lead an active, modern, meaningful, and independent life,” says Ursula Aleixo, a franchise specialist in Bello Horizonte, Brazil. ■

William Edwards, CEO, Edwards Global Services (EGS), with the help of Heather Edwards, Research Director, EGS. Contact him at bedwards@edwardsglobal.com or 949-224-3896.

It's closing time

How Healthy Is Your Brand?

Take this quick "Big Three" test now!

BY ART COLEY

If your perspective on the meaning of franchise development is a narrow focus on how many deals you get signed this quarter, I'd suggest you reconsider. Unless, of course, the focus of the organization is around selling franchises, not on adding shareholder value.

Whether conscious or not, the sad truth is that many management teams out there today still believe it's okay to sign and bring on anyone willing to sign a franchise agreement. The other side of the view is the management team

dedicated to expanding and growing the franchise network through increases in system sales, unit count, and unit economics. This brand is heading in the right direction.

Nothing drives shareholder value in a franchise more than annual double-digit growth with the "Big Three": *system sales, unit count, and unit economics*. Get this reality happening year over year with your brand and you've punched the winning ticket!

ACTION: Pause from reading this

column and take the "Big Three" brand health test I've included. This easy self-assessment will help you identify possible brand health issues. Take the test now.

How did you do?

So you took the test and you're wondering about the results. If "A" or "B" were the answers to each question, that's good. Keep moving forward. If any answers were "C," "D," or "E," take a timeout and explore further. This should be discussed at your next management meeting.

Though the test is simple, getting to the root cause of what's driving either great or poor performance can be a challenge. I want to hit on one area I have found that just might be the #1 contributor to poor brand health.

Poor brand health is often the result of misunderstanding franchise development. What am I talking about?

- It's a narrow focus on how many signed franchise agreements you can get each year.

- It's having a "selling" mindset vs. a "recruiting" mindset.

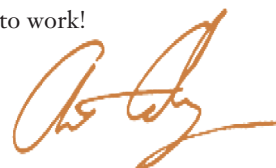
- It's not starting with the end in mind and reverse engineering to get the right development strategy and plan.

- It's not understanding that development doesn't stop with a signed agreement, but is just getting started and includes successfully onboarding a new unit/franchisee.

And more...

The fact that you're reading this column tells me you want to do development right. You want to be a champion in recruiting and onboarding new franchisees. Through this column, I'm dedicated to exploring development challenges and offering solutions that might just help you and your brand make the move to the next level.

Let's go to work!



Art Coley is CEO of CGI, a recruitment and onboarding firm dedicated to helping franchise brands maximize their recruitment and development efforts. Contact him at 254-239-5411 or acoley@cgifranchise.com.

Big Three Franchise Brand HEALTH TEST

1) Last 3 years of year-over-year system sales growth?

- A) 11%+
- B) 6% to 10%
- C) 1% to 5%
- D) 0% to -10%
- E) -11%+

2) Last 3 years of net new unit openings?

- A) 11%+
- B) 6% to 10%
- C) 1% to 5%
- D) 0% to -10%
- E) -11%+

3) Last 3 years of year-over-year key unit economic metric growth?

- A) 11%+
- B) 6% to 10%
- C) 1% to 5%
- D) 0% to -10%
- E) -11%+

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BY FRANCHISE UPDATE MEDIA

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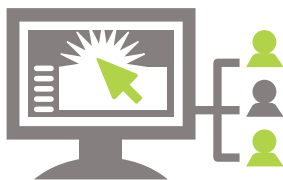
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