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Innovation Is in the Air

Written By KERRY PIPES

I've witnessed a lot of innovation over the past few months!

First was our annual Franchise Innovation Awards competition. The awards recognize brands for their unique uses of technology, strategy, and tactics in four categories: marketing and branding, HR, products and services, and operations and technology. In this fourth year of the contest, more than 100 entries competed. As always, true innovators rose to the top with creative ideas that led to systemwide improvement.

A second innovation was the rebranding of our summer consumer marketing conference. Now called the Franchise Customer Experience Conference, the FCXC expands the long-running event's traditional marketing focus to recognize the increasing overlap of marketing's many roles with those of operations and technology. You'll find full coverage of both the Innovation Awards and FCXC in these pages.

Innovation and change are the overriding themes of this issue. Take the accelerating trend of consolidation for both franchisors and franchisees. On the franchisor side, the pandemic has significantly ramped up acquisitions of franchise brands. The same holds on the franchisee side, where larger franchisees are buying up locations from smaller ones. Driven in part by increased private equity investments, this trend will continue to grow.

For franchisors, this strengthens their competitive position—not only through diversification and cross-concept synergies, but also through offering franchisees and candidates additional options to choose from, often with related concepts. This trend, especially evident in the home services sector, also applies to restaurant brands.

For franchisees, benefits include not only a diversified portfolio to help ride out economic storms, but also economies of scale, cross-brand synergies, and greater employee retention by offering a career path. It's not only interesting, it's here to stay, says writer Sara Wykes.

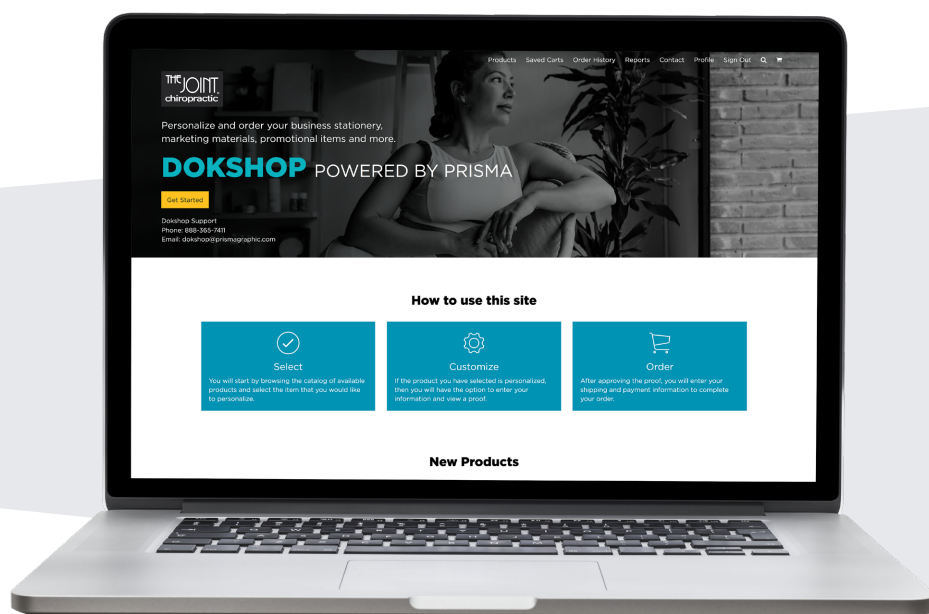
There also seems to be a renewed appreciation for local marketing as a way to enhance the customer journey (into your store, website, or other location). Franchise brands know how important it is to meet customers when, where, and how they prefer. New tools and strategies in local marketing are allowing both franchisees and franchisors to build closer relationships and trust with their consumers and communities. Writer Helen Bond explains more in her feature story in this issue.

You'll also find highlights from this year's Annual Franchise Marketing Report (AFMR), packed as ever with key data and insights for franchise consumer marketers across all industries and brands. One of the key findings this year is that franchise brands must do a better job evaluating and measuring the customer experience. (Sound familiar?)

In business, as in life, innovation is essential to survive and prosper in a changing world. The pandemic forced brands to innovate on an accelerated timetable, and forward-thinking franchisors and franchisees adapted—quickly—to survive. Think back to those first months of the pandemic—the fear, the confusion, the uncertainty. We've come a long way since then and today see how the brands that embraced innovation and change surged to the front of the pack.

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PRIMO CEO

Leading PrimoHoagies onto the national stage

Written by **Kerry Pipes**

NICHOLAS PAPANIER, JR.

Title: **Owner, President, and CEO**
Company: **PrimoHoagies Franchising**
Units: **89 open, 54 under development**
Age: **36**
Years in franchising: **21**
Years in current position: **3**

Nicholas Papanier, Jr. grew up in the family sandwich business, watching his father grow the brand that he co-founded in 1992. Today, PrimoHoagies, a New Jersey-based sub chain, has blossomed into 89 locations across Pennsylvania, Delaware, Florida, Maryland, New Jersey, North Carolina, and South Carolina—and has plans for nationwide expansion.

Papanier has been along for most of the ride. He joined the brand in 2000 as a sandwich maker and moved on to running the shipping warehouse before rising to COO in 2017 and CEO in 2019. Today he serves as the company's owner, president, and CEO.

Yet despite moving into the CEO role just as Covid was about to place its stranglehold on the world, Papanier led the brand to its most successful year ever in 2020. That year, PrimoHoagies recorded revenue of \$56 million, a 22% increase over the previous year, and same store sales grew 13% YOY. One of the strategies that helped the brand achieve those goals was addressing and responding to growing consumer demand for pickup and delivery services by implementing new technology and procedures for the services.

Papanier says there are three essential keys to franchising success. "You need the right franchise partners because the relationship is like a marriage, you must provide great customer service, and never sacrifice quality," says the 36-year-old Papanier.

He's now focused on the next stage of the brand's growth and says the company signed more than 50 new locations last year and will open its 100th location this year. He says the company would like to reach 150 locations by end of 2023 and 300 in the next 5 years.

LEADERSHIP

What is your role as CEO? Overseeing the entire operation of the company. Most importantly, I believe it's based on building a well-rounded and experienced team around me to help achieve our goals. Doing that gives me more opportunities to continue to

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How has Covid-19 affected the way you have led your brand? Covid-19 made me open up the company playbook. To continue the growth and profitability of the company I had to see the brand from different viewpoints. This has ignited tremendous growth not only in company sales, but in franchise development as well. My team really stepped up to the plate when Covid hit.

Describe your leadership style. Bold and direct. I'm usually very straight to the point. I act without hesitation, especially in circumstances when I see the overall picture very clearly. Speaking up and making sure both my voice and those of my employees are heard will always play a big part in my leadership style.

What has inspired your leadership style? Growing up in the business, and watching my father take the company from 2 stores to 70. I always have admired his leadership style and will continue to carry that with me as we expand nationwide.

What is your biggest leadership challenge? Supply chain has been my biggest obstacle lately, while at the same time trying to manage franchisees' expectations.

How do you transmit your culture from your office to frontline employees? I think my open-door policy and always being accessible translates well from the executive leadership down to the front lines. I make myself available 24/7. No problem is too big or too small.

How can a CEO help their CMO develop and grow? I think giving the CMO their freedom in their department and letting them run the show for the most part has allowed for great growth—although they always know I am around the corner if they ever have a question or want to run an idea by me.

Where is the best place to prepare for leadership: an MBA school or OTJ? OTJ, as you never learn until you do.

Are tough decisions best taken by one person? How do you make tough decisions? I think tough decisions should always be discussed in a group setting to get different viewpoints, but ultimately, at the end of the day, the decision is on the CEO.

Do you want to be liked or respected? Respected. Not everyone is going to like you, and that is totally fine, but being respected is critical in my position.

Advice to CEO wannabes: There are no days off in the CEO world. Know every position in your company and their roles.

MANAGEMENT

Describe your management style: Understanding my team dynamics and encouraging good relationships, but setting clear and manageable expectations.

What does your management team look like? My team consists of hardworking, grind-it-out, whatever-it-takes-mentality individuals.

How does your management team help you lead? I set quick daily morning recap meetings with several leaders in each department. I feel communication is key.

Favorite management gurus: Do you read management books? My father, Nicholas Papanier, Sr.

What makes you say, "Yes, now that's why I do what I do!"? When I see how we helped our new franchisees be successful entrepreneurs. The look on their faces on grand opening day always sticks in my mind.

OPERATIONS

What trends are you seeing with consumer spending habits in your stores? Digital and third-party ordering platforms are continually taking off.

How is the economy driving consumer behavior in your system? I think with remote working becoming more common, we have seen a dip in catering, but more individual meals being purchased.

What are you expecting from your market in the next 12 months? We will be nationwide in the upcoming months as we prepare to open our 100th store shortly and our 150th store by the end of 2023.

Are your franchisees bullish or bearish about growth and adding units? Without a question, bullish, which I absolutely love!

Are commodity/supplies costs any cause for concern in your system? I think it's been a concern for all industries. It is definitely on my radar daily as we navigate through these challenges.

How are political/global issues affecting the market and your brand? The rising fuel prices are driving up the costs of goods.

PERSONAL

What time do you like to be at your desk? Home office desk at 6:00 a.m., in the office by 7:30.

Exercise in the morning? Wine with lunch? Exercise after work. Wine with lunch and dinner!

Do you socialize with your team after work/outside the office? Yes, usually with team-building events.

Last book read: *The 7 Habits of Highly Effective People* by Stephen R. Covey. This book has reminded me of the importance of being proactive and always thinking to win.

What technology do you take on the road? iPhone and iPad are always a necessity.

How do you relax/balance life and work? I try to get to the gym 6 days a week.

Favorite vacation destination: Aruba. It's not called "One Happy Island" for nothing.

Favorite occasions to send employees notes: Usually after a big team win.

Favorite company product: Dirt Pudding.

BOTTOM LINE

What are your long-term goals for the company? 300 stores within a 5-year period.

How has the economy changed your goals for your company? It accelerated them. More people are looking to get out of the corporate world and instead become entrepreneurs by starting their own business.

Where can capital be found these days? We work with several different lenders, but money is readily available these days.

How do you measure success? I'm a numbers guy. The better the numbers, the better the success in my mind. Same goes with employee turnover; lower turnover means you have happy employees.

What has been your greatest success? Doubling sales and soon to be doubling the store count in a 4-year period.

Any regrets? I look forward, not back.

What can we expect from your company in the next 12 to 18 months? We will be a household name nationwide. ■



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FRANCHISEE AT THE TOP

Leading by influence pays off at Robeks

Written by **KERRY PIPES**

David Rawnsley knows just what it feels like to be a franchisee. The president and CFO of L.A.-based Robeks recalls his days as a regional director and master franchise partner with the health food franchise that serves up smoothies, açai bowls, and juices.

“I was in the Robeks system as developer and franchisee before joining, and then eventually leading, the Robeks corporate team,” says the 53-year-old. “I am still a Robeks franchisee today.” Today, however, he spends his time focused on corporate responsibilities while his wife operates their two franchised locations.

Rawnsley’s tenure with the brand began in 2005. He became a franchisee in 2008, took over as CFO in 2014, and added president to his title in 2015.

Although he runs Robeks from the corporate office, he prefers to lead its franchisees from the trenches through a leadership style he describes as “influence, rather than command-and-control.”

Under his leadership, the brand has sped up development by being “stubborn on destinations, flexible on tactics, and relentless on progress,” he says. The results include increased AUVs, new store buildouts, a new approach to all consumer-facing elements, a reimagining of the menu, and new product introductions.

Today, with the brand at 90 locations, Rawnsley says the company will continue to grow its unit count based on strong unit economics and dedication to providing a solid ROI to franchisees, “all predicated on providing great products and service to our consumers.”

LEADERSHIP

What are your roles as president and CFO? As president my role is to take full responsibility for the brand and execute its mission to create delicious food that makes people happy. However, Robeks is more than the food we serve and the guests we serve it to. It is an ecosystem of investors, corporate team members, franchisees, store team members, customers, and

DAVID RAWNSLEY

Title: **President and CFO**

Company: **Robeks Franchise Corp.**

Units: **90**

Age: **53**

Years in franchising: **17**

Years in current position: **6**

vendors. I seek to maximize the rewards associated with the Robeks experience, whether as a guest, a store team member, a franchisee, a support center member, or an investor.

How has Covid-19 affected the way you have led your brand?

Since Covid-19, I lead the brand with far more empathy than ever before. Covid-19 was unique in many ways. For example, it was the first time restaurant franchisors had to weigh decisions about the success of their business against a real and imminent threat to the life and safety of their franchisees, team members, and their families. Franchisees and store team members were, and are, on the front lines. Franchisee interests are obviously extremely important in a franchised system. The pandemic made it crystal clear that franchisees are the most important stakeholder in the franchising ecosystem.

Describe your leadership style. It is odd to ponder this question after 6 years in this role. On my very first day as president, I asked myself how I was going to lead. I wrote down the answer on a Post-it Note I still have. It reads, “Lead by influence rather than command-and-control.”

What has inspired your leadership style? I believe that by the time most people become president their leadership style is 90% innate based on their life experiences and 10% conscious thought. So much of my leadership style is based on my life experience as a Robeks franchisee for several years. Before assuming the role of president, I, like many franchisees, didn’t feel as though the brand leadership at that time sought enough input from the franchisees on the front line of our business. One of the first initiatives I undertook as president was to revamp our menu offerings. As part of the process, we brought 12 franchisees from various parts of the country and with various amounts of tenure out to Los Angeles and hosted a 2-day menu ideation session to help us shape the product offerings on our new menu. The final product was ultimately determined by the corporate team, but we received a great deal of constructive input and many of the ideas and suggestions generated by our franchisees were a part of the menu revamp.

What is your biggest leadership challenge? Recognizing that I can “please some of the people some of the time, but not all of the people all of the time.” In a franchise system with nearly 100 locations, there are numerous opinions about what we should and should not be doing regarding every aspect of our business, from the products we offer and the technology we leverage to the store decor and design... the list goes on. Although I believe that our corporate team has earned the faith of our franchisees, we always have a detractor or two. That is not something I can easily compartmentalize or leave in the rearview mirror.

How do you transmit your culture from your office to frontline employees? Everyone on the leadership team knows that our brand, our stores, and the individuals delivering on the brand promise do not live on paper or on laptops; they live in the 3-dimensional real world. If you want to influence and have an effect on them, you must meet them where they are. This means store visits are first and foremost. Our leadership team, in addition to our franchise business consultants, make frequent visits to our stores.

We also hold monthly franchisee webinars that are open to all of our franchisees. For those who cannot attend, the webinars are recorded and posted on our franchisee portal so they can replay them at their convenience. During these webinars we review the business, upcoming marketing plans, and operational issues with full transparency for our franchisees.

We also provide our Brand Guide to the stores for all team members to review. The booklet was originally printed for internal distribution, but it is a great way to communicate what the brand stands for and the organization to which our store-level team members belong. It contains our mission statement, a brief history of our vision, and our brand pillars.

How can a CEO or president help their CMO develop and grow?

Give them the runway to take off with creative ideas while being grounded in the brand’s promise and vision.

Where is the best place to prepare for leadership: an MBA school or OTJ?

Given I didn’t go to graduate school and don’t have an MBA, I am going to go with on-the-job training. However, I think my experience is somewhat unique in this regard. I was an economics major in college, knew I wanted to go into business because I had an entrepreneurial spirit as a kid (painted curbs, purchased chickens so I could sell eggs, had a paper route, etc.), but didn’t know what I wanted to do. I took a concentration of accounting classes, passed the CPA exam, and went to work for a public accounting firm as an auditor. My thinking was that to audit a transaction, you had to understand the transaction, and if you understood the transactions of a business, then you understood the business. It was great. I was an auditor for 3 years and had more than 30 different engagements before moving into private industry. The clients I worked on ranged from fashion and fragrance, entertainment, and demolition to real estate, education, and nonprofits.

I was working in finance and accounting when my wife and I started a family and thought that if I was ever going to go into business for myself, that was the time. I quit my job and spent about 3 or 4 months trying to find a business to purchase. I was not necessarily looking at franchising, but I found it appealing given there is a proven system in place with a great deal of support and reduced risk. I was drawn to the smoothie segment because I felt health and well-being would never go out of style, and because the segment was 10 years old at the time so knew it was not a fad.

Are tough decisions best taken by one person? How do you make tough decisions?

Tough decisions are best taken by a team, but the team leaders answer to them. I make tough decisions by listening and considering input from different parties with different perspectives. I then consider those perspectives along with any available empirical data and make a decision. I should also add that direct experiences often help on “go vs. no-go” decisions. For example, before we moved to a new loyalty app provider, the team downloaded loyalty apps from numerous brands and identified the best experiences as a user before evaluating the loyalty providers on their pitch.

Do you want to be liked or respected? I want to be respected in my professional life and liked in my personal life.

Advice to CEO wannabes: I have a great relationship with the leadership team. However, it can still be lonely in the role as president from time to time. I suggest keeping the lines of communication open with peers outside of your organization and connect with them to share experiences. You will quickly realize there are a number of people who face the same challenges and enjoy the same successes, and your moments of loneliness will quickly pass. Creating and connecting with a network of peers will also keep you from operating in a bubble.

MANAGEMENT

Describe your management style: Provide space, but never miss an opportunity to provide support.

What does your management team look like? We have a lean and productive team with a passion for the brand and a great deal of tenure.

How does your management team help you lead? Our leadership team meets weekly. We spend about 30% of our time on reporting and 70% of our time on problem-solving and initiatives. Each team member has unique professional experiences, allowing them to provide insights and make recommendations on whatever issue we are trying to solve.

Favorite management gurus: Do you read management books? I don't know that I have a favorite management guru. However, I recently read *The Speed of Trust: The One Thing That Changes Everything* by Stephen M. R. Covey. It was a fantastic read that highlighted how significantly more efficient and effective teams can be when they are built on trust.

What makes you say, "Yes, now that's why I do what I do!"? Visiting one of our locations and hearing from customers how much they enjoy our products and service, and seeing the pride our franchisees take in providing that.

OPERATIONS

What trends are you seeing with consumer spending habits in your stores? We were seeing two prominent trends pre-Covid. First an increase in digital orders and delivery, and second, an increase in average guest check. The pandemic accelerated these trends. We continue to see both digital orders and average check grow.

How is the economy driving consumer behavior in your system? Inflation is on everyone's mind and affecting everyone's purchasing power. Fortunately, we are serving freshly made, quality products at a very reasonable price point. We are not currently seeing a decline in traffic. It seems that family and casual dining are going to be more negatively affected by inflation and that we may actually benefit as consumers choose a more affordable meal replacement like a smoothie or avocado toast.

What are you expecting from your market in the next 12 months? We expect inflation to continue through the end of the year, but do not believe that will reduce traffic at Robeks.

Are your franchisees bullish or bearish about growth and adding units? Our franchisees are very bullish. We are adding new units at a record pace with more than 50% of that growth coming from existing franchisees.

Are commodity/supplies costs any cause for concern in your system? I think everyone is concerned about increasing commodity costs. Fortunately, we have a broad range of ingredients. So a spike in a few ingredients does not have the detrimental effect on our overall food costs that it would at a concept reliant on a single primary ingredient, such as poultry, beef, or cheese.

PERSONAL

What time do you like to be at your desk? I am generally in the car by 6:00 a.m. Los Angeles traffic dictates what time I arrive at my desk.

Exercise in the morning? Wine with lunch? No exercise in the morning except for exercising my jaw. I spend a fair amount of time on the phone during my morning commute given that I am on the West Coast and we have operations or team members in the Mountain, Central, and Eastern time zones. I typically skip wine at lunch so I can have a double portion with dinner!

Do you socialize with your team after work/outside the office? I socialize with the team when we travel and would likely socialize outside of work if we had more time.

Last two books read: *The Speed of Trust: The One Thing That Changes Everything* by Stephen M. R. Covey and *Pride and Prejudice* by Jane Austen.

What technology do you take on the road? Phone, laptop, headphones.

How do you relax/balance life and work? Hmm... did I mention that my full-time best efforts are focused on the Robeks brand, and that my wife operates two Robeks franchised locations where both of my kids work part-time? Balance is not a word I am familiar with. We are Robeks 24/7. I enjoy what I do. The real answer to your question is carving out family time. Lately that has taken the form of Sunday breakfast. We take a country drive on back roads to a small city golf course for breakfast. The drive is about an hour each way with phones off. It is as much about the car time with no distractions as it is about breakfast. I also boat out to the Channel Islands several times in the summer. The closest island is only 13 miles from the coast and less than 60 miles as the crow flies from Los Angeles, but it feels like a lifetime away where we fish, hike, or go for an occasional swim.

Favorite vacation destination: Anywhere with my family.

Favorite occasions to send employees notes: I send each corporate employee a handwritten note and gift card on both their birthday and anniversary.

Favorite company product: Our Classic Avocado Toast: ¾-inch-thick sourdough toast, fresh avocado, drizzle of lemon juice and olive oil, chili flakes, salt, and pepper. It's fantastic!

BOTTOM LINE

What are your long-term goals for the company? Continue to grow our unit count based on the foundation of very strong unit economics and return on investment for our franchisees.

How has the economy changed your goals for your company? Fortunately, the current economy has not tampered with our goals at all. We are in a health and wellness category, serving portable products that are good for you.

Where can capital be found these days? We are generating enough cash flow to fund our current growth strategy and are not currently looking for capital.

How do you measure success? By the degree to which I meet the expectations of all Robeks stakeholders. Over the long term, there is no set of standard performance indicators. Rather, I evaluate satisfaction year to year, month to month, and sometimes week to week. I measure success by whether our investors are satisfied with their return, our team members are satisfied with their career, our franchisees are satisfied with store ownership, and our customers are satisfied with their purchase.

What has been your greatest success? The evolution of our brand over the last few years has been significant and has resonated strongly with our consumers. This has translated to increased returns for our franchisees who, along with new franchisees, are growing our system.

Any regrets? No regrets.

What can we expect from your company in the next 12 to 18 months? Continued brand evolution, same store sales growth, and unit growth. ■



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Turbo Tint Gains Traction

Teamwork drives Moran's new concept

Written By
PETE BALDINE

An idea for a new window tinting concept from a longtime Moran Family of Brands franchisee is helping fuel growth and create lasting partnerships.

For more than 30 years, the company has been a franchise leader in the aftermarket auto repair, maintenance, and accessories industry. Our lineup of six brands includes household names like Mr. Transmission and Milex Complete Auto Care, as well as Turbo Tint, our new window tinting brand. We've seen many changes to the company over the years with the most recent major development coming at an unlikely time—during a pandemic.

Partnership fuels new concept

At Moran, relationships are key and our franchisees are family. To foster valuable partnerships, we maintain open lines of communication with our franchise owners. Our franchisees in the field know their markets and offer insights and best practices to help us sharpen our procedures and improve our concepts. Our Franchise Advisory Alliance keeps us on the right track and gives our owners an opportunity to ensure their voices are heard. The eight Alliance members are elected by franchisees and meet quarterly with the corporate office to discuss concerns and success stories.

Our efforts to establish a family atmosphere at our company were recently put on display with a new concept we launched at the height of the pandemic. One of our top operators, Greg Goodman, approached us with an idea for a new brand. After successfully operating our Alta Mere concept in Oklahoma City for more than 25 years, Greg and his son, Chandler, wanted to focus on automotive window tinting, paint protection film, and architectural film services.



The Alta Mere concept sells window tinting, as well as a host of other car accessories, such as alarms and backup cameras. Many of these items come standard in newer model vehicles, prompting Greg to rethink the concept. Inspired by brands like Carvana and other concepts that put an emphasis on speed, Greg and Chandler developed an idea for a streamlined concept.

In partnership with Moran, the pair created Turbo Tint, a high-quality, highly efficient installation service delivering a one-hour guarantee. The brand also offers online scheduling and purchasing as a differentiating feature, allowing customers to purchase a window tint package and schedule an appointment online. When they arrive for service, they select their desired shade of window film. The entire installation process is completed in one hour or less.

To gauge its potential, we decided to test the new concept for a year under the location's existing Alta Mere name. Moran and the Goodmans collaborated on remodeling, signage, and developing the online ordering system for the beta test at their shop.

The results of the test blew us away. Implementing the new business model increased their sales by 30 percent. When stay-at-home orders forced his location to close for a month in April 2020, the store sold 250 window tint orders online and increased sales by more than \$10,000 over the previous April.

"This concept is a game changer for the automotive window tinting industry," Greg told us.

In addition to positive sales results, the Turbo Tint concept provides a solid opportunity for car aficionados who want to invest in a growing industry with a brand that sets itself apart from the competition. Entrepreneurs interested in opening a Turbo Tint location in their area can expect

to invest \$234,010 to \$314,900, which includes a franchise fee of \$45,000 and operating expenses for the first 6 months.

The Goodmans officially opened the first Turbo Tint location in October 2020 in Oklahoma City and plan to add a second location in the area this year.

Moran rolled out the brand nationally in January 2021. The concept has been received particularly well in warm weather states where the business is a welcome relief for car owners looking to block the hot and dangerous rays of the sun. Right now there are four Turbo Tint stores serving customers in Oklahoma and Florida. We also have agreements for 35 more units in development and expect 6 to open by the end of this year.

"This brand carries a high value proposition by delivering a first-class tinting experience with a convenient online ordering process for busy individuals," said Derek Huizinga. He is a new Turbo Tint franchise owner in the Orlando area and plans to open another four.

As part of the concept, all Turbo Tint locations feature a modern and spacious customer waiting area where customers can enjoy complimentary premium coffee, beer, wine, soft drinks, and snacks while they wait for their window tint to be installed.

Collaborating with the Goodmans to launch the Turbo Tint brand has been a wonderful experience. Greg has been a staple of our franchise system and has received many accolades for his valuable contributions over the years, including being a five-time winner of our Franchisee of the Year award for the Alta Mere brand.

We are excited to watch this new concept continue to take off. ■

Pete Baldine is president of Moran Family of Brands.

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Train, Train, Train

How you train is as important as what you train

Written By

MARLA ROSNER & ANDREW SEID

In franchising, a successful training program is the lifeblood for systemwide consistency. Proper training at all levels ensures that your brand standards are effectively met and demonstrated to your customers and the world at large. And it is the key means of imparting the franchised business concept to franchisees. As such, it is a critical function requiring time, expertise, and investment by the franchisor.

Franchisors must give careful thought to who needs to attend “initial franchisee training.” For most of our clients, we require the franchisee to identify who will be the person training their employees, both in the lead-up to opening and going forward. This person can be the franchisee or their designated operating principal if the franchisee is an investor or absentee owner. Often it is a GM or specified trainer the franchisee hires in the lead-up to opening. The person specified as trainer must successfully complete the initial training. If that trainer leaves the franchisee’s operations, a new trainer must be trained and certified within a specified period to stay in compliance with the franchise agreement.

For most businesses, the *content* of a training program is fairly easy to identify once the system’s procedures, requirements, and best practices are articulated in manuals. Determining the *methods* of imparting that content and making training “stick” is often more difficult and an area many franchisors struggle with.

In franchise training, corporate knowledge of processes and procedures is not only imparted to franchisees, it must also cascade down to their employees. A franchisor’s intentions may be good, but poor articulation of training goals and ignoring the best methods to achieve them can mean that training doesn’t achieve its intended objectives, and the system suffers.

Understanding *who* the target audience is (franchisee, their managers, or their

employees), as well as what your learning *objectives* are, will help you determine the proper and most effective methods for a training module.

Teach, don’t tell

In developing an initial franchise training program, one of the most common missteps is confusing telling with teaching. Armed with weighty operations manuals and faced with the daunting task of imparting everything about the system and brand standards, franchise training programs often rely on experts from operations, marketing, and financial management to take turns restating content from the manuals, or reviewing endless PowerPoint slides. Unfortunately, talking heads do not score well in terms of learner retention.

By the time franchisees leave the class to launch their business, they likely are feeling overwhelmed. Sending field teams to a new franchise location to assist management to train employees during the business opening is critical, but it typically does not compensate for the gaps in franchisee competencies left by firehose training methods.

Interactive training methods

Retention of training is known to be significantly higher when interactive methods are used that require participants to apply their knowledge as part of the learning experience. Methods for accomplishing this generally require more time than talking heads. Here are a few to consider: job shadowing, hands-on practice, case studies, role plays, e-learning exercises, and simulations and games. Video is the gold standard in modeling behaviors and skills, whether how to cook a burger, cut hair, or install solar panels. Combined with hands-on practice, this provides the highest level of skill retention.

Keeping efficiency in mind

Creating an efficient initial franchisee training program is crucial as franchisees are pressured during their buildout. Distance learning methods, from recorded webinars to live Zoom sessions, can enable bite-sized, digestible modules for franchisees before and after a concentrated program at the corporate office—allowing them to juggle their construction and ordering tasks as they learn.

This is *not* to say new franchisees shouldn’t be brought to the home office for certain aspects of initial training. This is a crucial opportunity to both develop the foundation of franchisee and franchisor relationships and to use interactive training methods that facilitate retention of critical

skills and knowledge. Every franchisor must make their own assessment of whether this approach is appropriate for them.

Training the trainer

In a well-structured franchise system, the franchisee (or their operating principal, manager, or trainer) is responsible for training their employees. Training someone to train others requires thoughtful planning and the proper allocation of time.

As franchisor, you want to be confident that training information will be effectively presented to the franchisee’s employees without your direct involvement. For example, in a food and beverage brand, teaching cooking methods to the person who will be conducting training at the restaurant is not enough. Time should be built into the program for the franchisee’s trainer to “teach back” the cooking methods to the corporate trainer and receive feedback and coaching.

When to address training topics

When training objectives are well-defined, many decisions about training programs become clear. To define your system’s training objectives, bring stakeholders and appropriate subject matter experts together for each target audiences’ training program (franchisee, manager, or employee) and consider the following questions.

What attitudes do we want learners to have and generate in their business? What is our corporate culture, how do we convey that, and how do we gain learner alignment?

What should trainees be able to accomplish after participating in the training program?

What is the desired level of such accomplishment, according to industry or organizational standards?

What knowledge do learners need? What information is required?

What skills do learners need? (Skills are different than knowledge. Skills are made up of a set of behaviors; absorbing information is cerebral.)

Your answers to these questions will dictate the training methods that will be most effective for your system. Both new and mature franchisors should assume their training programs need ongoing attention to continuously improve, align with operational changes, and take advantage of appropriate training methods. ■

Marla Rosner is a senior learning and development consultant and **Andrew Seid** is a senior consultant at MSA Worldwide. To learn more, call 860-523-4257.



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72 Hours To Save Franchising

Weil defeated, it's time to save the Franchise Rule

Written By
MATT HALLER

Earlier this year, following a lengthy and hard-fought campaign led by the IFA, Labor Studies Professor David Weil failed in his pursuit of the top job at the U.S. Department of Labor's Wage and Hour Division. This was the first time since 1989 a federal appointee's confirmation was defeated on the floor of the U.S. Senate. The Wage and Hour Division has incredible regulatory authority over the franchise business model and Weil's appointment would have spelled significant challenges to franchising.

Weil previously held the same position in the Obama administration, during which he led the charge on an unlawful overtime rule, sweeping restrictions on the use of independent contractors, and new joint employment rules that imposed crushing operational and legal costs on franchise brands.

Saving the Franchise Rule

The success of the campaign to defeat Weil's nomination provides perspective for the next battle: the 10-year review of the FTC's Franchise Rule. As we learned with the Weil campaign, comments and engagement from local franchise owners and franchisor executives help connect policymakers with the impact of the laws, rules, and appointments they make on franchise owners' ability to do business.

In early June, the IFA led a group of 16 national business organizations urging Congress and the FTC to work together to preserve the Franchise Rule, currently under its 10-year review. The Franchise Rule, the primary federal regulation governing the franchise sector since 1978, requires franchisors to provide essential information to prospective franchisees.

In letters to the U.S. House and Senate Commerce Committees, the industry groups detailed how the Franchise Rule

helps promote business ownership and support economic growth. The letters were signed by 16 groups representing business and industries involved in franchising: the American Hotel & Lodging Association, American Staffing Association, Home Care Association of America, IFA, International Health Racquet and Sportsclub Association, International Sign Association, National Association of Convenience Stores, National Association of Realtors, National Association of Women Business Owners, National Council of Chain Restaurants, National Restaurant Association, National Retail Federation, Small Business & Entrepreneurship Council, U.S. Black Chambers, U.S. Chamber of Commerce, and Workplace Policy Institute.

(Read the full letters to the House and Senate on the IFA website.)

"During the economic recovery, there has never been a better time for entrepreneurs and workers to be in franchising," said IFA Senior Vice President of Government Relations and Public Affairs Michael Layman. "The franchise sector is growing faster than the rest of the economy, franchisee satisfaction has never been higher, and franchise workers enjoy greater advancement opportunities and higher wages than nonfranchise small-business workers."

The letter continued, "The Rule affords current and prospective franchise owners information they need to weigh the risks and benefits of a business investment... This has led to successfully creating pathways to entrepreneurship for business owners of all backgrounds and enabled these owners to create wealth in communities across the nation."

You did it, now let's do it again!

The outcome of Weil's recent nomination could have been very different if not for franchising "FANs" like you. In the 72 hours before the Senate vote, thousands of franchise owners and dozens of brand CEOs—all members of the Franchise Action Network (FAN)—called their elected representatives in opposition to his nomination.

The Weil campaign and others like it in recent years, including the IFA's defeat of the PRO Act and the inclusion of special language making franchisees eligible for Covid-era PPP funds, are successful only when decision-makers hear from the full breadth of the franchising community.

In its ongoing efforts to protect, enhance, and promote franchising, the IFA hosts

industry-leading events and offers professional development, certification, and networking. We are your representatives in the halls of government, working daily to create a stable and predictable business environment that clears the way for your franchising success.

Regardless of whether you own hundreds of franchise locations or just one, never underestimate the power you hold as a voter, constituent, or employer of people in a legislator's district. You represent the American Dream and offer the promise of opportunity to each and every one of your team members. In a very real way, your local business ownership is the embodiment of American free enterprise—the opportunity to go into business for yourself.

When legislators hear from you, they think differently about how onerous regulations might affect their district and the people they represent. Outreach like yours was the key in persuading Senators Manchin (D-WV), Sinema (D-AZ), and Kelly (D-AZ) to vote against their party and president's pick to regulate how and whom we employ.

Your investment in building relationships over the long term will pay the highest dividend. It may seem counterintuitive, but taking time away from your business to build your individual influence with opinion leaders and decision-makers is one of the best investments you can make to grow your business.

In terms of public policy and the regulations that govern the franchise business model, the way forward is challenging. A decade ago, the IFA worked on legislative issues related to tax policy and healthcare. Today the issues we follow are existential to your ability to be in the business of franchising—issues like the California FAST Act and the Franchise Rule.

Franchising has been the opportunity of your lifetime, and right now *franchising needs you to share your voice*. Become a FAN in your state (it's free). Or come to Washington, D.C. this September 19–21 for the IFA's Franchise Action Network Annual Meeting and join upwards of 400 other franchise owners to share your American Dream story with the members of Congress who hold your future in the balance.

Will you give 72 hours to the industry and business model that gave you everything? To join the Franchise Action Network, visit franchiseactionnetwork.org. ■

Matt Haller is president and CEO of the International Franchise Association.

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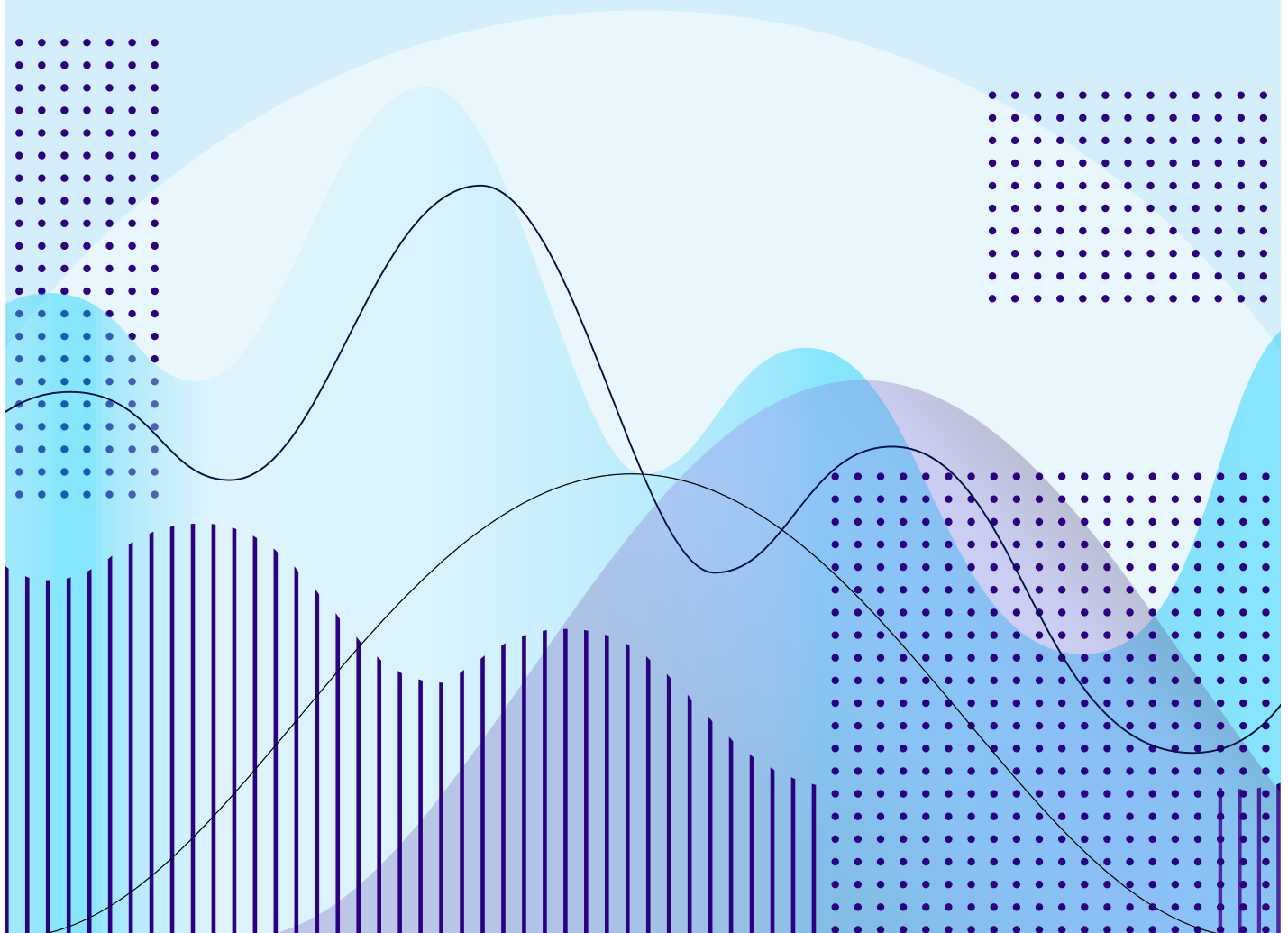
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4th Annual Franchise Marketing Report

If you don't have one, you need one!

Written by **EDDY GOLDBERG**



Results from the fourth Annual Franchise Marketing Report (AFMR) were revealed this summer at the newly renamed Franchise Customer Experience Conference (FCXC).

The AFMR was created at the request of our conference advisory board to develop relevant content for CMOs and to learn more about their needs and challenges. The annual report provides franchise consumer marketers with invaluable data and analysis they can use to benchmark their performance against other franchise brands and within their industry sector. In short, the report is a unique resource franchise marketers can use to improve the effectiveness of their marketing efforts and make the most efficient use of their marketing budgets.

We've come a long way from the early days of Covid, and the ongoing fallout from the pandemic has strengthened the need for marketers to better understand how their brand measures up against the competition, as well as how it is performing in the wider marketplace. The data and analysis contained in the AFMR can help franchise consumer marketers understand how their team compares with their peers and, more importantly, help them direct their limited resources into the most effective channels for achieving their systemwide goals.

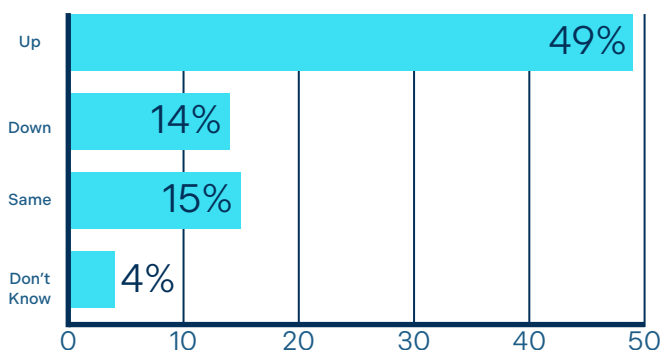
Participants in the AFMR consisted of franchise marketing leaders who completed an in-depth questionnaire. Responses were aggregated and analyzed to produce a detailed look into the marketing practices, budgets, and strategies of a wide cross-section of franchise brands and sectors. The data and accompanying commentary and analysis provide the basis of the 2022 AFMR. What follows are selected highlights from the new report.

PARTICIPATING BRANDS

Franchise marketing teams are responsible for marketing to both consumers and business customers. This year, 50% of respondents reported as B2C marketers, with just 13% saying they market B2B. Another 35% said they market to both.

Service brands constituted the large majority of respondents this year: 22% were brick-and-mortar service brands and 19% were service brands without a brick-and-mortar storefront. Fourteen percent of respondents worked for food brands (10% food, 4% retail food), with another 8% in non-food retail. The remainder did not specify.

LEADS AND TRAFFIC COUNT



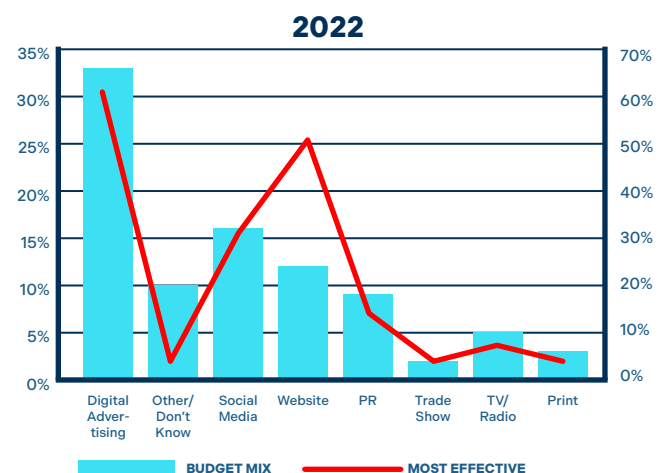
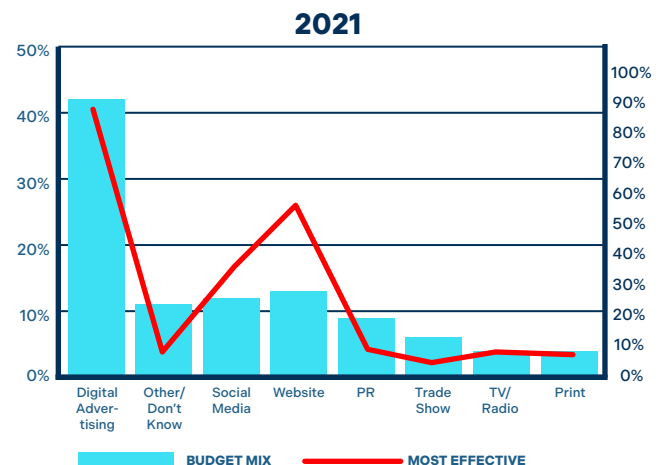
Most brands report an increase in leads or traffic count for 2021

Since March 2020, when Covid-19 made its initial public appearance in the U.S., changes in consumer behavior have significantly altered leads and traffic count and changed how marketers communicate with their customers.

Some good news and some not-so-good news here in this up-and-down economy. The good news is that nearly two-thirds (64%) said leads and traffic count were up or the same this year (49% up, 15% the same). On the not-so-good side, that's down 11% from last year's 75% figure. However, this can be explained in part by the first year of the pandemic, when 55% reported leads and traffic count were *down* slightly or significantly as locations closed and consumers stayed home. On a positive note, this year only 1 in 7 (14%) said leads and traffic count were down YOY.

Many home service brands continued to build on their previous year's growth as people spent more time at home—and more money on home maintenance and improvement projects. Food brands with drive-thrus also did well, and many are now building prototypes with reduced dine-in capacity and expanded drive-thrus. Taco Bell's new two-story, four-lane drive-thru is just the latest and most extreme example of this trend.

MARKETING BUDGET: SPEND & EFFECTIVENESS



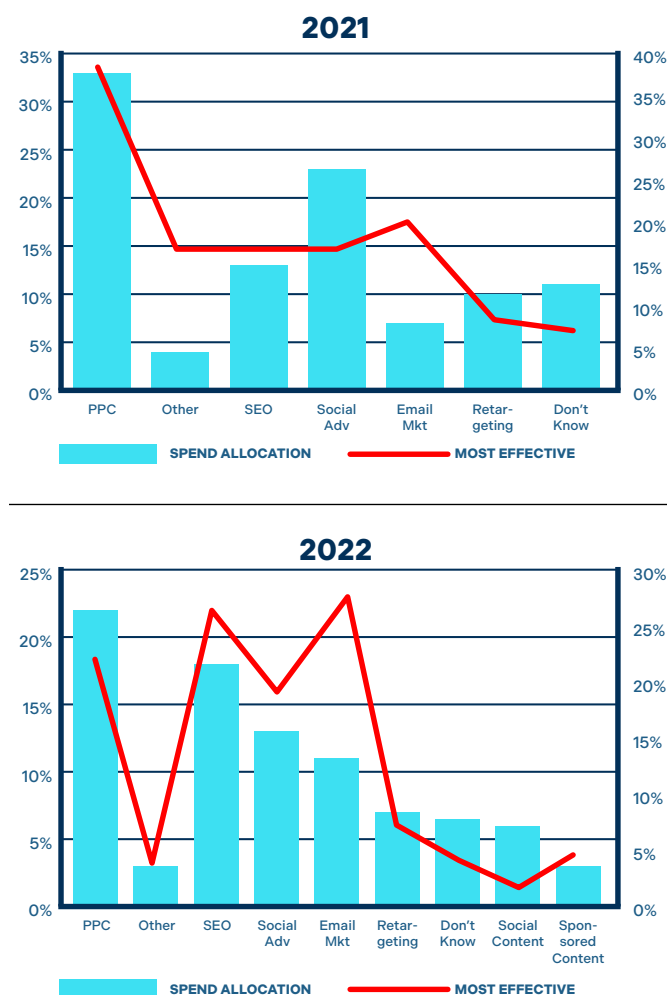
New consumer behaviors resulting from the pandemic showed marketers that the media and platforms they'd been using for years were no longer as effective as they'd been in the past. With the rise in people working from home, laid off, or temporarily opting out of the workforce, out-of-home (OOH) advertising such as billboards and radio ads dropped to the bottom of marketers' toolboxes. But with the decline in Covid and more

workers returning to the office, OOH marketing is likely to rise in the coming years, barring another pandemic, of course.

The percentage of digital advertising dropped nearly 10% from the previous year (42% to 33%), while the percentage spent on social media rose from 14% in 2021 to 16% in 2022, a small but noticeable increase. Most categories remained the same, with slight increases in percentages spent on PR, TV and radio, and print, and slight decreases in spending for websites and trade shows.

In terms of <effectiveness,> digital advertising saw a significant YOY drop among this year's respondents from about 90% to 60%, while social media's reported effectiveness among respondents declined slightly YOY from 36% in 2021 to 29% in 2022. Website effectiveness, at 56% in 2021, fell slightly to 50% in 2022. Trade show and PR effectiveness both rose a smidge (1%), while the remaining categories also remained essentially the same.

DIGITAL MARKETING: SPEND & EFFECTIVENESS



In 2022, participating brands' digital marketing saw lots of change in both spend and effectiveness, with plenty of rebalancing and reallocation as brands sought to navigate through yet another year of Covid.

- Pay-per-click again was the largest category in 2022, but both spend and effectiveness fell significantly from 2021—from 33% to 21% for spend, and from 38% to 21% in effectiveness.

- SEO spending jumped YOY from 13% in 2021 to 18% in this year's report, while effectiveness soared from 16% to 27%.

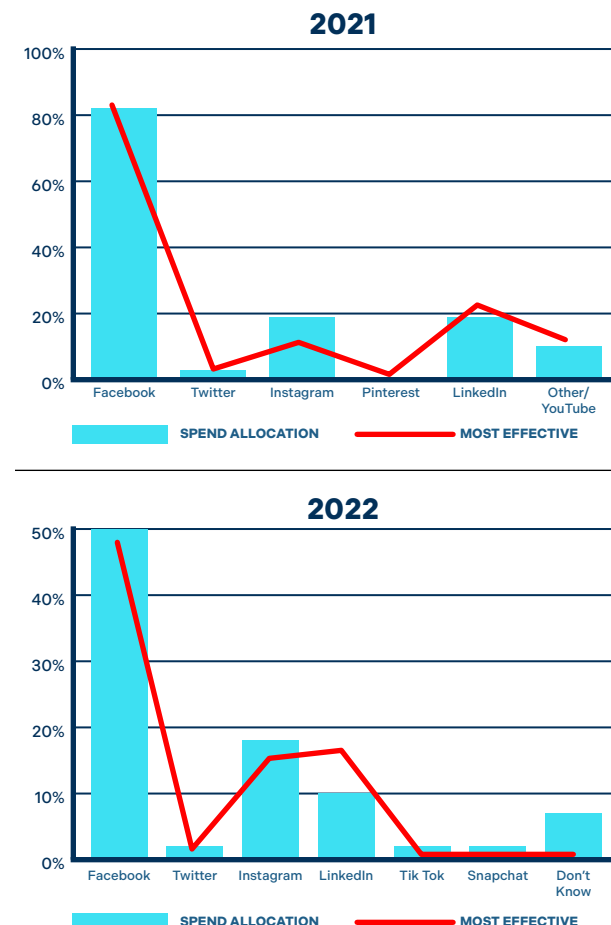
- Social advertising spend also fell significantly, from 23% to 14% YOY, but its effectiveness rose from 16% to 19%.

In addition to spending more on SEO this year, where else did marketers reallocate their digital spending? Email marketing is one area, with spend rising from 7% to 11% and effectiveness increasing from 20% to 28% YOY. This continues the current trend of marketers using email more in their digital mix. (In the 2021 AFMR, email spending increased by almost 15 percentage points over 2020.)

Retargeting remained essentially the same in both percentage spend and effectiveness.

This year the report added two new categories to reflect the growing use of content marketing by franchise brands. Social content accounted for about 8% of digital marketing spend, with effectiveness at just 1.5%, while sponsored content clocked in at 3% of digital spend and effectiveness was rated at 4.5%.

SOCIAL MEDIA: SPEND & EFFECTIVENESS



Social media, always a moving target as consumers continue to change channels and platforms, showed some noticeable changes from 2021 to 2022 as marketers switched up to keep up with consumer preferences.



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Facebook showed the biggest change—with both spend allocation and effectiveness showing a whopping decline from 83% in 2021 to 50% in 2022. While Facebook still is the most used platform in this year's report, the trend of mostly younger people (Generations X, Y, and Z) ditching it for other platforms continues to grow. And where customers go, marketers must follow.

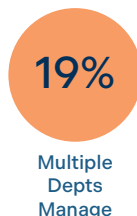
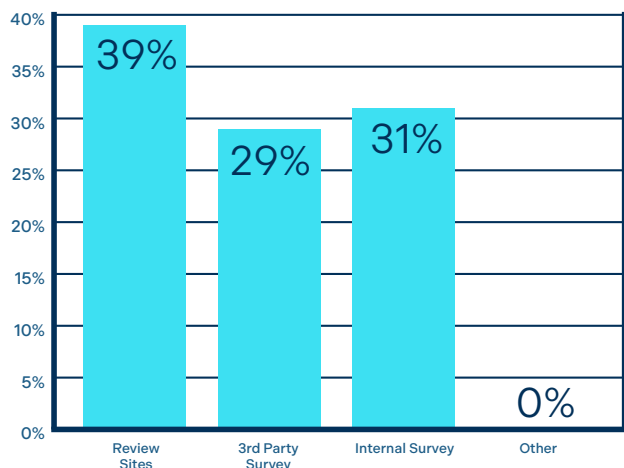
Instagram dropped a tad from 19% to 18% in terms of spend YOY, but rose a lot in effectiveness, from 7% in 2021 to 18% in 2022, making it a channel for brand marketers to monitor and test in the coming years.

LinkedIn spending in 2022 fell to about half of what it was in 2021, dropping from 19% to about 10%. Its effectiveness fell as well, from 22% to 17% YOY.

Twitter usage by marketers remained about the same this year, with very low numbers for spend and zero for effectiveness. And Pinterest, with double zeros last year, fell off the map this year.

TikTok and Snapchat are two new entrants this year. Both came in at about 1% of spend with a zero for effectiveness. Still, it was worth a shot for marketers. Let's see how they do next year.

MEASURING CUSTOMER EXPERIENCE

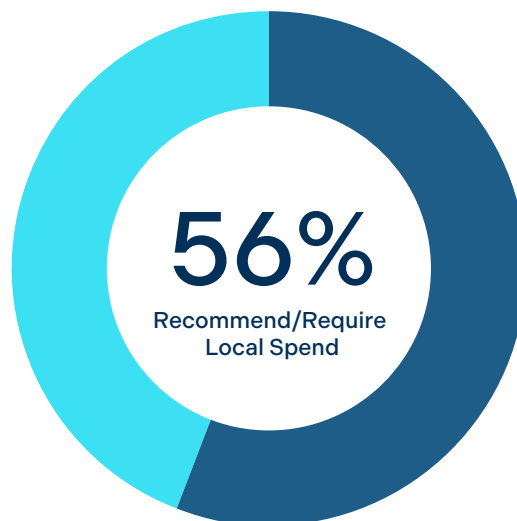


Year after year, the AFMR shows deficiencies in what franchisors measure. We again asked respondents how they manage and measure customer experience. Awareness of the importance of the customer experience (CX) has grown significantly in the past several years, as have the ways brands measure it as they seek to keep pace with a moving target. Finding ways for brands to measure CX and adapt to changing consumer behaviors took on greater urgency in 2020 and 2021, a trend that continues today.

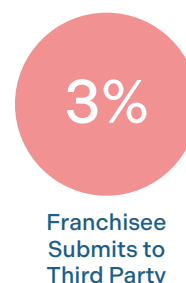
Some good news: The percentage of respondents who said they have a customer experience process or model continued to rise in 2022, from 67% in 2021 to 78% this year—a huge contrast from the 2020 AFMR, where 55% said they had *no* formal customer process or program for their brands.

Measuring your brand's customer experience is more important today than it ever has been. Everyday life has changed, and consumers' perceptions and expectations of brands are evolving. Brands lacking a customer experience program would be well advised to add one.

LOCAL SPEND



How do you monitor local spend?



A perpetual challenge for franchisors is getting franchisees to spend locally on marketing. So it's somewhat puzzling that the number of respondents requiring or recommending local marketing spending by franchisees dropped from 71% in 2021 to 56% in this year's report.

With the rise of online ordering, third-party delivery, takeout, and drive-thrus, engaging with customers through local marketing programs is more important than ever. And, despite the growing presence of Amazon and other delivery vans on the road, "All business is *still* local," to update the old saying. You still can't get your hair cut or your kitchen renovated online.

As noted last year, local store marketing (LSM) is often far from a top-of-mind task for busy franchisees, especially with inflation, labor shortages, and supply chain issues dominating their days (and nights). Nor is enforcing local spend mandates and recommendations high on the franchisor side these days, for many reasons.

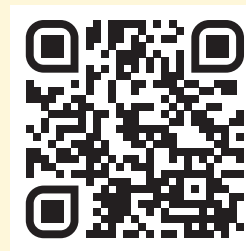
In their perpetual challenge to educate franchisees on the value of following through on LSM, the solution for many franchisors is to demonstrate the ROI at other franchised locations—and to point out that franchisees are already contributing to the ad fund, so why not use it? But this takes time and continual follow-up, and many



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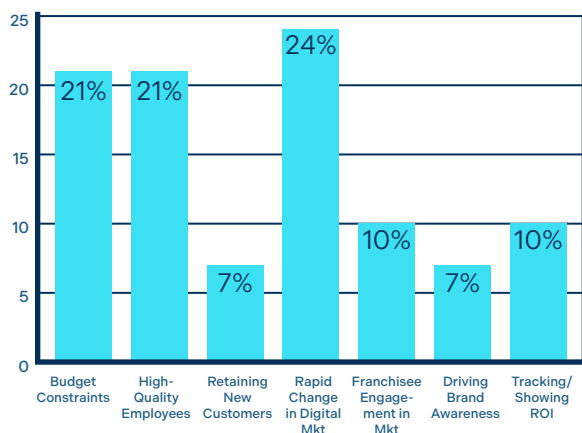
Feature – Annual Franchise Marketing Report

franchisors have bigger fish to fry these days. The aforementioned Covid-related complications are more than keeping them busy.

Internally, franchisors can benefit from reevaluating their local marketing programs and spend to ensure they're providing optimal support to their franchisees—something they can learn by listening.

TOP CHALLENGES

How do you measure Customer Experience?



Top challenge (as in past 2 years) is keeping up with rapid change in digital marketing (24%). Large, new challenge over past two years: finding enough quality employees to handle leads generated (21%).

Three items accounted for two-thirds of the top challenges cited by this year's respondents: keeping up with the rapid changes in digital marketing (24%), finding and keeping high-quality employees (21%), and ongoing budget constraints (21%). Budget constraints, cited by 1 in 5 respondents in 2022, didn't even make the list of top challenges last year.

This is the fourth consecutive year that keeping up with the digital marketing changes was the top challenge reported by franchise marketers. While Covid can't be blamed for everything, it certainly has played a defining role in accelerating the adoption of martech by franchise brands.

Challenges resulting from the pandemic affected the entire business landscape in the form of temporary and permanent location closures, budget reductions, and cutbacks in corporate staff and in employees at franchisees' locations and corporate stores.

Interestingly, data consistency and privacy were a concern last year, with about 1 in 8 (13%) reporting it was a top challenge for them going forward. It was not cited at all this year.

CONCLUSIONS





As we've noted in previous years, the pandemic altered consumer patterns of everyday life, so brands had to change too. Consumers dictated it. For franchise marketers, this all has meant a fundamental retrenching as they search not only for new ways to reach and engage with consumers, but also for new ways to serve them—how, where, and when they prefer. The usual and complex challenges marketers faced in the years and months preceding the pandemic were magnified, even as new ones appeared. Welcome to the future—one that arrived earlier than expected and is likely to play a leading role well into the future. ■



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Written by **HELEN BOND**



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**Brooke
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After 2½ years of disruption and the accelerated adoption of automation that ensued, franchise brands are adjusting operations with a renewed (and in some cases, a new) appreciation for local digital marketing that goes far beyond followers and likes.

“Right now, it’s all about the customer experience every time they interact with the brand,” says Donna Josephson, CMO of Shipley Do-Nuts. “Social media has grown and is always changing, so brands must keep up to interact with their existing customers and attract new ones. No matter what, building relationships and trust with our consumers is the root of any marketing campaign.”

This means meeting the changing needs of customers when, where, and how they expect it. Consumers don’t distinguish between digital and brick-and-mortar as much as in the past. This also makes the franchisor-franchisee partnership more crucial than ever for delivering the brand promise, from the first touchpoint to the last mile of each encounter.

When franchisors use local multi-channel marketing programs to empower their frontline owners to support a consistently branded and executed customer journey, it drives results for both, according to local marketing tech firm BrandMuscle’s “The State of Local Marketing Report 2021–2022.”

“An exceptional customer journey requires an exceptional local experience,” notes the report, which was compiled by analyzing responses from more than 2,400 local partners and 13 large national brands. Succeeding at this requires support in the form of funds, assets, and tools to make marketing decisions easy and accessible so partners can drive awareness and traffic to their locations.

CENTRALIZED LOCALIZATION

Finding authentic ways to flex a customer-centric local marketing muscle at every stage of the customer journey is keeping marketing pros like Brooke Mallick, Big Blue Swim School’s CMO, on her toes and open-minded to continually test and learn. It’s a busy time for the brand, which continues to open new locations across the country every month and projects 240 pools sold by the end of 2022.

“Our local marketing playbook has come a long way from where we were pre-pandemic, led by how social media has changed in that time,” says Mallick. Before joining Big Blue in 2019, she spent more than 6 years with PepsiCo, doing marketing for brand giants Gatorade and Quaker Oats.

Big Blue uses a centralized, data-driven approach to drive both creative and tactics for each local pool, such as organic social media postings and tools to manage review responses, all designed to ensure brand consistency.

“I’m laser-focused with my team on how our brand comes to life on social media and local marketing,” says Mallick. “Each touchpoint is an opportunity to build awareness in a new community. Since social platforms are where we’re frequently discovered, showing up the right way on social media is a critical part of building that consistent brand message.”

By using real-time data from Big Blue’s proprietary CRM system, Mallick’s analytically inclined marketing team can “quickly pressure test what is working and what isn’t in each individual market and build more local customization as needed,” she says.

“We make sure that everyone has a seat at the table along the customer journey to do what they do best. This means central marketing drives planning and execution on the vast majority of the marketing programs, while we look to our franchise partners as the experts on their community and the ones responsible for grassroots marketing and a great customer experience in their location to drive conversion.”

FIVE STAR SOLUTION

While personalization and brand affinity are key to performance on any channel, they require in-depth customer intelligence and brand strategy, says Ben Fox, head of customer experience at

“Each brand has a unique set of brand standards. To ensure that brands use them consistently, we build (or will build in some cases) out a robust set of templates they can customize. It is flexibility for them to add their local touch, but in a controlled environment so we can ensure brand and creative consistency. From a marketing standpoint, we also provide them with a national calendar. There are some key ‘full participation’ promotions, but outside of that, franchisees are free to run (or not run) any promotions they want from an approved set, and we provide creative for those promotions. Also, we have a robust system of compliance management through marketing and operations just to remind people that we are more powerful when we deliver a consistent product that delights the consumer.”

—Jessica Correa, CMO, Unleashed Brands

With a growing portfolio of family-focused brands like Snapology, The Little Gym, and Urban Air, Unleashed Brands offers the power of a large national brand with loads of synergy to make the business easier and more successful for its local franchisees and for a greater impact on the local markets.



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Feature – Local Digital Marketing

Five Star Franchising. Five Star's fast-growing portfolio of seven home service brands consists of Five Star Bath Solutions, Gotcha Covered, Mosquito Shield, 1-800-Packouts, 1-800-Textiles, Joe Homebuyer, and Bio-One.

Fox also is president of ProNexis, a lead development and growth platform for the home services industry. Five Star uses ProNexis to centralize messaging through voice, text, and chat and relies on the central marketing team to manage social media across all its brands. Part of Five Star, the platform is also used by other home service brands such as ChemDry, Mr. Handyman, and Senior Helpers.

"Disciplines like conversion rate optimization and digital psychology and persuasion will be invaluable," says Fox. "Customers identify with people, not companies. We're working to continue to develop our brands' human personas/avatars and portray them. Spreading that across every interaction on every channel is key and we feel it requires a centralized approach."

TESTING AND LEARNING

Shipley Do-Nuts, with more than 330 restaurants across 10 states, is undergoing a martech transformation to support its rapid growth, which includes plans to more than double in size over the next 5 years.

Guiding the way is franchise marketing veteran Donna Josephson, who joined Shipley as CMO in 2021, bringing a wealth of experience that included CMO roles at Corner Bakery, Fazoli's, and McAlister's Deli.

After more than 85 years of serving up gourmet donuts made fresh daily, Shipley is now busy mapping out a marketing future that allows the company to be nimble and to quickly react to change. Among recent firsts for the company, Shipley hired its first branding agency of record, rolled out its first systemwide digital marketing campaign, "Do-Happy," and is updating its systems in a host of ways, including the addition of the brand's first unified systemwide POS.

With everything tied back to sales and profitability, Josephson says each program must have a positive impact on guests, operators, and franchisees. "We test and learn what works best for us," says Josephson. "We've learned that sharing user-generated content is what Shipley Do-Nuts is all about because it celebrates the 'Do-Happy' we bring to the community."

CONSTANT VIGILANCE

With the local marketing landscape continually adapting to keep up with the changing demands of today's customers, it's becoming more challenging to remain effective across multiple channels, elevating the importance of choosing the most effective ones.

"We are constantly evaluating our promotions and our business to see what is and isn't moving the needle," says Jessica Correa, CMO at Unleashed Brands, whose brands are Urban Air Adventure Park, The Little Gym, Snapology, Premier Martial Arts, XP League, and Class 101.

"In owned media (websites, email, social), we regularly track and A/B test different variables to ensure that the message, timing, media, and creative are resonating," she says. "From a paid media standpoint, one of the benefits of consolidated media buying is that we have the benefit of seeing everyone's data, setting consistent KPIs, and measuring the same way across the system."

"Where franchise partners want more out of their marketing plan, we give it to them through the latest digital offerings, such as geofencing and additional social media platforms on top of the brand's tested and proven plan. We are always running with a proven tactic or piece of creative, while also testing something in the wings. You have to stay curious and open-minded and be ready to leverage whatever is taking off without totally forsaking what you know works. The great thing is that by staying true to our brand creative and messaging, it is fairly straightforward to lift and shift an element that is working on one platform into another with confidence. For example, we've had some of our best social media creative lifted from our most successful email campaigns, and vice versa!"

—Brooke Mallick, CMO, Big Blue Swim School

Big Blue Swim School's integrated messaging toolkit includes local social strategies and nurture and conversion email campaigns to deliver the right message at the right time to the brand's primary customer, the "Millennial Mom."

A satisfied customer is the best marketing tool, says Correa, whose team encourages all local stores to become part of the community they serve, highlight their store history and local guests on social media, and contribute charitably to their markets.

"As part of the Unleashed Brands family," she says, "all brands have accessibility to tools and resources they may not have as a single brand or a single location: things like consolidated media buying, which drives more value for every dollar spent; an internal creative studio, which helps them get creative quickly; and consumer research and analytics that can help them identify the right consumer, market to them effectively, and be efficient in their operation."

MULTI-PRONGED STRATEGY

Winning brands, notes SOCI's 2022 Localized Marketing Benchmark Report, "exhibit well-balanced marketing efforts that pay close attention to search marketing, reputation management, and social media engagement."

At the heart of the pandemic, in-home care provider BrightStar Care turned to SOCI's multi-location marketing platform to engage with current and prospective customers. The franchise increased its social media posts by 757% and improved review response time by 48% in 2020—despite a 20% increase in review volume.

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Feature – Local Digital Marketing

Along with email marketing, BrightStar advocates for its franchise partners to take advantage of search engine optimization and constantly manage online listing platforms, such as Google My Business and Yelp.

“When our franchisees identify and implement successful SEO strategies, this improves local brand awareness and drives website conversions overall,” says Teresa Celmer, BrightStar’s SVP of consumer and employer brand marketing.

Customers are not the only part of the journey capturing Celmer’s attention these days. BrightStar has made an unprecedented move to pour “countless dollars into recruitment, employee branding, and elevating our candidate journey,” she says.

“I’m seeing a shift in brands realizing that recruitment and retention are a large part of the overall customer journey and must be invested in. Hiring happens on the local level, but corporate entities and franchisors must support their owners down the funnel in reaching the appropriate audiences.”

IT TAKES EFFORT

Adapting to constant change requires the right tools and follow-up support that encourage buy-in from franchisees. Five Star relies on the brand’s marketing directors to educate, train, and coach owners on best practices and follow-through.

“Ultimately, marketing spend’s percentage of revenue is the key metric for evaluating a location’s performance,” says Fox. “We feel that providing owners with visibility on these metrics and results drives the most adoption and performance.”

Fox is on to something. BrandMuscle’s report found that only 50% of local partners surveyed invested more than 1% of their annual revenue into marketing. The study found that those who did realized 14% higher revenue growth than their peers who didn’t.

Demonstrating the value of any spending through its ROI is critical to validating the advantages of marketing to partners. The BrandMuscle report noted that only 18% of brands share ROI data with their partners and help them understand how to apply it to their business.

Five Star recently partnered with Transitiv, a data integration and reporting platform, to provide additional visibility and comparable data so franchisees can see what their peers are doing and drive their competitive spirit.

“Everyone loves to win. Having a plain and clear scoreboard of the KPIs that truly drive success has had an impact on growth for the brands,” says Fox.

In the end, he says, there’s no easy shortcut to make sure you own every step of the customer journey, but when done successfully the payoff can be big.

“It’s a grind,” says Fox. “We know it’s the hard work of capturing first-party data, customer interviews, and business owner interviews that helps us understand the customer. Pairing that with customer journey mapping and in-depth persona development allows top-level performance. We feel that no one is going to know our customer better than we do, so we’ve invested in the team in-house to understand and execute on every path of the customer experience.” ■



Teresa
Celmer

TEST, LEARN, REFINE, AND SCALE

With upward of 365 locations nationwide, BrightStar Care looks to consistently leverage the power of the in-home care brand through centralized control and give owners the tools, best practices, and guidance to customize marketing efforts on the local level.

In her own words, Teresa Celmer, BrightStar’s SVP of consumer and employer brand marketing, shares the brand’s four-pronged recipe for franchisees to embrace to ensure localized marketing success.

- 1. INVESTMENT.** Owners must commit to a marketing plan and invest in it. Even when client and employee numbers are in a good spot, owners must stick to their marketing plan to maintain growth. They must also identify if they have the means to conduct marketing in-house or would like to invest in an outside agency/marketing partner to lead their marketing plans. BrightStar has tremendous relationships with local marketing partners that we endorse for our franchisees.
- 2. STRENGTH IN THE BASICS.** We encourage owners not to overcomplicate their marketing plans. If they’re working with a hired agency, we encourage them to strengthen their basics: ensure website copy and design are up to date, hyperfocus on social, and ensure you’re pushing targeted ads with proven results. Working with an outside agency also provides our owners with more access to consumer data. This data helps each local agency determine what’s working and bringing in the largest ROI and to move away from what’s not working.
- 3. MEASURE WHAT MATTERS.** We also encourage our franchisees to avoid the trap of reporting on everything. It’s best to build a simple, actionable dashboard that outlines where your marketing efforts excel and where improvement is needed. A clear dashboard also helps showcase where the budget is being allocated from a financial standpoint and helps determine when a pivot in your plan is necessary.
- 4. OPENNESS TO EXPLORE.** Last, we champion the following four terms when evaluating marketing: test, learn, refine, and scale. We encourage our franchisees to take risks and try new things to build a strong local marketing program. Try out a plan for 90 days, see what happens, and monitor the results. After the 90-day trial, refine the plan and scale it to fit your consumer base’s needs.



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Much innovation in 2022 was
pandemic-driven

Written by **KERRY PIPES & EDDY GOLDBERG**



The fourth year of Franchise Update Media's Franchise Innovation Awards unearthed another bonanza of cutting-edge technologies and strategies franchise brands employed to gain a competitive advantage in a market-place forever altered by the pandemic. This year saw more than 100 entries from dozens of franchise brands featuring their innovative strategies, tactics, and ideas. A select few rose to the top to earn the coveted awards, with many excellent runners-up following closely behind. The annual competition has ushered in a new standard for measuring and acknowledging innovation in franchising across all industries.

The contest also recognized two overall winners: Wild Birds Unlimited took home the Franchise Marketing Leadership Award, and Checkers & Rally's won the Operations & Technology Leadership Award.

A panel of expert judges evaluated each entry's objective, the problem it solved, and the innovations required to achieve its goals. Winners in each of the four main categories and 22 subcategories are highlighted in the following pages. The four major categories were Marketing & Branding, Operations & Technology, Products & Services, and Human Resources.

MARKETING & BRANDING:

This category asked brands what innovative solutions they employed to grow consumer awareness, engagement, and loyalty — everything from traditional advertising and PR campaigns to social media, rewards programs, new product launches, and local store marketing campaigns.

OPERATIONS & TECHNOLOGY:

Systems and processes, along with replicability and scalability, are essential for franchising success. Judges reviewed the most forward-thinking operations teams and how they improved and streamlined their processes and practices through innovation in the face of the pandemic.

HUMAN RESOURCES:

Growing a great brand requires the best people at every level. This category examined how brands employed unique, innovative strategies and tactics to attract, hire, train, and retain the employees who best suited their vision and culture.

PRODUCTS & SERVICES:

To meet the needs of today's consumers, franchise systems must evolve along with them—not only in what customers want in products and services, but also in how they want them delivered. For many entrants, technology played a huge role in adapting to how customers ordered, paid for, and received a brand's products or services in 2021.

MARKETING & BRANDING

CAUSE MARKETING CHAMPION

Kiddie Academy Educational Child Care

OBJECTIVE: We wanted to demonstrate internal and external support of women by publicizing our corporate initiatives, as well as donating \$40,000 to establish the Family Promise Leadership Academy and provide scholarships for underprivileged women who wish to work in early childhood education, regardless of the child care brand they work for.

OVERVIEW: Even before the pandemic, working mothers faced difficulties achieving work/life balance. Research conducted during the pandemic indicated that at least one in four women considered downshifting their career or leaving the workforce altogether because of an inability to balance work, life, and their children's education along with other daily stressors. Because our workforce is predominantly female (61% at corporate and about 99% at our nearly 300 franchised locations), and because our franchise network depends on educators to staff the system, we identified a unique opportunity to become the voice for working women—not only for our employees, but for our franchisees, their staff, and their core customers. To accomplish this, we developed excellent benefits for corporate employees, including increased parental leave, phase-out and phase-back-in programs, expanded child care tuition support, and more flexible working hours. Nationally, we partnered with Family Promise to create a Family Promise Leadership Academy to help provide prevention, shelter, and stabilization services to families at risk of homelessness. We also established an internal roundtable to continually workshop issues facing working women.

RESULTS: We revamped our corporate support model for working parents and families, which led to our placing in the Baltimore Business Journal's 10 Best Places To Work in Baltimore. We also published content and worked with franchisees to showcase how they can support working mothers by crafting their benefits, schedules, etc. Media relations efforts generated editorial and broadcast coverage worth \$1.6 million in advertising value equivalency and significantly raised awareness of our brand.

BEST BIG BUDGET CAMPAIGN

Uberrito Fresh Mex

OBJECTIVE: We believe image is everything, particularly if you want to make a meaningful connection with our guests. Uberrito guests have come to expect an engaging brand, amazing food, and an exceptional experience. In late 2021, our team sat down and discussed how to bring the experience and product to those outside the four walls of our restaurants. The goal was to showcase the brand in a fun, unique, and creative way while looking for opportunities to expand brand awareness in communities and assist in the marketing efforts of our franchised and corporate restaurants. The team decided to take the show on the road, literally! In early 2022, we introduced our innovative, fully functional food truck.

OVERVIEW: This enormous (30-foot) green food truck comes with a modern, unique design with graphics that showcase the brand's products. It has a fully equipped kitchen with all the equipment found in our brick-and-mortar restaurants and gives guests the same walk the line and build your own experience.

RESULTS: The truck was recently used to generate brand awareness before the brick-and-mortar opening of a restaurant in Huntsville, Texas. Residents had the opportunity to walk the line at the food truck and build their burritos and bowls. When the brick-and-mortar restaurant opened, many guests said they knew about Uberrito because they had seen and eaten at the food truck. We've decided to make the food truck available nationwide.

LOCAL MARKETING LEADERSHIP

Handyman Connection

OBJECTIVE: We have always emphasized recruiting and positioned the importance of this with franchisees under the acronym (ABR) Always Be Recruiting. Our biggest restraint is labor. The pandemic brought this struggle to an all-time high with a surge of home improvement requests and a steady decline in quality craftsmen applicants and employee retention. Despite our exhaustive efforts at recruiting, we continued to be affected by the rapidly declining labor market. In response, we shifted our focus to retention to help owners better affect craftsman success and achieve our strategy of building craftsmen for life. This shift in focus led to implementing our Craftsman Brand Champion Campaign to help owners create a sense of excitement and foster a "craftsman first" mindset in their local offices.

OVERVIEW: The campaign launched in Q3 2021 as a creative tool for ongoing employee recruitment and retention. By recognizing our outstanding craftsmen from offices all over North America, we highlighted the job opportunity our brand provides for those in the skilled trades and honor them for a job well done. The campaign consists of a series of short videos and still images posted to our social media channels and used throughout our consumer and recruitment marketing efforts.

RESULTS: We achieved a 29% increase in the number of craftsmen who entered our recruiting process during the campaign as measured over the same time the year before. We also saw a 17% increase in the number of craftsmen who were hired and started their career with one of our local offices.

BEST PR CAMPAIGN

Goldfish Swim School Franchising

OBJECTIVE: In an effort to bring greater awareness to water safety and drowning prevention after a pandemic gap in swim lessons, we were charged with developing a robust and culturally relevant campaign for National Water Safety Month (May) that would encourage families to prioritize water safety and raise funds for the USA Swimming Foundation.

OVERVIEW: We launched a National Water Safety Month Campaign titled, "Safer Swimmer Pledge." We developed an integrated, strategic approach that would allow the brand to execute a multi-layered campaign. This meant alignment with internal departments (creative, social, marketing, PR), in addition to alignment and support from partners and brand ambassadors to result in the greatest impact. In addition to launching the campaign at a national level, all 120 schools across North America participated in the campaign with local marketing, internal communications, public relations, in-school activations, and more.

RESULTS: We reached more than 400 million people with the campaign, spreading the important message of water safety and drowning prevention. Brand awareness has skyrocketed and we saw a 51% lift in media exposure. Our total donation to the USA Swimming Foundation now exceeds \$240,000, helping to provide an opportunity for every child across the country to learn to swim. School membership continues to rise, with schools now teaching more than 190,000 children each week how to be safer in and around the water, a 39% YOY increase.

BEST SOCIAL MEDIA CAMPAIGN

Camp Bow Wow

OBJECTIVE: During the pandemic, dogs got used to their parents being at home nearly all the time, while those adopted during the pandemic surge of pet adoptions have never known anything different. As parents began returning to the office, traveling, or otherwise spending more time outside the house, separation anxiety became a hot topic among pet parents. Camp Bow Wow and parent company VCA combined to provide education about separation anxiety and help pet parents manage the effects, as well as raise awareness and credibility of the brands as thought leaders in the pet industry.

OVERVIEW: We worked with VCA to provide expert tips on the most common questions about separation anxiety, presenting them in a way that was approachable and actionable by any and all pet parents. The brand ran a 4-week co-branded social media campaign consisting of comprehensive articles on managing separation anxiety; a series of six boosted Facebook and Instagram posts on Camp Bow Wow and VCA national accounts and select local Camp and hospital accounts; and Instagram Lives hosted by our animal behavior experts.

RESULTS: Overall, the campaign resulted in increased engagement and reach for both brands. Additionally, boosting the posts led to a residual benefit to other published content, increasing reach and engagement on unrelated posts. During the campaign, Camp Bow Wow saw a 284% increase in reach on Facebook; a 192% increase in engagement on Facebook; a 130% increase in content interactions on Instagram; and our blog with separation anxiety tips was the fourth most viewed blog post in 2021. VCA also saw impressive engagement as well, including a 14x higher click-through rate on the campaign posts on Facebook.

BEST DIGITAL CAMPAIGN AND BEST LIMITED BUDGET CAMPAIGN (UNDER \$1 MILLION)

Wild Birds Unlimited

OBJECTIVE: To reach new, prospective customers in the U.S. and Canada during the winter holidays using layered CTV and programmatic/native display advertising.

OVERVIEW: While consumer attention may shift away from enjoying the outdoors and backyards, the winter months are still a vitally important time for the wild birds of North America—and, by extension, for WBU's 350+ retail stores. We used a programmatic connected TV (CTV) and display campaign to build on our existing omnichannel, national, and local efforts across paid search, social, and Google display ads. Programmatic CTV and native display advertising provided the opportunity to get in front of more potential customers on more devices, and to apply sophisticated targeting and retargeting tactics to create a holistic customer experience. We applied a QR code to CTV ads, generating clicks on ads typically viewed on a TV screen, generating more useful performance data than is typically available for digital TV campaigns. Programmatic CTV and display campaigns also allowed hyperlocal geographic targeting. In addition to geographic targeting, our targeting strategy included contextual, behavioral, custom site lists (for display campaigns), private marketplace (PMP), and retargeting.

RESULTS: Overall, we surpassed our KPI goals, delivering an average CPC of \$2.46 on display campaigns when our target was a \$3.00 CPC. We achieved a VCR (video completion rate) of 91.63% for our CTV campaigns. We gathered valuable insights from our analyses of these campaigns as well, including top-performing sites and placements, best-performing targeting tactics, best creative, and top-performing tactics across devices. Additionally, when looking at site traffic in the months we ran these campaigns (Oct.–Dec. 2021), we saw a YOY increase of 8.92% in direct traffic to the site. Our audience was engaged and visited the site directly after seeing our ads via CTV and display. This is compelling evidence of these campaigns' success.

BEST LOYALTY APP

Blaze Pizza

OBJECTIVE: In 2021 we launched the largest and most comprehensive first-party research project in brand history, investing thousands of dollars in a first-party research project to enhance the brand's understanding for what our customers loved and desired more of—especially as it pertained to the franchise's loyalty app. The data gathered from focus groups and guests helped us form a new, guest-centric app with a seamless ordering platform to help fans create the perfect pizza that speaks to them no matter where they are or the time of day.

OVERVIEW: We organized qualitative focus groups with guests, their franchise owners, and team members. We also conducted a series of quantitative studies with thousands of guests to learn what they enjoyed most about Blaze and what they wanted to see more of going forward. From there, we were able to leverage the key findings to implement new features and resources that directly cater to guest preferences throughout the loyalty app.

RESULTS: Today, we are proud to say the investments and enhanced features made to the loyalty app are paying off. Since the launch, the company has grown digital sales by 10% and the app is now rated 4.9 stars on the app store.



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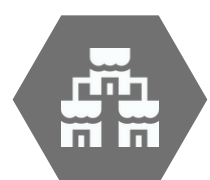
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OPERATIONS & TECHNOLOGY

MOST INNOVATIVE USE OF DATA

Blaze Pizza

OBJECTIVE: To gain a deeper understanding of current and prospective consumers and cater to their specific needs, we launched our largest, most comprehensive research project ever. The research also analyzed the aspects of the company that work and where we have opportunities to improve.

OVERVIEW: We worked throughout 2021 to organize an online quantitative study and qualitative research to learn about the key drivers, including product and brand offerings, to consider implementing or dropping to differentiate us against other brands in the fast casual space.

RESULTS: The result was a new brand platform that provided the foundation for an end-to-end strategic review of the business. This platform and data guided us to build and launch a guest-centric app (see above), create a new approach to menu innovation, rethink the brand's social media content, and drive more sales for the brand and franchisees. Guest feedback told us our competitive brand health was strong, with ratings significantly higher than competitors across nearly all brand performance attributes measured; and that the brand's fresh, healthy ingredients were a driving factor in guests' dining decisions. The data showed us that the biggest drivers of brand loyalty are the ability to provide value through high-quality menu items, food taste and flavor, and food quality. Understanding this allowed us to rethink product development and menu innovations that would be more effective at increasing guest satisfaction and intent to return. We have been able to enhance several aspects of the business, including marketing, to drive higher engagement rates with target audiences. Since making changes to images and content on social media, we have experienced a 250% increase in customer engagement across all social platforms. The data also gave us the opportunity to explore new ways to drive savings.

MOST INNOVATIVE FRANCHISEE SUPPORT

Wild Birds Unlimited

OBJECTIVE: To support our franchisees with educational content and resources to combat multiple challenges that directly affected their business and the backyard bird feeding industry.

OVERVIEW: In 2021, the bird feeding industry was disturbed with an unknown bird illness. This unknown bird illness had local and state agencies across the East and Midwest recommend bird feeders be removed until this illness subsided. In early 2022, the industry was hit again with an avian flu. Again, multiple states and agencies recommended people take down their bird feeders. To better support our franchise store owners through these challenging times, our Franchise Support Center created content and training resources to educate the communities on these illnesses and how to continue to fulfill the brand's mission of "We bring people and nature together... and we do it with excellence."

RESULTS: We created a task force to pull together educational content and resources for our franchisees. The Nature Education Support Team constantly communicated updates from the different state agencies and posted them onto the WBU Intranet, also posting educational content and talking points. The Marketing Support Team put together multiple videos, email templates, and additional marketing collateral to help the franchisees communicate to their customers where needed. The Coaching Support team worked with franchisees on implementing the content and listening to their concerns about the business, sharing experiences of other franchise store owners and how they were navigating through these illnesses. The Franchisee Communication and Training Team ensured all content was clearly communicated and uploaded to the intranet where the franchisees can easily find and use it.

MOST INNOVATIVE SUPPLY CHAIN IMPROVEMENTS

Shawarma Press

OBJECTIVE: In today's volatile, uncertain, and ambiguous environment, unexpected market demand and supply disruption can occur at any time. We came up with two objectives/questions: 1) How do we address the current supply chain challenges and establish a good foundation to expand inside Walmart, and 2) Are we prepared for the next disruption?

OVERVIEW: The first step we took to find an innovative solution to address supply chain issues and establish a strong foundation for growth was to conduct a comprehensive end-to-end supply chain assessment study to determine the root causes of the issues, identify risks, and find ways to mitigate them. Then we developed strategies to address the root causes and incorporate the risk mitigation plan. Finally, we developed a roadmap and timeline to implement the strategies based on the expected benefits and ease of implementation.

RESULTS: Reduced latency, mitigated supply chain risks, and reduced supply chain costs.



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SEE YOU IN ATLANTA!

TABLE #27

MOST INNOVATIVE OPERATIONS TEAM

Smoothie King

OBJECTIVE: President and COO Dan Harmon led an ambitious redesign of the brand's front-of-house line. With curbside and digital sales front and center, and with guests wanting more contactless and convenient ways to order, he felt it was essential to streamline the line.

OVERVIEW: As part of the redesign, we changed our ingredient labels on the line from names to a simple system of letters and numbers indicating what fruit, veggies, liquids, enhancers, ice, etc., go into every order. We also reorganized the order of ingredients allowing employees to make smoothies significantly faster and more easily than before. We also moved the blender bowls to the back of the line so it would be quieter for guests. We also reevaluated the inventory the average store needs on the line for a successful, large-volume day and redesigned the area to include enough refrigeration and storage space for one full day's worth of product. Store employees no longer need to make multiple trips to the back of the house, saving valuable time throughout the day. The redesign also allowed us to showcase our ingredients, making each store more inviting to the guest, and better align with the brand's mission to inspire people to live a healthy and active lifestyle. Additionally, customers and delivery drivers now have the option for contactless pickup through a cooler placed near the store entrance that allows for rapid grab-and-go.

RESULTS: Speed of service improved by 29 seconds and average store profitability doubled.

MOST INNOVATIVE CONSUMER SELF-SERVICE TOOLS

Pillar To Post

OBJECTIVE: We had to find a way to automatically direct incoming calls to top performers with the goal of cutting call center expenses—and use any increased leads to reward franchisees whose behaviors were working in the best interest of the brand.

OVERVIEW: Through a newly implemented lead routing system developed with Online Image, a digital marketing agency, we now can reward behaviors such as replying to emails faster, answering phone calls before other locations do, or having more available home inspectors. The new system lets us customize the algorithm's lead flow and automatically redirect calls to the next available franchisee after a few phone rings. Since there can be multiple franchisees in one shared territory, the system combined phone calls and forms filled out on the website to distribute leads to the appropriate franchisees. The home office could choose which high-performing franchise locations in a shared territory would receive the leads first, based on whether they exhibited behaviors that met customer demands and supported brand goals.

RESULTS: We began to generate leads at an all-time high, recording an estimated 700% increase in website requests for home inspections. This spike in additional leads increased our call center costs by 300%, which translated to a hefty six-figure increase coming straight from the brand fund. The lead flow system worked seamlessly to direct calls to leading franchise locations and saved the brand hundreds of thousands of dollars in call center costs. We now are able to provide a better customer experience from behind the veil of a robust lead routing software. The system also empowers the home office to analyze back-end data that shows when calls are answered, where they're redirected, the length of the calls, and more.

MOST INNOVATIVE USE OF TECHNOLOGY

Checkers & Rally's

OBJECTIVE: Recognizing that our teams are the cornerstone of our success, we prioritized back-of-house culture and employee satisfaction. Also, placing a high importance on franchisee relations, we focused on ways to provide franchisees with greater support, especially surrounding operations and employee retention.

OVERVIEW: We researched the best ways to alleviate pain points for team members and create a frictionless experience for guests. Given that drive-thru orders account for nearly 80% of revenues, we decided to focus on what we could do to improve that area of the business for franchisees. Enter AI voice automation. In late 2021, we announced the rollout of AI at the drive-thru as a way to streamline operations, support team members in a fast-paced and demanding business channel, and improve the overall guest experience.

RESULTS: Since the rollout, the AI-powered voice automation technology at the drive-thru has greatly enhanced the employee experience by reducing friction, increasing operational efficiencies, and minimizing errors. This has resulted in higher employee productivity and retention, as well as increased guest loyalty and satisfaction. The system also has improved the guest experience with increased speed of service, order accuracy, and more meaningful face-to-face interactions at the checkout window. This has as a result increased customer loyalty. Thus far, the AI system has a 98% accuracy rate, meaning voice-activated orders require the assistance of a manager only an average of 2% of the time.

MOST INNOVATIVE BUILDING DESIGN, REMODEL, OR PROTOTYPE

Inspire Brands

OBJECTIVE: As consumer demand for convenient, quick dining has continued to rise, we capitalized on this trend through the launch of our Alliance Kitchen. As the first ghost kitchen to be owned and operated by a multi-brand restaurant company, the Alliance Kitchen marked a momentous achievement for the company.

OVERVIEW: Located near our Atlanta headquarters, the Alliance Kitchen offers guests expedient access to their favorite brands, allowing them to order their favorite meals through the brand's online ordering platform and through third-party delivery apps. The building contains the majority of the brands under our portfolio, including Arby's, Buffalo Wild Wings, Jimmy John's, Rusty Taco, and Sonic Drive-In. This concept allows us to use their ecommerce platforms and third-party delivery relationships to expand guest access to those brands' offerings. It also has enabled us to expand Sonic's presence into a new, growing trade area and to introduce Rusty Taco to the Atlanta market.

RESULTS: The Alliance Kitchen has maximized overall labor, real estate, construction, and energy efficiency. Compared with five standalone restaurants, it has reduced labor needs by 54%, square footage needs by 19%, equipment costs by 45%, HVAC tonnage by 71%, and kitchen exhaust by 50%. It also has played a large role in the brands' immense sales success over the past year, with digital sales growing more than \$6 billion, more than double sale in 2019.

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*Uberall 2021 New Face of Local Study



PRODUCTS & SERVICES

MOST INNOVATIVE USE OF TECHNOLOGY—PRODUCTS

Xponential Fitness

OBJECTIVE: With eight brands in its portfolio, Xponential Fitness is the largest fitness franchisor of boutique fitness brands in the U.S. But unless they chose to have multiple memberships at different studios, consumers and members across our portfolio of brands were siloed into only one type of boutique fitness modality. The leadership team recognized that fitness consumers were ready for diversifying their fitness journey.

OVERVIEW: XPASS is our first cross-brand subscription, allowing consumers to discover and book classes across our almost 2,000 U.S. studios.

RESULTS: The XPASS website and app help members discover and schedule classes based on their distance to studio, time of class, fitness modalities, and desired brands. XPASS allows consumers to discover studios near them or adjust to their travel city and view studios in that location. Subscribers can book more than 50,000 live in-studio classes on a weekly basis. The platform caters to the modern fitness consumer craving flexibility, variety, and a more “hybrid” approach to their workout in a post-Covid world. From beta through to March 15, 2022, almost 500,000 minutes of class time were booked with XPASS, with more than 25 different class types tried by top subscribers in that period. For franchise owners, XPASS provides a new lead generation channel to help them grow their businesses and drive additional revenue. It also provides franchisees with greater ability to control their destiny through a custom-built owner dashboard (versus with aggregators who use agreed-upon class reimbursements). Franchisees use the dashboard to manage class type and one-on-one stretch XPASS settings, manage single class XPASS settings, set limits on XPASS bookings for classes, and adjust booking price settings, both for a class type or across all types.

MOST INNOVATIVE USE OF CUSTOMER-FACING DIGITAL TOOLS

School of Rock

OBJECTIVE: We needed to adapt to a market altered by Covid-19. We shifted our private lessons to Zoom and found it well received by both franchisees and customers. Realizing that the convenience of online lessons was here to stay, we looked for a solution that was custom-built and optimized for facilitating music instruction. We decided to create our own platform.

OVERVIEW: Zoom is not built with music instruction in mind. For example, audio quality and features like echo and noise cancellation are built into Zoom. Designed for the human voice in a meeting setting or environment, these features end up negatively affecting many musical instruments, particularly bass guitars and drums.

RESULTS: We built a platform that offers significant advantages over Zoom for music instruction. School of Rock Online provided an integrated metronome, tuner, chord and scale chart generators, a virtual keyboard, and a virtual whiteboard with music notes and music staff, all built on a platform with much better audio quality and a special “music mode” that removes all the noise and echo cancellation features that ruin the audio coming from most musical instruments. Rollout of the new platform across the system delivered phenomenal results and feedback. More than 95% of users said they prefer it to Zoom. The hurdles of links and room assignments are gone. Our front desk team is much happier. The platform is also easy to use and provides a better audio experience for our students. All of this opens new opportunities for additional revenue from students who are farther away from the school or who may want to participate in additional services without having to come back to the school. It also introduces labor efficiencies by minimizing cancelled lessons and having to offer makeups for customer service reasons.

MOST INNOVATIVE SERVICE INTRODUCTION

Plumbing Paramedics and Heating + Air Paramedics

OBJECTIVE: To split a single business model into two separate but complementary franchise concepts, allowing industry professionals to focus on their specialization.

OVERVIEW: When multi-brand home services franchisor Threshold Brands acquired Plumbing Heating Paramedics in 2021 (the franchisor behind 9 brands including Men In Kilts, MaidPro, and Sir Grout) saw an opportunity to dramatically increase the brand's pool of prospective franchisee candidates by splitting it into two complementary franchise concepts. Small-business owners in the plumbing industry would not have to learn about HVAC systems, and those in the heating and air segment would not have to learn about plumbing. Candidates with experience in both trades, or who are willing to learn, have the opportunity to run both businesses in the same territory.

RESULTS: Threshold Brands has helped to streamline both franchise concepts into simple, low-overhead operational models, allowing franchisees to quickly scale with one or both brands. Onboarding time for new franchisees has been reduced to 12 weeks, allowing new franchise owners to get up and running quickly with a concept they are familiar with before taking on the complementary brand. Since the official launch of the two franchise brands in November 2021, Threshold Brands has already onboarded four new franchise owners, each with a commitment to eventually opening up the complementary brand.

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MOST INNOVATIVE PRODUCT INTRODUCTION

Hand & Stone Massage and Facial Spa

OBJECTIVE: The introduction of our Cryoskin services allowed the brand to continue providing customers with innovative luxury treatments at affordable prices, while remaining competitive in the spa and wellness industry. These noninvasive, yet effective, body and facial contouring services offer guests the opportunity to achieve anticipated, long-lasting results that fulfill their wants and needs all while avoiding suction, surgery, and downtime treatments. This technology is bridging the gap between luxury and affordability while satisfying the needs of guests.

OVERVIEW: To cater to the rise in consumer demand for clinically validated, noninvasive, and effective body and facial contouring solutions, we expanded our menu to include Cryoskins' CryoSlimming, CryoToning, and CryoFacial technology. Our commitment to providing guests with innovative, unparalleled products and services is a pillar of the brand's evolution and success. To enhance these experiences, the brand has implemented the Hand & Stone Cryoskin Online Course Platform, which trains and certifies each of its in-house estheticians before they are able to perform these treatments on guests.

RESULTS: These pain-free, effective treatments expanded the brand's service menu, leading to additional utilization of empty treatment rooms resulting from the ongoing massage therapist shortage. These services also led to new customer growth as well as an ultimate increase in sales by \$2.6 million since inception. Our Cryoskin treatments have been a huge success nationwide, quickly becoming one of our most sought-after services. CryoFacial is also becoming one of our most popular facial enhancements, with approximately 10,000 services performed within the first year. The new Cryoskin technology offers guests a safe, convenient, luxurious way to tone and shape their body, while paving the way for future brand development and success.

MOST INNOVATIVE USE OF TECHNOLOGY—SERVICES

Checkers & Rally's

See above under Operations & Technology, Most Innovative Use of Technology.

HUMAN RESOURCES

MOST INNOVATIVE EMPLOYEE HIRING

Goldfish Swim School

OBJECTIVE: We set out to create a robust recruitment and hiring campaign to help our franchisees keep up with growing consumer demand while continuing to provide our Golden Experience to members.

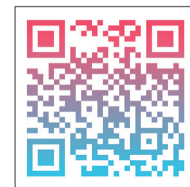
OVERVIEW: Determined to find a way to stand out, connect with targeted team members, and roll out a comprehensive innovation campaign that spoke to their specific wants and needs in a job, we rolled out our "Wavemakers in the Workforce" initiative. By listening to team members, we were able to gain a deeper sense of how they were feeling, which equipped us with a better understanding of how to inform the initiative. Before launching, we did research to identify and understand the ideal team member persona. We added a new social platform to our strategic portfolio and introduced TikTok as a key player in our recruitment and hiring strategy. All of this came to life in the form of a cross-departmental digital playbook provided to franchisees for seamless execution, as the operations team worked to develop a best-practices manual and increase the usability of hiring platforms such as Career Plug and Indeed. The ops team also worked to provide tools to help owners and GMs connect with local school coaches, counselors, and campus contacts to aid in recruiting and explain the benefits of being a Goldfish Wavemaker in the Workforce, and the ultimate impact it can make on both the community and individual career development.

RESULTS: We saw an increase of 33% in total applications when compared with the previous 6 months (July–Dec. vs. Dec.–April). Additionally, we are seeing a 46% increase in total applications YOY (2021 vs. 2022).

MOST INNOVATIVE EMPLOYEE RETENTION

Handyman Connection

See above in the Marketing & Branding Category, Local Marketing Leadership.



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22

FRANCHISE INNOVATION AWARDS



MARKETING INNOVATION AWARD WINNER

WBU picks up top
honors in marketing

Written by **KERRY PIPES**

Franchise Update Media recently revealed the winners of its 4th Annual Franchise Innovation Awards competition. Judges evaluated more than 100 entries in four main categories and 22 subcategories. The two highest honors each year are the overall awards for marketing leadership and for operations and technology leadership. (See separate story for the operations and technology winner, Checkers & Rally's.)

This year's Overall Franchise Marketing Leadership Award winner is Wild Birds Unlimited (WBU) for its unique digital campaign that used layered CTV and programmatic/native display advertising. In fact, the campaign garnered WBU two individual awards: Best Digital Campaign and Best Limited Budget Campaign.

The campaign's objective was to reach new, prospective customers during the winter holidays. Programmatic CTV and native display advertising provided an opportunity to get in front of more potential customers on more devices, and to apply sophisticated targeting and retargeting tactics to create a holistic customer experience. The brand applied a QR code to CTV ads, generating more useful performance data than is typically available from digital TV campaigns. Programmatic CTV and display campaigns offered the brand the ability to do hyperlocal geographic targeting.

We asked Bo Lowery, vice president of marketing at WBU, about the campaign, its impacts, and its results.

What were the goals of the initiative? To reach potential new customers for the retail holiday gift-giving season, and to drive consideration across all audiences to "give the gift of bird feeding" as a unique and meaningful holiday gift.

Describe WBU's innovative use of programmatic CTV technology as a marketing strategy. We produced three 30-second TV spots in-house that ran on CTV/OTT from mid-October through December 2021. The campaign used hyperlocal targeting to reach audiences geographically near each WBU store across the U.S. and Canada. It then layered in behavioral, contextual, and PMP targeting, along with retargeting users who had previously visited our website on CTV or OTT devices.

What was unique about the innovation and the technology used? Even with a limited budget (under \$500,000), the campaign used several types of targeting to reach relevant audiences. Additionally, we were able to target customers who had previously visited a WBU store or shopped a competitor. The campaign used algorithmic optimization to generate better results through automated bid adjustments based on best-performing ad inventory and to optimize the ad spend for maximum efficiency. It used machine learning across 30 campaign parameters to optimize toward our desired goals.

How long did it take to put together and launch? We started discussions about the campaign in late August 2021. In early September, I presented the campaign proposal to our Franchise Advisory Council and received approval for the ad fund spend. My team delivered three 30-second TV ads and 36 display ads by early October. The campaign launched on October 18.

What were the results, impacts, and main successes of the campaign? We exceeded our campaign goals for video completion rate (goal of 90%, actual 91.63%) and cost-per-click for the display ads (goal of \$3, actual cost \$2.46). We reached more than 11 million viewers with the TV commercials and delivered more than 32 million impressions with the display ads. We saw a year-over-year increase of 8.92% in site traffic. As a result of the campaign, we also gathered valuable insights about top-performing sites and placements, best-performing targeting tactics, best creative, and top-performing tactics across devices.

What was the impact for franchisees? A major impact was to increase brand awareness during the busy holiday shopping season and to drive consideration of our products as unique holiday gifts. Without any effort on their part, franchisees gained increases in web traffic, in-store visits and sales, and online sales.

What was the impact for customers? More customers were made aware of Wild Birds Unlimited and of giving



bird feeding as a great holiday gift idea. As we have seen our core customer base skew younger, these are important messages to share. As younger customers are more likely to consume digital media, this was a highly efficient way to reach them.

What was the ROI? This campaign contributed to a year-over-year increase in new customer count, as well as double-digit increases in sales and transactions.

Will there be further evolution of this technology at the brand? What would it look like? We have already run another campaign of this kind for Mother's Day 2022 with similar strong results. We plan to do a campaign at Holiday 2022 and into 2023. With the help of our partners at Location3, we continue to test and optimize the audience targeting.

Anything else? We have long wished for our ad fund to support major advertising for the WBU brand, but we simply didn't have enough money to make an impact with traditional advertising. We have learned that even with a limited budget, we can extend the reach of the brand. These sophisticated advertising methods and our strong partnership with Location3 make it possible. ■

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FRANCHISE INNOVATION AWARDS



OPERATIONS & TECHNOLOGY LEADERSHIP AWARD WINNER

Checkers & Rally's powers
up its drive-thrus with AI

Written by **KERRY PIPES**

Franchise Update Media recently revealed the winners of its 4th Annual Franchise Innovation Awards competition. Judges evaluated more than 100 entries in four main categories and 22 subcategories. The two highest honors each year are the overall awards for marketing leadership and for operations and technology leadership. (See separate story for the marketing winner, Wild Birds Unlimited.)

This year's Overall Franchise Operations & Technology Leadership winner was Checkers & Rally's for its use of AI-based voice assistant at its drive-thrus. With drive-thru orders accounting for nearly 80% of revenues, the company focused on what it could do to alleviate pain points for team members and create a frictionless experience for guests at its drive-thrus.

The company rolled out its AI voice automation at its drive-thrus in late 2021. The goals were to streamline operations, support team members in a fast-paced and demanding business channel, and improve the guest experience.

We asked Minh Le, Checkers & Rally's CIO, about the campaign, its impact, and the results.

Describe Checkers & Rally's innovative use of AI-powered voice-automated technology at the drive-thru. Essentially, the AI is a motion sensor that is automatically prompted when a vehicle arrives, ensuring a faster ordering process for customers. The technology has been programmed not only to take the guest's order, but also to recite the ingredients for all

menu items upon request. It also can repeat the order, provide the check total, and alert guests if a product is unavailable. It is designed to give guests a fast and enjoyable drive-thru experience, freeing up team members to focus on hospitality and fulfilling orders and reducing missed opportunities for upsells and human error from fast-moving fingers or mistakes when taking orders on the POS system. As a result of our AI technology, orders are put together more efficiently and effectively.

What were the goals of implementing the technology? Our main goal was to streamline work for team members, making their jobs more doable and enjoyable, while also benefiting guests through improved order accuracy and memorable checkout experiences. We're striving to increase employee retention and customer loyalty and have seen success on both fronts through our strategic use of AI at the drive-thru.

What was unique about the innovation and the technology? During the pandemic, with the rise in demand for delivery, we began offering an online-ordering-only lane to meet the needs of delivery drivers and guests who ordered ahead. We also were searching for a way to enhance the employee and guest experience, streamline operations, and drive sales. Our rollout of an AI-based voice assistant was the largest and first-of-its-kind solution in the hospitality industry, making it a truly unique and innovative initiative.

How long did it take to put together and launch? Before we began rolling the software out to all of our corporate-owned stores in late 2021, we spent 2 years conducting thorough and comprehensive testing of the AI technology. To ensure we would be providing an enhanced experience for guests, team members, and franchisees, we wanted to be certain that every aspect of the system was operating seamlessly and in peak condition before implementing it in the field.

What were its results, impacts, and main successes? Overall, we have seen the technology reduce friction, increase operational efficiencies, and minimize errors, which has resulted in higher employee productivity and retention, as well as increased guest loyalty and satisfaction. Thus far, the AI system has upheld its 98% accuracy rate, meaning voice-activated orders require the assistance of a manager an average of only 2% of the time, which is incredible to see.

What was the impact for franchisees? In our corporate stores, this technology has had impressive results in reducing friction and driving higher employee productivity—positively affecting Checkers & Rally's as a whole, including our franchisees. Because of our success thus far with the rollout, we've had more than 170 franchisees sign on to install the AI technology at their locations this year and look forward to enabling more franchisees to implement this technology.



How did this affect customers? The feedback we have received from our guests has been extremely positive. The system has greatly improved the guest experience. Since implementation, we continue to see increased order accuracy, upselling, and more meaningful face-to-face interactions at the checkout window, all leading to increased customer loyalty.

ROI? The AI has improved the guest experience, with the company seeing increased order accuracy, a 4.5% increase in combo sales, and a 9.5% increase in bacon and cheese upsells, as well as more meaningful face-to-face interactions at the checkout window, which has led to increased guest loyalty and satisfaction. Additionally, we've found that the technology saves us approximately 4 hours per day in labor and allows our employees to take more frequent breaks, enabling us to extend our service hours.

Will there be further evolution of this technology? Our goal is to have this technology deployed across all corporate restaurants by the end of 2022, along with however many franchisees are game for implementing it at their locations. Some enhancements we have on our AI road map include:

- further personalization such as greeting guests by name, suggesting items based on past order history, weather, time of day, etc. (including a vision component where the AI recognizes license plates, offering a personalized experience as well as enabling pay-by-plate technology);
- regionalization, where we customize the greeting and voice dialect based on geographical regions or restaurant locality;
- further automation, where AI acts as an employee assistant, helping with tasks such as training, inventory, ordering, analytics, and more; and
- becoming multilingual to best serve our guests. ■



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The 2022 FCXC breaks new ground for customer marketing

Written by **KERRY PIPES & EDDY GOLDBERG**

The first Franchise Customer Experience Conference (FCXC) debuted in June at Atlanta's InterContinental Buckhead hotel. The retooled event (formerly known as the Franchise Consumer Marketing Conference) was billed as a groundbreaking new space for new ideas, inspiration, and networking opportunities for franchise leaders charged with improving the experience and outcomes for all customers, including consumers, businesses, franchisees, and employees. Based on attendance and feedback from attendees, the conference met its expanded goal, and then some!

We tweaked our annual *consumer* marketing conference to deliver a new educational and networking event for an expanded range of *customers*: franchise executives tasked with building a better experience for all of *their* customers, from franchisees and prospects to consumers to corporate employees—and to recognize the increasing overlap in the roles of marketing, operations, and technology in franchise system expansion and survival.

Along with input from our Conference Advisory Board and past attendees, we reworked the content to help franchise leaders build a deeper understanding of the data, best practices, and tools available to leverage marketing, operations, and technology resources for brand success.

The event also marked the first marketing conference hosted under the new 10-year alliance between Franchise Update Media and the IFA. In addition, the conference presented highlights from the Annual Franchise Marketing Report (AFMR) and revealed winners of the Franchise Innovation Awards. (See separate stories on both in this issue.)

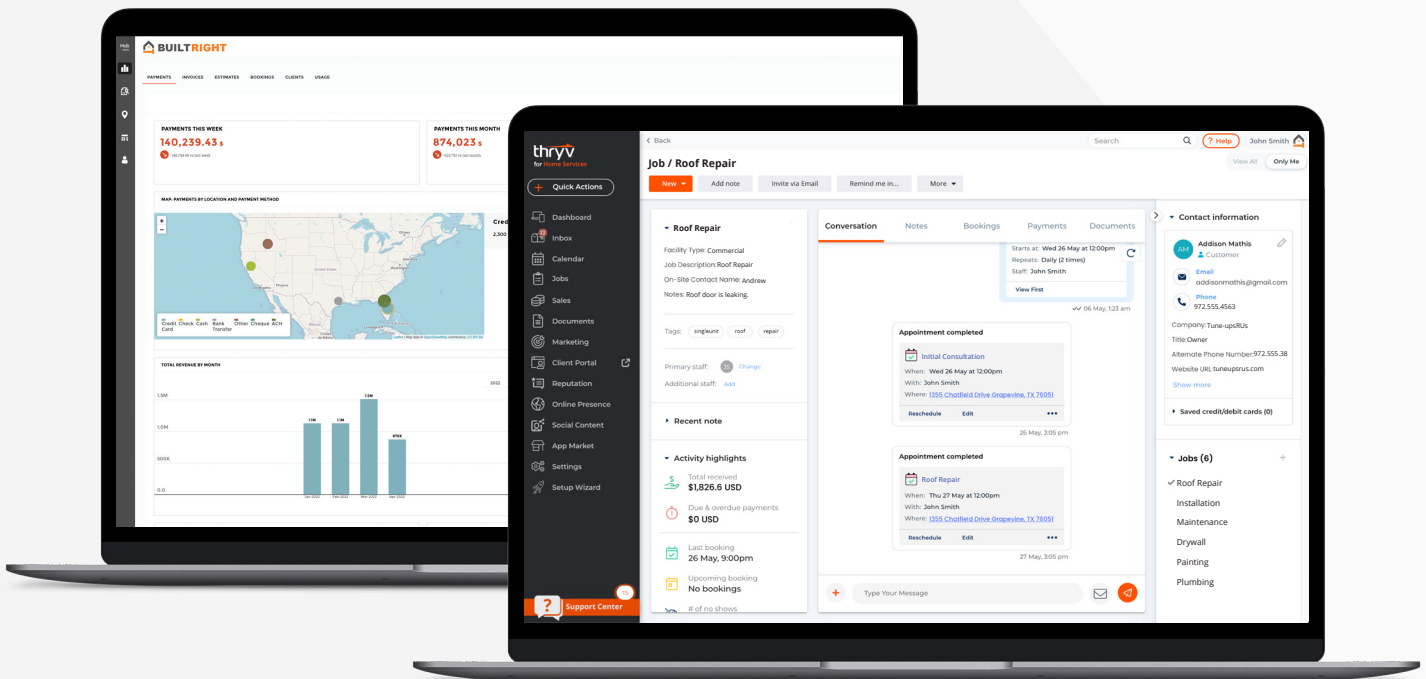
Keynote speakers, general sessions, breakout sessions, and a sold-out Sponsor Networking Area all helped deliver on the promise of the new Franchise Customer Experience Conference. This year's Platinum Sponsor was ChoiceLocal.

DAY 1, PRE-CONFERENCE

The IFA kicked off the event with two CFE workshops: "Franchise Management and Compliance" in the morning and "Leading Customer Loyalty" in the afternoon. In the former, senior executives learned how to take proactive steps to reduce risks, manage growth, and build a stronger, healthier franchise system. The latter focused on providing attendees with real-world examples of how to build a customer-focused culture to inspire and win customer loyalty and how to use accountability metrics to increase customer retention.



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"Build a culture your employees love. Manage your customers' expectations by being more transparent."

—John DiJulius

DAY 2, MAIN EVENT

Things got going with a continental breakfast followed by a CEO Summit focused on customer experience best practices. Led by customer experience guru John DiJulius, the all-morning session focused on four experiences that make a company a place employees love to be part of: recruiting, interviewing, onboarding, and retention. "Your recruiting should turn people on *and* off," said DiJulius. The goal is not only to attract those who fit well with a brand's existing culture, but also to discourage those who won't.

The session alternated between presentations from DiJulius and the roundtable challenges he gave each table of top executives to brainstorm ideas and share both what was working for them and what wasn't. Attendees also made peer-to-peer connections they intended to build on in the coming year.

One of the topics that rose to the top was the need to focus on employee mental health and wellness during stressful times. One suggestion from DiJulius: "Don't allow employees to cash out their vacation days. Make them take time off." This applies not only to frontline employees, but also to franchisees. He also suggested including behavioral health coverage in employees' benefit packages.

The morning also offered simultaneous breakout sessions on operations, technology, and marketing topics. The Operations & Technology Track session was "Franchisee Buy-In to New Programs, Tools, Systems, and Technologies." The Marketing Track's session featured "Mapping the Customer Experience Journey." Through panel presentations and roundtable discussions, participants tackled common challenges and shared best practices in culture, system sales, unit economics, and technologies, all examined from a customer experience perspective.

Lunch in the Sponsor Networking Area followed, with the Exhibit Hall open for the first of three opportunities for attendees to visit with suppliers and network with their peers.

The first general session and keynote speaker followed. Therese Thilgen, co-founder and CEO of Franchise Update Media, and Jennifer Brandeen, chief revenue officer of the IFA, welcomed attendees and highlighted the significance of the conference's name change, refocused content, and the importance of brands developing a more holistic view of the customer experience.

DiJulius, founder and chief revolution officer of The DiJulius Group, next took the stage for the FCXC's first keynote presentation. He wasted little time describing what he sees as a "customer experience recession" in the world today, and how refocusing on the customer experience can help correct the current imbalance. "Build a culture your employees love," he said. "Manage your customers' expectations by being more transparent."

FRANdata CEO Darrell Johnson followed with his annual economic outlook for franchising. "Franchising is doing all right this year and tends to lead in recoveries," he said. However, with rising inflation and flagging consumer sentiment, he advised attendees to prepare with "a higher level of caution and likelihood of a recession in 2023."

Other items he discussed included the jump in private equity activity, with 2021 a record year for franchise M&A activity; which changes from Covid will likely be permanent or temporary; and how rising costs (supply inputs, labor costs, and rent among the leaders) will affect unit economics. When it comes to operations, he urged franchisors to pay closer attention to their newer units, which, he said, are most vulnerable 12 to 36 months after opening.

IFA President and CEO Matt Haller followed to highlight the association's campaign to raise awareness of the important role franchising plays in business and communities throughout the country. "The Open for Opportunity campaign is building awareness, changing minds, and highlighting the value and opportunity of franchising," he told the crowd. (For more on how to get involved, see his column in this issue.)



Chris Riddell, keynote speaker

Franchise Update Media's Chief Content Officer Diane Phibbs then presented highlights from this year's Annual Franchise Marketing Report (see separate story) before turning over the stage to a panel discussion, "Creating a Customer Experience Culture—A Massage Heights Case Study."

Sam Ballas, CEO of East Coast Wings & Grill, led a panel of Massage Heights executives and one of the brand's franchisees through an in-depth discussion of how the brand recently reimagined its vision, mission, and core values through its new "Culture of Care" program. Their efforts included an updated logo along with employee, franchisee, and guest initiatives that helped execute the brand promise.

With the day's sessions wrapped up, the Sponsor Networking Area reopened for a cocktail reception and a second chance to visit

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the supplier booths and network with other attendees.

DAY 3, MORE IS BETTER!

Chris Riddell, global futurist and inspirational speaker, kicked off Day 3 with an entertaining, fast-paced general session presentation focused on putting today's rapidly changing and disruptive digital world into perspective. Backed up by a lively, information-packed series of videos and slides, the former CDO of Mars Australia and New Zealand began by telling the audience, "The world is driven by humans, technology is just the enabler." However, he said later, "We're all consuming and generating data all the time. We're addicted to technology."

Looking at the changes technology has wrought in our work and our lives, he said, "Everything we've seen in history is now being reinvented." And, "Good is no longer good enough, you have to be extraordinary." His high-energy presentation covered how technology and geopolitics are forces that will continue to change and reshape the world. In the end, he made the case for a future that will be better than today.

Next up on the main stage came the four finalists for the top two 2022 Innovation Awards: one for Overall Marketing Innovation and one for Overall Operations & Technology. Each presented their entry in the competition, describing and detailing their goals, strategies, tactics, and results. The Overall Marketing award finalists were Handyman Connection, Wild Birds Unlimited, Kiddie Academy, and Goldfish Swim School. The Operations & Technology finalists were Checkers & Rally's, Hand & Stone Massage, Inspire Brands, and Smoothie King. (See full coverage of all Innovation Award winners elsewhere in this issue.)

Attendees gathered one last time in the Sponsor Networking Area for lunch and a final chance to rub elbows with peers and suppliers.

Breakout sessions completed the afternoon with topics such as "Targeted, Direct Marketing To Drive Location Revenue," "The FBC/Franchisee Relationship—the Foundation for the Customer Experience," "Understand & Leverage Data To Grow Lifetime

Customers"; "Marketing & Media Options To Make Memorable Connections"; "Field Operations Support To Enhance the Customer Experience"; and "Back of House Solutions To Support Operations & Profitability." All sessions were well attended and featured lively discussions.

The day's educational opportunities wound down with two general sessions. The first, "Customer Experience: The Culture, Mission & Purpose of the Brand," was led by Adam Contos, a partner with Area 15 Ventures and, until this past March, CEO of RE/MAX. The two panelists were Scott Deviney, president and CEO of Chicken Salad Chick, and Ryan Aschauer, CIO of Floor Coverings International, who dug deep into the foundations of how a brand can provide the best possible experience for its customers.

The day's concluding session, "Customer Experience: Roundtable Challenge Session with Keynote Speaker Jason Young," drew a large and enthusiastic crowd ready to meet the challenge head-on. Young, a former senior executive at Southwest Airlines, is a renowned training and development expert and author of *The Culturetopia Effect* and *Servicetopia: The Ultimate Customer Service Experience*. He shared numerous CX stories from his days at Southwest, the importance of developing a customer experience culture, and led the tables through an exercise where each created a fresh way on the spot to enhance the experience at their business. This session provided a neat bookend to the first keynote talk from John DiJulius the previous day.

With the day's educational sessions now complete, attendees headed up the road to Maggiano's Little Italy for the closing dinner reception and the official presentation of the 2022 Franchise Innovation Awards.

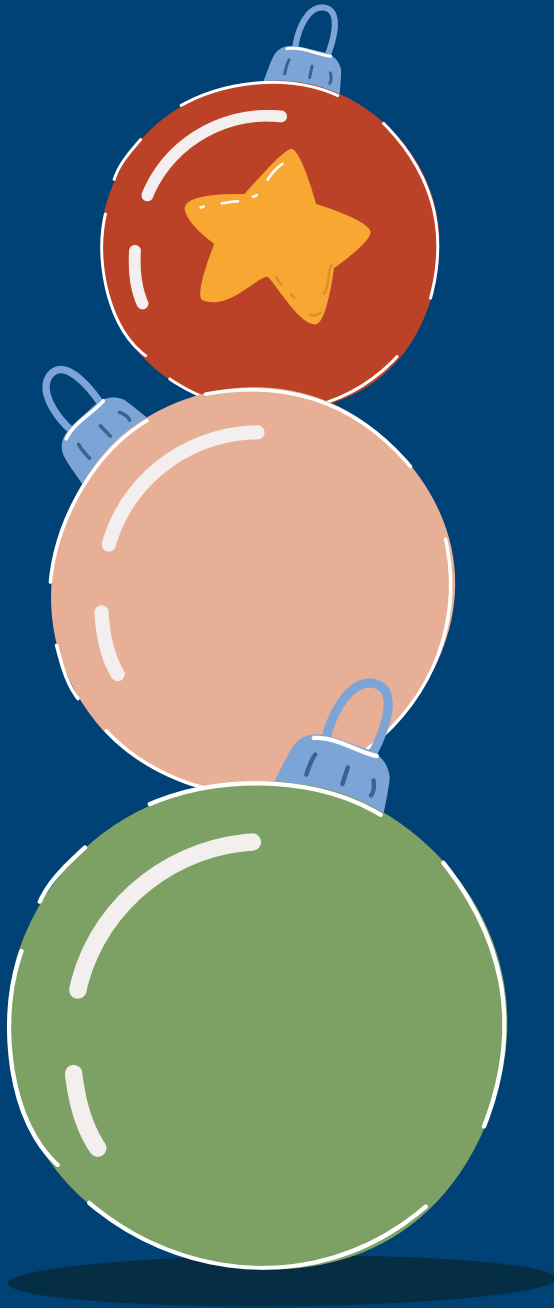
DAY 4, ACTION PLANNING

The final day closed out the event with a morning session called, "Build Your Action Plan for an Elevated Customer Experience." Jack Monson, president of Social Geek Radio, led the panel, which consisted of Matt Friedman, CEO of Franchise Founders, Brittany Graff, senior director of marketing at Painting with a Twist, and Jackie Adams, senior director of operations and new franchise development at Floor Coverings International. The panelists helped attendees sort through the ideas and strategies they'd learned over the previous days and help them create an action plan they could take home to rework, refine, and improve their customer experience.

Plans already are under way for next year's FCXC, June 20–23, 2023 at the InterContinental Buckhead in Atlanta. Keep up with plans, speakers, and the agenda on franchising.com. ■



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FCXC by the numbers

185

Franchisor
Executives

160

Franchise
Brands

BREAKDOWN OF ATTENDEES

CEO/President	38
Vice President	37
CMO/COO/CIO	32
Director	40
Manager	36

BRANDS BY INDUSTRY SEGMENT

Service	64%
Food	23%
Retail	13%

MARKETING & BRANDING (8)

Best Big Budget Campaign	Uberrito Fresh Mex
Best Digital Campaign	Wild Birds Unlimited
Best Limited Budget Campaign (under \$1 million)	Wild Birds Unlimited
Best Loyalty App	Blaze Pizza
Best PR Campaign	Goldfish Swim School
Best Social Media Campaign	Camp Bow Wow
Cause Marketing Champion	Kiddie Academy
Local Marketing Leadership	Handyman Connection

OPERATIONS & TECHNOLOGY (7)

Most Innovative Building Design, Remodel, or Prototype	Inspire Brands
Most Innovative Consumer Self-Service Tools	Pillar To Post
Most Innovative Franchisee Support	Wild Birds Unlimited
Most Innovative Operations Team	Smoothie King
Most Innovative Supply Chain Improvements	Shawarma Press
Most Innovative Use of Data	Blaze Pizza
Most Innovative Use of Technology	Checkers & Rally's

PRODUCTS & SERVICES (5)

Most Innovative Product Introduction	Hand & Stone
Most Innovative Service Introduction	Plumbing Paramedics and Heating + Air Paramedics
Most Innovative Use of Customer-Facing Digital Tools	School of Rock
Most Innovative Use of Technology—Products	Xponential Fitness
Most Innovative Use of Technology—Services	Checkers & Rally's

HUMAN RESOURCES (2)

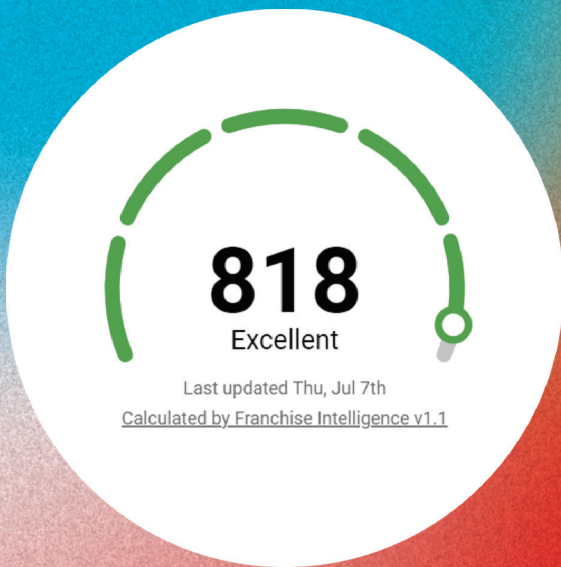
Most Innovative Employee Hiring	Goldfish Swim School
Most Innovative Employee Retention	Handyman Connection



The fourth annual Franchise Innovation Awards have been wrapped up. This year's contest generated more than 100 entries in four main categories and 22 subcategories. Franchise innovators, game-changers, and disruptors were evaluated on their efforts to create and implement the most original and successful campaigns in four categories: Marketing & Branding, Operations & Technology, Products & Services, and Human Resources. A team of judges evaluated each entry independently based on a brand's stated objective, the problem or improvement targeted, and the metrics they provided about the results. The winners were announced at the Franchise Customer Experience Conference.



Create Healthy Competition Amongst Franchisees



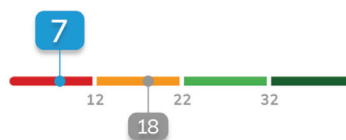
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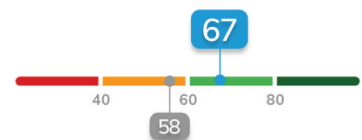
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Flying High

Wearing two hats as president and CMO

Written by **KERRY PIPES**

Amy Phillips holds a unique position at Altitude Trampoline Park: She is the brand's president *and* CMO.

Phillips joined the brand in October 2020 as EVP in charge of brand experience. The next June she was named CMO, responsible for strategic marketing, brand messaging, and franchise development marketing for the 82-park brand with locations around the globe. This past February, she added president to her title and is now co-leading the brand's franchise development efforts with CEO Mike Rotondo.

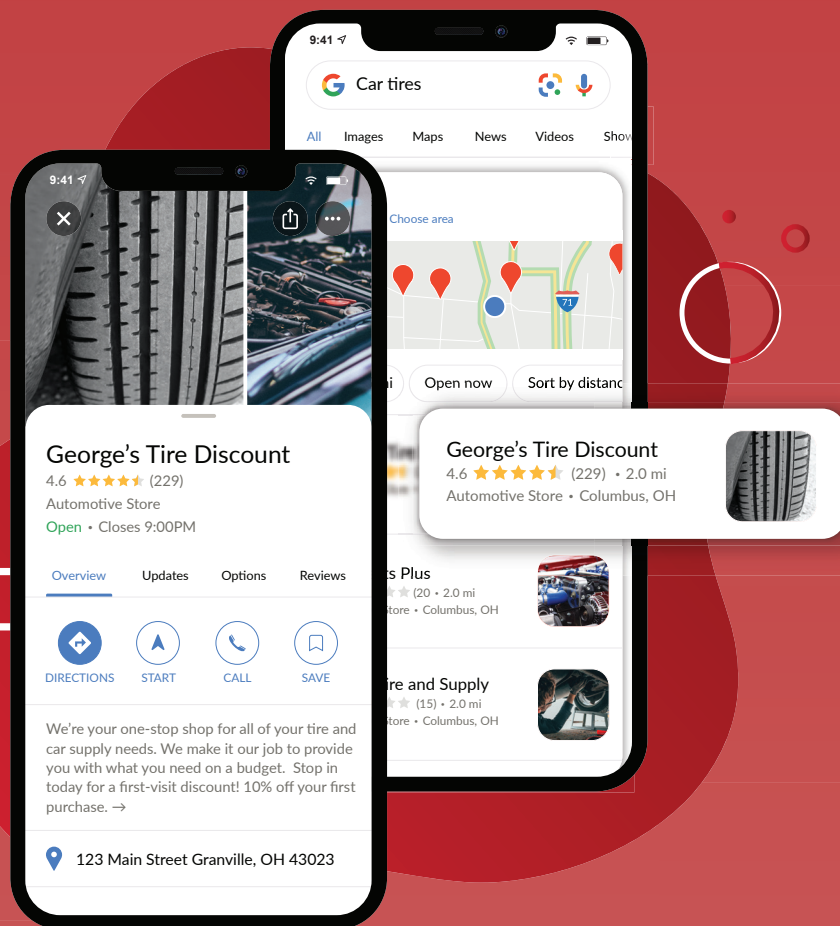
Phillips has been busy in her new role helping to expand the company's leadership and corporate support team as the brand embraces growth and launches enhanced digital and in-park experiences, new guest offerings, and best-in-class guest services training.

"The goal is to push the boundaries of our guest experience and to evolve with our growing corporate team to support our franchise network in new and profound ways," she says.

Phillips is quite familiar with the family entertainment business. Before joining Altitude, she spent nearly two decades working with brands including Pepsi, Dave & Buster's, Main Event Entertainment, and Drive Shack. Since joining Altitude in 2020, she has led major brand-wide initiatives such as the successful membership program, which has driven double-digit sales increases at several of the brand's locations.



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What's the most challenging part of being a CMO today? Our industry changes every single day, and the media landscape is more complex than it's ever been. It's important to make sure that you are working with your team to navigate the nuances of new media such as YouTube shorts and the changing algorithms around platforms like TikTok and Instagram—especially in the family entertainment industry, where what is working for us on these platforms this week may not work for us the next. If your company works with an outside agency partner, make sure that team also has their finger on the pulse of these trends.

How has Covid-19 affected the way you have led your brand's marketing efforts? To keep customers confident in the safety of our parks, we implemented the C3 program (Caring through Cleanliness and Certification). C3 is a full-park protocol that includes extensive, CDC-approved cleaning procedures before, during, and after operational hours. Our membership program also reached its full potential post-pandemic, when families really began looking for a more cost-effective option for family entertainment. It's a great value for families, and our guests have been quick to recognize the flexibility it provides them through the unlimited use of the parks' trampolines and attractions any day and any time. Within our target demographic of parents with children ages 3 to 12, Altitude actually experienced an uptick in our business. Cooped up inside the house for so long, parents were willing to take the risk and bring their children to our parks. Many of the larger theme parks and restaurants haven't seen that impact for their franchisees just yet.

What are the 3 most important keys to being an effective CMO leader today? One aspect is definitely the complexity of today's media landscape. It's so important to surround yourself with team members and agency partners who are constantly seeking out new platforms and evaluating the performance of our current tactics.

Another important aspect is the ability to understand your target audience. This process begins when, as a brand, we look at past experiences and perceptions to align on the psychographics and demographics that make up our core audience. Our guests are often children ages 3 to 12, but our target audience is really their mothers. We know that, more often than not, it's mothers who make the decision to bring their children to our parks. We take that information and use it to guide our plans around what messaging will resonate with that audience, what channels we target with that messaging, and more.

To bounce (no pun intended) off that point, companies must know their value proposition inside and out. A value proposition isn't necessarily based solely on price—there are a whole host of other factors, including environment, services, culture, and more, that make up a brand's value proposition. When I think of great value propositions, I immediately think of Nordstrom's return policy, where you can virtually return anything aside from some slight stipulations. Our CEO Mike Rotondo does a great job of articulating our value proposition, which centers around our membership program and providing that outlet for active family fun in the communities our parks serve.

How do you prepare a marketing plan and execute the strategies? Quite honestly, in the most traditional way possible. I'm a big fan of calendarizing our tactics and campaigns based on seasonality. In my experience, that doesn't mean that plans won't need to change based on current events or benchmark numbers. However, it allows our team to start with a plan and go from there. It's okay to make modifications along the way, and essential to be flexible and

reevaluate when something isn't working. Many leaders can get so passionate about their plans, but we always need to make sure it's working for our brand, franchise system, and, most importantly, our guests.

After we've created our plan, we bring it to the overall support center for feedback. As marketers, it can be easy to get stuck in our own heads. I've often found that some of the best ideas come from our support team's fresh perspectives and from our franchisees. That's why our marketing team reaches out to the high-performing franchise members in the system to discuss what's working and what's not three months before we start calendarizing. One of the great things about building those connections with the franchise owners is that when we implement one of their ideas, they become ambassadors and help work with others in the system to show its value. It doesn't have to just be about marketing programs either, it can be POS updates or other system changes. We work closely with our franchisees to leverage their experiences for the good of the entire system.

In my experience, it's so important to never get too far away from providing your franchise system with strong local marketing tools and guidance. There are times when we lose sight of the impact that partnering with local schools, charities, chambers of commerce, and other organizations can have on a franchise owner's bottom line.

How do you measure marketing results and effectiveness? It all boils down to whether or not your tactics and strategies are moving the needle in a positive direction for the franchisees at the local level. Of course we can set goals for the number of impressions our campaigns generate or the number of clicks a given ad set has, but the true measure of success comes from positive feedback from our franchisees.

One of our franchise owners had a background in the fitness industry before signing his agreement with Altitude, and he brought the idea of membership to our team during one of our planning discussions. Since we've developed the Endless Jumps membership offer, he's signed well over 16,000 members at his park. That's one great example of how I would measure the success of our membership program.

Discuss your core consumer marketing strategies and objectives. In addition to national activations such as our partnership with the American Heart Association, we layer in a healthy amount of local activities for our franchise locations as well. Through the relationships that franchise owners develop with their friends and neighbors, our parks become part of the communities they serve. Being actively involved in the areas your business serves can make a difference in your success.

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THE PEOPLE FACTOR

The Make or Break KPI for Franchises

Franchise executives understand that the success of their businesses depends highly on their ability to recruit and retain the best talent – both employees and franchise owners. Every organization is only as strong as its team, and as the war for talent continues to get more competitive, company culture is going to be a “make or break” KPI for franchise success.

Winning the War for Talent

1 Frontline workers are most vulnerable.

Wage increases for frontline employees play a significant role in staff recruitment and retention but the franchise companies that will ultimately win out are those that are most successful in building a strong team culture, a positive, employee-centric experience, and career growth opportunities.

“Small businesses cannot compete with larger company wage offerings alone. We encourage franchise owners to promote the intangible benefits such as the work environment, the opportunity to bring joy to customers, and their direct contributions to the betterment of nature.”

Christa Anderson, Director of Coaching Support
Wild Birds Unlimited

2 Managers are your greatest opportunity (and risk).

An employee's direct manager has the strongest impact on their overall satisfaction. Employees who think their managers “care about their success” were more than twice as likely to give strong ratings to company culture, and nearly half as likely to consider leaving their jobs.

“My manager cares about my success.”

84%

3 It begins at the top.

Brands that rate highest on “Leadership encourages a strong team culture” score 20% - 25% higher in Overall Satisfaction, which translates directly into higher franchisee performance and lower employee turnover.

*Data based on Franchise Business Review's 2022 Franchising@WORK Study of 5,500 corporate franchise employees and franchisee satisfaction research representing 30,000+ franchise owners.

4 Be aware, but don't fear, the Joint Employer Rule.

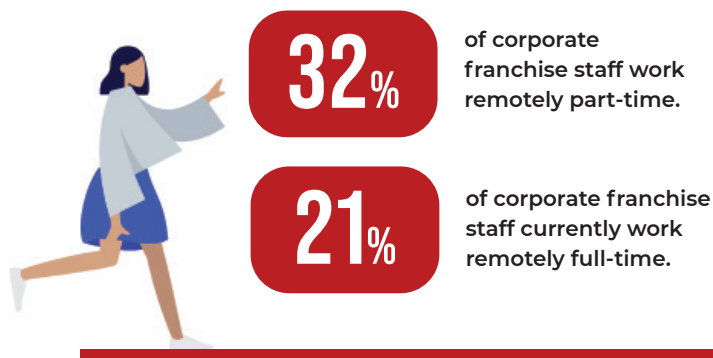
Many franchise organizations distance themselves from employees of franchisees for reasons of vicarious liability. That said, the best franchise brands instill the value of a strong brand culture – both at the home office and the local business level – and offer leadership and culture training for franchise owners.

“If we don't address culture now, and teach our franchisees WHAT it is, and HOW to have a good one, then they will fail. They will constantly deal with debilitating turnover, and that's no way to run a business.”

Kristin Kidd, Director of Operations
The Lash Lounge

5 Remote work could be a deal breaker.

The pandemic made remote work a norm. Two out of three employees would like to stay remote full-time, but many franchise leaders want their teams back in the office more. The trick is finding the right balance with remote work flexibility – and its potential impacts on organizational culture, employee recruitment, and retention.



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and other organizations can have on a franchise owner's bottom line. It's especially vital in the family entertainment industry, where our parks aren't able to find real estate in high-traffic areas of suburban or urban communities.

How is today's consumer and marketing data helping you fine-tune your marketing initiatives? It all goes back to making sure that you align on the demographics and psychographics of your target audience before building out a plan for a specific brand or market. In this day and age, there are hundreds of ways to find out who is engaging with your product or your service. As I said, we then take that information and use it to guide our plans around what messaging will resonate the most with that audience, as well as what media channels will be most effective in reaching them. By using consumer data when creating our marketing initiatives, we can more effectively reach the families most likely to bring their children to an Altitude Trampoline Park.

Describe your marketing team and the role each plays. We have a small but mighty marketing team here. Outside of our agency partners, our team consists of various roles, ranging from director of membership and event sales marketing to director of brand marketing. Our director of membership and event sales marketing focuses on how to optimize and equip our parks with the collateral and sales channels that drive membership and event sales. In some cases, these sales can represent around 30% of our parks' business. We've worked hard to build out our call center so that there's one point of contact for our guests to call and book any of our 82 parks. Our director of brand marketing works with our agencies and franchisees to ensure that all our PR, creative, and messaging aligns with our brand. She does a wonderful job of overseeing a whole host of agencies tackling digital media, nontraditional marketing, and more.

Why is it so important for the marketing department to have a "personal touch?" How does this help your franchise sales and development effort? Many franchisees sign on with a brand because they already believe in the brand's mission, vision, and general brand awareness in their markets. This goes even a step further with our franchisees, because most of our owners were guests in our park first. In our work with potential franchise candidates, it's important for us to help them picture themselves and/or their families in the park. I can think of a handful of franchise owners in the system who invested in our concept to bring a clean, safe space for indoor play to not only the children in their community, but for their own children as well.

Franchise owners also recognize they are investing in a brand with a marketing department that works to generate exposure for the brand as a whole at a national level as well as support them at the local level. Prospective franchisees want to see that they can rely on the corporate team to provide them with the standards, insights, and tools to help them effectively market to their guests. We aim to show them that they don't have to reinvent the wheel to be successful.

Do today's prospects expect more from the franchise marketing department? What, and how do you provide it? I would say yes, they do. As I mentioned, the media landscape is incredibly complex and changing every day. Franchisees rely on us to know the ins and outs of new strategies and platforms, because there are so many more than there used to be. It can become very overwhelming for them to manage on their own. They rely on us to make those hard decisions for them when it comes to what channels they should

be using to reach consumers and the value of one medium over another.

How do you work with other internal departments, and does technology help? While our leadership team and franchise system are spread out across the world, for me, nothing really replaces human interaction. It can get difficult to do everything remotely without meeting with our franchisees and making that connection, that bond, beyond the screen. That being said, we work very closely with our operations department. Nick Doll, our vice president of operations, and his team are very hands-on and have been out visiting our franchisees in their parks. They become the voice of the marketing department, bringing franchisees up to speed and on board with the rollout of new promotions, processes, systems, and other initiatives.

When it comes to the intersection of marketing and technology, we work very closely with Joseph Steen, our director of IT. We recently partnered with Yiftee, an operating system that works to standardize the sale and use of gift cards for our guests. Technologies like Yiftee can function a lot like marketing with a franchise system like ours. The franchise owners are looking for a system that is easy for their young adult employees, many of whom were guests in our parks at one point, to use.

Do you see vendors as business partners? Why/why not? Definitely. Our vendors are an extension of our team. More importantly, we rely on them or their products to operate at the same level of excellence and expertise as our team does. We're always looking for vendors who can move the needle in a way that benefits the entire franchise system. Before an organization can become one of our nationwide vendors, they go through an application process with our leadership team to make sure they meet the criteria and standards we have set in place. Then we test and vet them through our franchisees before we move forward and make them an official vendor. Even our agency partners go through a strenuous RFP process before we bring them on board.

Many of our current vendors have come from our franchisees. They started off working with them on a local scale and then recommended them to our leadership team. Additionally, members of our leadership team might bring vendors they've worked with at past concepts to our attention. Our VP of operations and VP of development built several relationships over their time in the restaurant and family entertainment sectors, respectively, and that personal experience can go a long way in building trust with our entire system.

What advice would you offer to aspiring CMO executives? I'm a big fan of networking. Personally, I love the American Marketing Association, but there are so many other organizations you can get involved in. I'd also recommend going to conferences and sharing your accomplishments with your network on LinkedIn. I've participated in the Women's Foodservice Forum in the past and met amazing female professionals in the hospitality industry, created different relationships with them, and learned a lot about what and how a CMO leads.

To a degree, it's also results. If you can find a way to get the results and make a difference for the bottom line, you can be anything and everything that you want to be. Remember to ace the "humble brag" and to go after those awards and recognitions that you wouldn't normally go after. I'm fortunate to have great agencies and partners who can tell that story for me, but you don't have to be a CMO to craft those stories for yourself. ■

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Q What social media channels are you finding most effective for attracting quality leads?



MATT COFFEY

Director of Marketing
Mosquito Authority

When we talk about franchise development marketing, there is always a fine line between quality and quantity. At Mosquito Authority, we track everything. Every dollar spent on marketing is directly compared with the lead it brought in, and what percentage our team was able to get on the phone, move to webinar, and ultimately close.

As we all know, in the past 2 years it has become increasingly difficult to see both volume and quality of leads come through social media as in years past. We have typically seen the highest “quality” leads come from LinkedIn. We can target deeper on LinkedIn than on Facebook. This includes features like user demo, job titles, and interests. The fact that we are able to get directly into an inbox is also a big win for LinkedIn.

While we still receive a good number of leads through Facebook, its new advertising updates require us to remove more and more targeting, such as age, location, and even gender. There are ways to get a more qualified lead from Facebook by creating a more in-depth lead form, instead of an autofill or a one-click fill.

What we focus on at Mosquito Authority is how we nurture the leads when they do come in. Like most companies, we have frontline dialers, short-term and long-term drip campaigns, etc. Our process allows us to ensure that we can quickly move past the unqualified leads and focus on the more qualified while not decreasing our lead flow. ■

“In the past 2 years it has become increasingly difficult to see both volume and quality of leads come through social media as in years past.”



DOUG POPPEN

Chief Marketing Officer
Homefront Brands

As a platform with a wide variety of property services companies, Homefront Brands must remain agile in all our franchise marketing efforts to connect and engage with the ideal franchisee prospect for each brand. The paid media landscape is evolving rapidly, so we are constantly evaluating the effectiveness and enhancing our mix of social media tactics.

Several of our brands have appeal to a broad spectrum of potential entrepreneurs, which presents unique opportunities and challenges relative to social media. We can reach prospects in both their professional and personal networks using inbound tactics on LinkedIn while also engaging in related peer groups on Facebook. Also, we don't limit ourselves to social "media," but seek to connect with our prospects in relevant social communities online or off—directly or indirectly.

For example, one of the ways we overcome the challenge of marketing a brand that is financially viable for a broad audience is to tap into both the online and

offline communities of professionals already working in the industry, many of whom do not hold an ownership interest with their employer. These individuals are actively working in our field of interest and can be open to alternative methods of career advancement through business ownership.

For our brands that are attractive ownership opportunities for a narrower audience, either through specialized skills or a higher level of investment, the selection of social media channel can be less vital than being able to tell a compelling story to prospects in that channel. Our ability to engage others through multiple creative communication methods to convey a vision is vital. We must pair the lead gen science with powerful creative.

Social media as a lead generation tool has evolved greatly over the past 3 to 4 years in a variety of ways. As marketers, we must anticipate there to be a similar degree of change in the years that follow, and thus always be innovating and testing new methods of attraction and engagement. ■

Focus on Employee Wellness

Making mental health a priority

Written By
JOHN DIJULIUS

If you want to build a world-class employee experience culture, make sure you don't leave out the most important part: employee well-being. Organizations provide their employees with medical, vision, and dental insurance. But what about mental health benefits? Many companies leave this out of the package, meaning that only those who can afford to pay out of pocket for mental health issues are the only ones who get it. Mental wellness cannot be a privilege for a minor part of our population—it must be accessible for everyone.

A new leadership approach

We have seen an increasing number of high-profile athletes and entertainers speak out about their struggles with mental well-being. These awareness campaigns are a great start. However, few business leaders have done the same. Why? There's a lingering stigma associated with revealing such seeming vulnerability at work. But burnout, anxiety, and depression among workers are hitting record levels. According to a report from mental health consultancy Mind Share Partners, three-quarters of full-time U.S. workers reported experiencing at least one symptom of a mental health condition in the past year, up from 59% in 2019. In this third year of Covid and its variants we're seeing signs of change.

We live in a different world today. Leaders have unique responsibilities never seen before. Today's leaders must know how to lead from a distance in our new remote economy, and recognize and support their employees' mental well-being. They must be aware of the direct and indirect costs when employees don't have the support they need. This doesn't mean leaders need to turn into therapists, but

organizations and their leaders must be more than just empathetic. They must build cultures that support and provide resources, both preventive and reactive, for employees struggling with their mental wellness.

The mental health of America's younger population was a major national concern before Covid-19. Now it has reached crisis stage. In a recent survey by the CDC, 37% of people reported feeling anxious or depressed compared with 11% in 2019, pre-pandemic. What's more, by some estimates, half of Americans will experience an issue with significant symptoms and the negative impact of mental illness over their lifetime. The need for employee assistance programs and mental health initiatives has never been greater.

“As a nation, it's past time to prioritize youth mental health and provide young people with the support they need. And employers have a significant role to play.”

— GAREN STAGLIN
co-founder of Mind at Work

Progress toward legislation

Lawmakers wrestling with how to ensure that mental health and physical health are treated equally by employers and insurers are working on mental health policy. Until recently, however, mental health has been considered a taboo topic in many workplaces. However, the Great Resignation era has taught us that now, more than ever, addressing mental health in the workplace has become a business imperative.

“As a nation, it's past time to prioritize youth mental health and provide young people with the support they need. And

employers have a significant role to play,” wrote Garen Staglin, co-founder of Mind at Work, in a recent Forbes article (“It's Time for Employers To Support Youth Mental Health”).

The mental health of our employees' children can have a direct, sometimes negative impact on workplace environments. Think about it. The solution lies in providing appropriate mental health resources. For a truly great organization, a leader's first priority must be helping people lead great lives. We have to be the type of company that helps employees be their best selves and have a chance at building meaningful and constructive lives. How? We must start with investing in training the whole person, not just the professional development that makes them more productive and profitable for our businesses.

We must make employee health—on all levels—a high priority, and show it by offering well-being benefits in addition to traditional health insurance.

It's okay to not be okay!

Fast Company brought together a group of successful CEOs, entertainers, and subject matter experts to discuss what needs to be done around employee mental wellness awareness.

“It is so important that people know that it is okay not to be okay. When we're not feeling that way, it's important to talk about it and share that with other people,” said Amit Paley, CEO of The Trevor Project, the world's largest suicide prevention and crisis intervention organization for LGBTQ young people. Paley pointed out that the workplace used to be where an employee would set their personal life aside during work hours, in a sense temporarily shutting down part of their humanity. This rarely led to healthy work environments. Currently, there is an evolution toward a new model where people can more fully bring themselves to work. Being human is good business.

Serial entrepreneur Paul English also participated. “Secrecy and shame are the enemy of healing,” he said. “I think the main responsibility we have as business leaders, when it comes to mental health—and really all health issues—is to let your team know that you have their back, and that you'll be there for them when they're struggling.”

English shared that when his team sees his own vulnerability, they can feel more comfortable sharing their own issues



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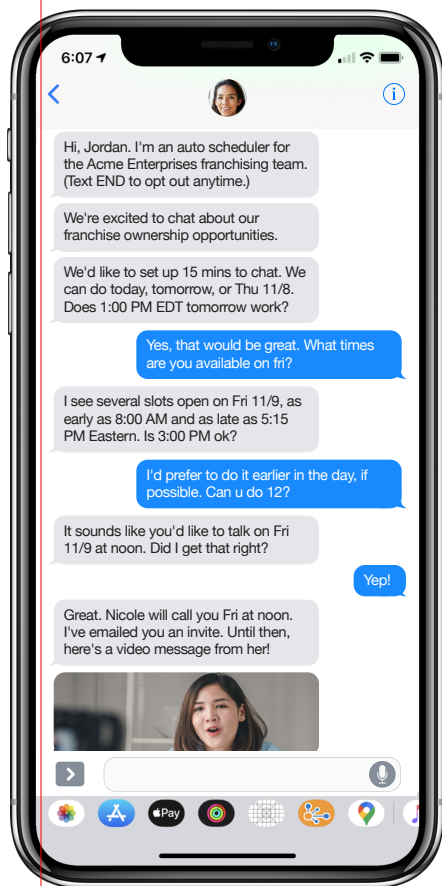
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without the worry of mental health stigma. Confidence may get people to follow, but vulnerability engenders loyalty. Employees helping employees in the workplace must start with the leaders. When employees feel that management cares about them and their families, and issues come up outside the workplace, they can function better in all areas of life.

The ROI of well-being

Supporting employee mental well-being is not only about being altruistic. Mental health investments are good for both company culture and productivity. By some estimates, for every \$1 invested in supporting mental health in the workplace, there is a \$4 payback. That is a powerfully positive ROI!

As we all fight to lead in the Great Retention of talented employees, mental well-being will be a leading tool for attracting and keeping employees—especially younger ones. It is no longer a perk, but a must-have that will be reflected in your company's retention rates and employee morale. In addition, it will be a strong addition to your customer service vision statement.

I believe we will see larger organizations, such as Fortune 500 companies, start providing comprehensive, affordable, and age-appropriate mental health care for all employees and their families, including no-cost or low-cost access to mental health services, as well as implementing policies that help employees address mental health challenges, both at home and in the workplace, such as more paid family and sick leave.

Whether you recognize it or not, every company in America is affected by the mental health crisis. By taking targeted action to support mental health challenges, organizations will reap the benefits now and for decades to come. It will make you a mental health champion in your current company. Not only will it be a relationship-builder, greatly increasing employee satisfaction and employee well-being, it will help create a stronger, healthier, more compassionate society... and maybe even a customer service revolution. ■

John R. DiJulius III, author of *The Customer Service Revolution*, is president of The DiJulius Group, a customer service consulting firm that works with companies including Starbucks, Chick-fil-A, Ritz-Carlton, Nestle, PwC, Lexus, and many more. Contact him at 216-839-1430 or info@thedijuliusgroup.com.

Invest in Best Practices

Businesses have to make the investment to enable people to get the care that they need. There are numerous ways employers can and should invest. Here are some examples for an integrated approach.

- Create a culture that prioritizes mental health and well-being for employees and their family members
- Assess the effectiveness of employer-sponsored mental health resources on a regular basis and update them as needed to maximize their effectiveness
- Offer resources around the “Four Fs”: Family, Fitness (physical and mental), Finance, and Faith
- Address emotional distress and burnout, starting with workplace-specific mental health training for your leaders; offer mental health days to employees
- Train leaders on how to recognize and offer programs and resources to employees who may be suffering
- Provide customer service training for employees on how to recognize the impact of stress and help their family members with mental health interventions
- Enforce vacation time usage (versus monetary payouts)
- Employ best practices for promoting positive attitudes
- Provide resources to subject matter experts, apps, YouTube videos, podcasts, and books for the following:
 - Avoiding “doomscrolling” and other digital habits that can increase depression
 - Reducing “black hole” conversations
 - Goal-setting
 - Personal time management
 - Curing procrastination
 - Living a healthier lifestyle
 - How to purchase a first home
 - Financial planning and budgeting
 - Parenting
 - Building stronger relationships
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Trendspotting at FCXC

The latest news in local marketing

Written By
JACK MONSON

The all-new Franchise Customer Experience Conference (FCXC) provided a place for marketing, operations, and technology professionals to gather in person and share the latest trends in their area of franchising.

I spent most of my time at FCXC in the marketing sessions and spoke with many franchisor attendees, as well as with event sponsors about what's happening in local marketing within their systems or with their partners. Here are some of my favorite industry pros comparing notes on trends they're spotting out in the field.

Carly Selak, Field Marketing Manager, and **Michelle Chirco**, Marketing Lead at **Ziebart** found that several people discussed “understanding who your customers are *not*. We often focus on local marketing tactics using our core target audience, but we do not typically ever go back to a franchisee and explain who we shouldn't be targeting.” They also heard conversations indicating “that if you have a tactic that has great performance, don't feel the need to change it just because it's been running for a while. Find out ways to optimize a program that is working locally rather than scrapping it because of age and testing new tactics that aren't necessarily needed. Adding more tactics doesn't always equal success. Take a step back and think first about how it will affect the brand locally.”

Meg Brodeck, VP of Marketing at **Authority Brands**, says, “At FCXC, there was a recurring theme: the importance of defining customer personas and mapping the customer journey. While these weren't new concepts by any means, the conversations focused on how to provide flexible personas that can be adapted at the local level to not only better understand who you are marketing to, but also to ensure that persona resonates with your market. Your brand's persona doesn't need to be so rigid

that ‘Super Mom Sue’ has the exact same interests, attitudes, and values in each and every location!”

Brittany Graff, Senior Director of Marketing at **Painting with a Twist**, sees the growing importance of making marketing easier for franchisees. “We know they wear a ton of hats running a business, so we've partnered with several vendors (many of which were at FCXC!) to help streamline. We have a one-stop-shop digital media partner that helps push ads in several digital channels so franchisees don't have to be digital experts to effectively advertise. It gives studios the control they want with super-easy execution, which is a win-win for everyone.”



Martha France, Vice President of Marketing and Sales at **Vya**, says, “From a local marketing standpoint, the pandemic really amplified the need to be able to customize at the local level. For example, franchisors found that some regions needed images with masks and some needed images without masks. And now, product offerings vary by location: some may still have virtual offering options, some may be 100% in-person, curbside/no curbside, etc. There is really a heightened need for simplified local customization at scale.”

Julie Samuels, VP at **Eulerity**, noted that franchise clients, like most businesses, are focusing much of their marketing resources on staff recruitment. “Gone are the days of just putting up a job posting and throwing some money behind it. In an employee market, brands have to do more than just offer a job with competitive pay—they have to build employee branding

and become an employer of choice. Digital marketing and deploying budget on top-of-funnel brand awareness is necessary to show your candidates who you are, what you stand for, and how you show up in the world. Once a prospective employee sees your job posting, you want them to already want to work for you.”

Recruitment is also top of mind for clients of **Consumer Fusion**. CEO **Brynn Gibbs** and COO **Mark Spencer** say they have seen “a big demand from franchisors focusing more on their Glassdoor, Indeed, and Google My Business [now Business Profile] pages as they are struggling to fill positions. Potential employees are really taking their time to look into the reputations on these review sites before committing to a brand. Now more than ever, reputation is everything for hiring for a position.”

Thomas Scott, COO and Co-Founder at **Home Based Franchise Group**, said, “One of the biggest trends I've seen is the decrease in digital spending, mostly a pull away from traditional, search-based AdWords [now Google Ads]. The money has migrated to social ad spending, in particular, conversational marketing integrated with Meta Messenger for business. Brands are realizing that websites, web forms, and phone numbers—the traditional tools of business for communicating with customers—are becoming obsolete. They are rapidly being replaced with real-time communication between a customer and a business through tools like Meta Messenger. Companies that adapt to this are seeing huge gains in customer acquisition.”

Mike Ackley, COO at **Brand Journalists**, sees that “franchise development marketing is only getting more expensive, and at a time where every dollar counts, making sure you have the fundamentals right is so important. The franchise brands who invest in a website that is designed to convert and tells an emotionally powerful story that resonates with buyers will fare the best no matter what happens to the economy.”

What local marketing trends are you spotting lately? Did you hear more at FCXC or other franchise gatherings so far this year? I would love to hear from you at jack@socialgeekradio.com! ■

Jack Monson is the consigliere at Eulerity and the owner/host of the Social Geek Radio Network. He has been helping franchisors and franchisees with digital marketing for 13 years.



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Brand Consolidation

What's driving today's "mega" franchisors?

Written by **SARA WYKES**

Large franchise platforms, “umbrella” companies offering multiple brands in related industries, have become an inescapable force in franchising. That’s not likely to change anytime soon.

Authority Brands offers a comprehensive array of home services brands, from plumbing and pools to mosquito control and electrical repairs. Inspire Brands’ list of restaurants is large enough to satisfy most anyone’s appetite. Unleashed Brands, through its recent acquisitions, offers brand options that begin in childhood and continue through adulthood. And at the top of the multi-brand platform heap sits Neighborly Brands, the world’s largest home services franchisor, with 29 brands and 5,000 franchises serving more than 12 million customers worldwide.

While the pandemic may have accelerated acquisitions, the trend is not new. Mike Bidwell, CEO of Neighborly, recalls a business school conference from 2014. Although Neighborly had partnered with private equity in 2003, a new element had emerged: the growth of the gig economy as a possible threat to the home services model. Bidwell examined the case study of his company created for the conference and discussed the situation with other CEOs.

“We thought we shouldn’t ignore what was happening,” he says. “It became clear that we had an opportunity to disrupt our own business and our own category. Out of that came the spark that maybe we ought to act.” They sure did.

The creation of these platforms, driven largely by private equity money, is sometimes “just aggregating brands, while others are looking to create highly synergistic platforms that make lives better for consumers,” he says. “Both are a set of brands with a common ownership in a highly integrated ecosystem.”

Making sense of this as a significant element of franchising is not difficult. “Private equity firms see a great opportunity to leverage what they’ve learned across brands to drive accelerated growth, as well as consolidating back-of-house infrastructures,” says Heather McLeod, CMO at Authority Brands. “Their backing and support, along with the capital they bring, has allowed many organizations to grow through the acquisition of complementary, usually consumer-focused brands.”

Authority Brands’ more than a dozen concepts include America’s Swimming Pool Co., Benjamin Franklin Plumbing, DoodyCalls, Homewatch CareGivers, Mister Sparky, Mosquito Squad, One Hour Heating & Air Conditioning, Stop Restoration, and The Cleaning Authority.

Efficiencies to scale

“Individual brands recognize that joining a large, established franchisor is appealing and will help them take advantage of shared services, including supply chain, digital, and marketing,” says Don Crocker, chief development officer at Inspire Brands.

For a smaller brand, acquisition can have definite advantages. “It allows for resources and staff that may not have been affordable for a brand if it remained on its own,” says McLeod. “For example, our marketing team has been able to add two data analytics roles that likely none of our brands as independent franchises would have had the budget to add.” When done right, she says, building teams of focused roles that can support franchise owners at scale makes the difference between a good company and a great one. “The operations side of the house will always be specialized, but there are significant opportunities in IT, HR, marketing, legal, and finance.”

Adding brands also can reduce jobs—in a good way. “You don’t need two accounting departments,” says Bidwell, “and you don’t need two CFOs.”

A large, multi-brand strategy supplies additional business advantages. “It allows a company to scale much more quickly than it would through traditional growth,” says Crocker. “This positions a brand well against those within its competitive set. And a franchisor may also look to add a new brand to scale in markets where it has few restaurants or locations. It’s all about making each brand stronger than it would be on its own.”

Inspire’s strategy of expansion through acquisition began in February 2018 with Arby’s acquisition of Buffalo Wild Wings and Rusty Taco. Since then, Inspire has added Baskin-Robbins, Dunkin’, Jimmy John’s, and Sonic Drive-In for a total of more than 3,400 franchises across 70 countries with 32,000 restaurants generating more than \$30 billion in annual sales. That, says Crocker, makes Inspire one of the world’s largest restaurant brands, the second largest in North America in systemwide sales and locations, and a company well positioned for massive long-term growth.

Offering choices from a group of related franchise brands allows these platform companies to appeal to a wider audience—both consumers and prospective franchisees. “We like to use the game of Monopoly as a metaphor,” says Michael Browning, founder and CEO of Unleashed Brands. “We can get them into the game with various game pieces. If they don’t have as much money to spend, we have brands that are lower in their entry cost and those that are higher, so they can get in depending on their budget.”

Strength in numbers

Stellar Service Brands, formed in April 2021 through the combination of Restoration 1 and bluefrog Plumbing + Drain, now also includes The Driveway Company and Softroc. “Franchisors are seeing the advantages of grouping different concepts together around industry segments, target customers, and even business models as a means to drive value creation and create complementary opportunities for franchisees,” says Sherry Rose, Stellar’s CEO.

Offering multiple brands also allows for a deeper understanding of what target customers want, she says. “The services that are provided create opportunities for franchisees to monetize leads and relationships that are part of their current operations.”

Other advantages emerge for platforms that follow a theme. Unleashed provides customers with a series of brands that can provide a long-lasting relationship. Children who start out at a Little Gym can proceed through a series of Unleashed brands all the way through to Class 101, a college planning brand. “When you share a similar customer you can serve that customer really well and bring that customer very synergistically aligned services. And when the customer wins, the business wins,” says Browning.

Browning understands that “each brand operates with a unique character and DNA, so it’s important to create standard processes, systems, and infrastructure while still maintaining those unique characters and DNA. It is definitely an art and a science.”

While the benefits are many, there can be disadvantages, too, cautions Rose. “Smaller brands can get lost as part of a large platform,” she says.

Constant diligence!

Transparency throughout the acquisition process is also crucial, says Browning. There must be a mutual evaluation process to help “close the gap between what we think we are buying and what they think they are selling. We don’t expect their core values to be ours, but we do look for people who are authentic, humble, confident in vision and mission, known for candor, who work well with a team, and who will work through the challenges.”

Other pitfalls can await. “You can get your assumption wrong about a business and how it fits into your business,” says Bidwell. The biggest challenge, he says, is integrating and blending the cultures of acquired businesses into Neighborly’s culture, even when there are thematic similarities.

A proper due diligence process, he says, allows a potential buyer to gain critical insights into a brand’s culture “to look for clues of their willingness to change and how enthusiastic they are about what your vision for the business is. You try to look beyond just the people at the table. Sometimes the people at the table aren’t staying. Talent is the single most important thing.”

Unleashed, says Browning, has an entire team that works on integration. “It’s a four-phase process over a matter of months and integration is never finished. We’re always trying to get better.” His experience with the details of acquisition has been intense and includes the integration of five

franchises in 11 months. “Nothing is risk-free, but as long as we are using data to make tweaks to the business, we can make adjustments and course correct.”

Addressing these challenges successfully also requires having the right people in the right places to manage the complexity of owning a larger group of franchise brands. This includes the franchisor’s own team, from the C-suite to field operations, as well as the expertise and resources available from the private equity firm that invested in or acquired the platform company.

Are we done yet?

Time will tell whether the trend of ever-larger umbrella companies offering multiple brands is good or bad for franchising, or simply the inevitable next phase as franchising reaches another level of maturity.

“The platform trend is very positive for franchising,” says McLeod. “It brings brands together within a particular specialty and, through best practices and leveraging resources, makes them better than they would be if they operated independently. It ultimately offers a better future for franchisors and franchisees, as well as their private equity owners. It’s like a real-world roundtable where franchisors and franchisees learn better ways to operate and succeed. It’s a win-win for all stakeholders.”

Bidwell says the entry of private equity infuses franchising with a vigor that comes from the PE business model. “Private equity means more pressure to grow. It never gets lazy. It has a need to grow, to return capital to its investors.” Neighborly’s expansion has been supported by five private equity partners over the past two decades, he says, as those partners have sold their investments to other PE firms. Throughout Neighborly’s journey to its present size, he says, private equity has been an important partner in supporting the company’s growth.

That such acquisitions will continue seems certain. However, their number could be reduced for a variety of reasons. “The trend of companies acquiring additional franchise brands will likely slow as so many standalone brands are now part of platform companies,” says McLeod. “There are very few companies of significant size—100 or more units—that remain to be acquired. I think we will start to see platform companies look for small independent brands with one to five locations and then develop and franchise that business from the ground up.”

Bidwell sees another deterrent to the trend. “I think it may slow down a bit with rising interest rates,” he says.

“I don’t see it slowing down any time soon,” says Crocker. “The restaurant industry is trending in a positive direction as we progress through the pandemic. Sales are up, people are traveling again, and many are choosing to dine out or order through off-premise capabilities. With consumer demand continuing to rise, more brands will become attractive options to select franchisors.”

One economic reality will likely support the continuation of the acquisition trend, says Rose. “If there is true value creation realized by the franchisor, customer, and the individual franchisee, it will.”

Says Browning, “I do think this is the way of the future.” ■

Q How have you used innovation to enhance your lead generation and recruiting efforts?



CLARE MOORE

Franchise Development Director
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Now that we live in a time when technology is ever changing, we've learned to stay on top of the newest trends and fold them into our day-to-day operations whenever possible.

First and foremost, our business model does not require a brick-and-mortar setup. Our franchisees are always on the go. Therefore, they run daily operations on a laptop, tablet, or even a smartphone. The platform we use allows them to work anywhere, which is especially convenient in today's work-from-home society. We also provide our franchisees with a proprietary content management system (CMS) that helps them manage leads, staff, and events.

When it comes to lead generation, we follow a system that we know drives high-quality leads and ensures engagement with prospects who are very interested in learning more about our brand. Like many other franchise systems, we run a mix of Google Ads and LinkedIn Ads in specific priority markets where we want to expand. We drive those prospects to a customized landing page that is proving to have an impressive conversion rate.

This year, we adopted 919 Insights, a content marketing analytics tool. It's a unique platform that tracks the topics our prospects find interesting enough to read about, as well as topics they do not find interesting at all, and, most importantly, topics that will drive conversions. This information allows us to tweak our website for a higher SEO ranking, as well as to create key messaging for digital marketing and social media posts that will engage prospects and drive them to contact us to find out more about opening a franchise.

While lead generation technology will continue to evolve, when it comes to driving leads we also still turn to old-fashioned grassroots marketing. It is not uncommon for guests or relatives of our wedding or event clients to see what we do and inquire about the business model. We are also offering an incentive program through early next year to all prospects. The program offers a \$10,000 discount on the initial franchise fee, plus we throw in the cost of the first month of Google Ads to help get business rolling. ■



LUIS FONT

Co-Founder
The Camp Transformation Center

The fitness industry continues to expand and is becoming increasingly more and more competitive. It seems like every day there is a new fitness concept launching, bombarding aspiring entrepreneurs constantly with the next “big thing.” Brands must work harder and harder to differentiate themselves from their competitors and find new and innovative ways to connect with potential franchise owners.

The Camp Transformation Center has developed a unique approach to lead generation that starts with spotlighting consumers’ success stories. We begin by creating brand awareness and loyalty campaigns, educating prospective owners on the concept of franchising, and ultimately explaining the benefits of owning their own Camp.

Facebook marketing has been a driving force behind engagement with current and potential members. These compelling stories of body transformation, client success, and owner happiness have translated into brand awareness and loyalty. Entrepreneurial members, their families, and co-workers see our ads and social media posts and begin to fall in love with the idea that they will be part of this growing community. We create roughly 60 to 80 professional images every month, highlighting key components of our brand, our business model, and more. Each of these images announces that franchise opportunities are available and are viewed thousands of times a month.

We’ve also created a blog series to capitalize on the rich backstory of our brand. The weekly blogs deliver education on The Camp, the fitness industry as a whole, the franchise industry as a whole, and specifically the benefits of franchising with our brand. We’ve found that by educating consumers who have previously expressed an affinity for our brand on the successes and strengths of both the fitness industry and our franchise business models, they are more

likely to inquire about franchising with us.

We market this information directly to an internal database of more than 100,000 subscribers, generating inquiries on a weekly basis, sometimes as many as 30 to 40 a month. We are able to capitalize on these opportunities by incorporating auto-scheduling software such as Calendly. This means that as someone completes the request to learn more about our franchise model, they are instantly emailed a thank-you message with a link to book a time to speak with our team at their convenience. We also text this information to our franchise candidates within 24 hours, often scheduling calls within a few hours of the inquiry coming in.

We further educate prospective franchise owners and generate additional inquiries through an ongoing series of free franchise webinars hosted by our development team. These webinars are offered monthly and recorded for those that can’t attend. We use GoToWebinar to create a link that can be shared systemwide through email blasts, social media posts, and more. Sometimes as many as 80 people will register for a single webinar.

We also recently partnered with Locate, which allows us to geofence our current gym locations and collect crucial member data such as demographics, psychographics, and competitive and complementary businesses. By delving deeper into our member data we can better understand what drives location success, which, in turn, helps us identify “hot” markets for development. We can then leverage lead generation services like BizBuySell to drive lead generation in specific markets with the highest chance for success.

The industry will continue to evolve and companies, including ours, will have to constantly find new and innovative ways to engage the consumer, drive unit success, and attract new franchise owners. ■

Limits to Growth

More consolidation, fewer new units ahead

Written By
DARRELL JOHNSON

We are deep enough into the pandemic to more clearly see consumer patterns. The initial brunt of inflation has been absorbed and its implications are better understood. Labor shortages and supply chain issues coursing through the economy are revealing their impact.

We're far enough into 2022 to start seeing a picture of how franchise development is being affected, in part based on our compiling recent unit activity across thousands of brands. Understanding how all these negative economic influences are affecting franchising will help us gain some insights into franchise development in 2023. Of course, we also must factor in the next likely wave about to crash ashore in the form of a recession (and/or the newest Covid variants).

The foundation of franchise development is built on consumer behavior trends. However, Covid has forced noticeable changes in consumer preferences, the permanency of which are becoming increasingly clear. The pandemic has altered not only how and where consumers shop, but also what they buy, why they bought it, what influenced their purchasing decision, and how they have adjusted their long-term comfort with these modifications to traditional consumer activities.

Across franchising we're seeing business models adapt to customer shifts. Determining which parts of the customer experience can be automated with greater impact on fast delivery and turnaround, as well as which customer interactions are best handled by a human touch, is an ongoing challenge for brands that cuts across almost all sectors. The impact on retail brands is obvious, but even in personal services technology is being integrated more and more into their delivery. This has been a silver lining for many brands struggling with labor challenges as today's consumers

are much more willing to embrace the integration of technology than they were pre-pandemic.

Effects on franchise development

How does all this affect franchise development? Prospective franchisees are also consumers and have their own insights and concerns. Based on some of our franchisee survey work, we've heard that many want to know that models have adjusted and are asking how brands are staying ahead of these accelerated consumer behavior changes. One consequence is that new brands have an advantage in how they show themselves to prospects. A challenge for many mature brands is showing a new look with existing units projecting a pre-pandemic look.

As we are being reminded, inflation is very disruptive. We spent the past dozen years in constant cost-reduction mode as price flexibility was almost nonexistent. Now the world we live in is the exact opposite. Supply chain disruptions, low unemployment, rising interest rates, and so forth have raised the cost of being in business. While consumers are psychologically accepting rising prices for almost everything, value judgments are more influential now, affecting which brands can actually make higher prices stick.

Two important keys to being able to raise prices lie in maintaining quality expectations and delivery reliability. Without raising prices, can brands demonstrate to prospective franchisees that their units have the ability to absorb rising costs and still show good unit economics? They'd better be able to do so, because prospects will want to see proof.

Consolidation on the rise

Another consequence of the pandemic and now inflationary pressures is a rise in unit consolidation. Franchise unit consolidation usually accelerates in times when economic uncertainty increases. We saw it in 2008–2010, and we're seeing it now. Covid, shifting consumer preferences, labor shortages, supply chain woes, inflation, and now possibly a recession are driving less efficient single-unit and smaller multi-unit operators to seek exits to a much greater degree.

To prevent the negative consequences of closed units and failed franchisees, history shows us that the trend toward consolidation is further accelerated as franchisors work to address underperforming units facing stronger headwinds—which often

means larger multi-unit operators buying smaller operators' units. We're seeing this happen now.

This has important implications because multi-unit operators represent the main source of new unit expansion. However, during periods of consolidation, multi-unit operators invest in existing unit transactions to a much greater extent, reducing their appetite (and capacity) for new unit growth.

The money factor

Financing will likely be another bottleneck slowing down both new unit and transfer deal flow. Many of our lender clients are telling us they are insisting on unit economics information to even consider loans. Underwriting teams are factoring in as much as a 2% increase in loan interest costs for business plans.

Finally, the belief that a recession is on its way has permeated business decisions, including those of franchisee prospects. At this point, whether it happens or not is less important than people believing it will. History shows that in the early stages of a recession franchise development drops. In the latter stage of a recession, when layoffs have become a concern for many, franchise development becomes a leading engine of recovery.

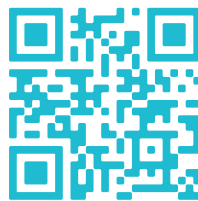
The shadows of the pandemic and inflation, combined with anticipation of recession, will slow development activity in the second half of the year and, as history shows, probably well into 2023 as well.

Our advice to franchisors? To be successful in the next 24 months, focus on specific operational activities that will allow you to show attractive transparency in key attributes tailored in different ways to two key audiences: prospective franchisees (both candidates and multi-unit operators) and lenders. ■

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.

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Attracting Younger Buyers

Selling franchises to Gen X and Gen Y means change

Written By
EVAN HACKEL

Today's younger franchise owners are looking for more than just a franchise that will be profitable. They also are looking for an exciting opportunity that means something personal to them and to their customers and communities. Here are some steps that can excite these value-centered potential owners about your franchise and encourage them to buy.

When considering a franchise to buy, Baby Boomers and other more senior potential owners like to investigate financials, check your Net Promoter Scores, and ask current owners about their success as part of your franchise family.

Today's younger potential buyers also take those steps, but they have other interests too, as you know if you have spoken with them at franchise expos and in other settings. They are the ambitious members of Generation X and Gen Y (Millennials). Some members of this cohort have emigrated to the U.S. and are looking for business opportunities, frequently in franchising. In addition to a sound business, many are looking for some specific "extras" that members of older groups might not be as interested in.

A company with a purpose and mission that they value. It could be to educate children in a community, to offer fitness options that appeal to serious athletes, to remediate buildings and sites in ways that are environmentally responsible, or to offer a better quality of life and innovative treatment options for populations suffering with health problems. You don't have to offer multiple meaningful value propositions to all of these special interests. You only have to identify some uniquely meaningful aspect of owning one of your franchises and market strategically to the right populations.

Autonomy, creativity, and entrepreneurship. Some of today's younger owners are content to remain in one location, grow a franchise business, and stay for the long term. But many of today's potential younger owners want more. They hope to expand to new locations and find new opportunities. So as you sell to them, stress the limitless opportunities that await them as owners of your brand.

Technology that excites them. Many of today's younger business owners are excited by technology. They grew up using it and want more than just modernized cash registers. They want to be involved with more advanced systems: AI-enhanced buying experiences for customers; computerized systems that fit customers to clothing or bicycles and exercise equipment; apps that make owning your products interactive; and other modern state-of-the-art technology tools. Modern marketing and management methods also can be part of the technology experience they are seeking. If you can fascinate them by stressing marketing and selling programs that employ social media and apps, you will gain their interest and attention.

A meaningful human connection with the franchise company and other owners. Because many younger owners want to be part of a team, invest effort into building strong one-on-one personal relationships between them and members of your top executive team, and with salespeople too. Start building those ties during the selling process. Franchise advisory councils offer another compelling reason to become part of your franchise family. Remember that younger owners more often want to be part of a community and are less attracted to the idea of "going it alone." Also encourage potential owners to speak with a number of your current owners during the buying process because you are a franchise family, not a group of unconnected owners.

Excellent, modern training. All franchisees want good training, the kind that makes them feel more confident of success. Younger potential owners will be attracted by modern training options that let them train on their smartphones, tablets, or computers, and that allow them to train their employees similarly – along with other forms of technology-enabled training such as gamification and learning management systems. As you interact with younger potential owners, stress that your company will invest in their success by

offering excellent ongoing computer- and cloud-based training technologies.

New questions for new buyers

To attract younger candidates, also update the questions you've been asking candidates from previous generations. Here are some to get you started:

- This is what our company stands for. Does it resonate with you and your values? How?
- What is important to you?
- What excites you every day and what do you love to do?
- What have you liked the most about your previous work?
- Where do you hope to be in one year, in two years, and further into the future?
- Here is a copy of our franchise manual. How would you expand it to make it more personally exciting and rewarding?
- Which of our products and services excite you the most? Are there any you would like to add or extend? Any you would like to modernize or eliminate?
- Do you have any suggestions about how you would like to apply your knowledge of technology to aspects of our business like selling, distributing, or anything else?
- How do you picture a day you would spend as an owner?
- We have a very active franchise council where you can share ideas and insights with other owners. Are you interested in joining?
- If there is one thing you could change about our franchise, what would it be?

Members of younger generations bring remarkable skills and energy to the franchises they own. They can, literally, become the future of your franchise if you recruit and sell to them in the right way – and support them with the right opportunities after they come on board. ■

Evan Hackel, a 35-year franchising veteran, is CEO of Tortal Training, a leading training development company, and principal and founder of Ingage Consulting. He is a speaker, author, and host of "Training Unleashed," a podcast covering training for business. This article is adapted from his latest book, *Ingaging Leadership Meets the Younger Generation*. Contact him at evanspeaksfranchising.com, follow him at @ehackel, or call 781-820-7609.

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MUMBO- fication

Multi-branding grows across international borders

Written By
WILLIAM EDWARDS

It is becoming increasingly common to find multi-brand franchisees of foreign brands worldwide. This may be at the local or regional level, country level, or even a multi-country level. This is a major trend we see in the U.S. and increasingly in EU countries. These franchisees are often referred to as MUMBOs: multi-unit, multi-brand operators.

International multi-brand franchisors

Franchisors with multiple brands possess several advantages: economies of scale with shared administration, support, training, marketing, supply chain, technology, and real estate resources. As they build their international presence across multiple brands, they can afford the cost of placing regional support people internationally to provide localized, real-time help to their licensees in multiple countries. A portfolio of different brands can help a multi-brand franchisor fare better in economic downturns. Here are a few examples.

- **Brinker—1,600** restaurants in 32 countries and territories (Chili's, Maggiano's Little Italy, and virtual brands It's Just Wings and Maggiano's Italian Classics)
- **CKE Restaurants—3,800** restaurants in 43 countries and territories (Carl's Jr. and Hardee's)
- **Focus Brands—7** brands, 1,650 locations in 60 countries (Auntie Anne's, Carvel, Cinnabon, Jamba, McAlister's Deli, Moe's Southwest Grill, and Schlotzsky's)
- **Franchise Brands (U.K.)—600** franchisees across 6 service franchise brands in the U.K., North America, and Europe (Metro Plumb, Filta, Oven Clean, Barking Mad, and The Handyman Van)
- **Inspire Brands—7** brands, 32,000 restaurants, 650,000 employees, 3,400 franchisees, 70 countries (Arby's, Baskin-Robbins, Buffalo Wild Wings, Dunkin', Jimmy John's, Rusty Taco, and Sonic)

- **Marriott—30** hotel brands, 8,000 properties and roughly 1.48 million rooms in 139 countries and territories
- **Neighborly—29** home service brands, 5,000 franchisees, 9 countries. The group has operations in North America, the U.K., and Germany. Neighborly was founded in 1981 by Don Dwyer and was known as the Dwyer Group until 2018.
- **Restaurant Brands International—29,000** restaurants in more than 100 countries (Burger King, Tim Hortons, Popeyes, and Firehouse Subs)
- **Xponential Fitness—10** brands, 2,100 studios, 11 countries (brands include Club Pilates, Pure Barre, Cyclebar, and BFT)
- **Yum Brands—54,000** restaurants in 155 countries and territories (KFC, Pizza Hut, Taco Bell, and Habit Burger)

International multi-brand franchisees

Next, let's consider a few of the world's multi-brand franchisees. Again, they benefit from economies of scale with shared administration, support, training, marketing, supply chain, technology, and real estate resources across borders. Major advantages include their ability to raise capital and to spread their risk in economic downturns.

- **Alsea—18** brands, 4,200 restaurants, 11 countries, 60,000+ employees with licenses for Domino's Pizza, Burger King, California Pizza Kitchen, Chili's Grill & Bar, Italianni's, Pei Wei Asian Diner, PF Chang's China Bistro, Starbucks, The Cheesecake Factory, and Vips. Alsea is based in Mexico and has licenses across Latin America and in Spain.
- **Alshaya Group—90** brands, 16 countries, 4,000 stores, 60,000 employees. Alshaya has a broad range of licenses that include Starbucks, H&M, Mothercare, Raising Canes, P.F. Chang's, The Cheesecake Factory, Shake Shack, The Body Shop, Victoria's Secret, Boots, Pottery Barn, and KidZania. Alshaya was founded in 1890 (not a typo!) in Kuwait, long before franchising entered the Middle East region. Today the company has outlets of franchised brands in the Middle East, North Africa, Turkey, and Europe.
- **Americana Group—20** brands, 20 countries, 55,000 employees with brands under license such as Hardee's, TGI Fridays, Krispy Kreme, Pizza Hut,

KFC, and Wimpy. Based in Kuwait, Americana operates in the Middle East North Africa (MENA) and the Commonwealth of Independent States (Eastern Europe and Asia). The company also has 19 food production facilities across these regions that help with supply chain.

- **AmRest—9** international brands, 2,400 restaurants in 20-plus countries (European Union, U.K., and China) with brands such as Starbucks, Blue Frog, KFC, Pizza Hut, and Burger King. Entrepreneur Henry McGovern started AmRest in 1993 in what used to be called Eastern Europe. AmRest has gradually acquired more brands, expanded across the EU, into the U.K., and is now a major player in China.
- **The Bistro Group—12** local and international brands, 200-plus restaurants in the Philippines. The group is the Philippines' country licensee for TGI Fridays, Watami, Buffalo Wild Wings, Italianni's, Texas Roadhouse, El Pollo Loco, Bulgogi Brothers, Denny's, and Olive Garden. The company started in 1997 as the country licensee for TGI Fridays. Today it has its own commissaries, chicken farms, and cattle ranches.
- **The Minor Food Group—2,200** restaurants operating in 27 countries with brands owned or under license that include The Coffee Club, The Pizza Company, Swensen's, Sizzler, Dairy Queen, Burger King, and Benihana. Started by an American, Bill Heinecke, in 1980 in Thailand, the company has 160 hotels, more than 400 retail locations, and 60,000 employees across Asia, the Middle East, Europe, and the U.K.

The bottom line

Increased global franchise development, economies of scale, supply chain issues, capital needs, and real estate costs all are leading to the emergence and growth of multi-brand international franchise groups at both the franchisor and franchisee levels.

William Edwards is CEO of Edwards Global Services (EGS) and a global advisor to CEOs. EGS offers a complete international operations and development solution for franchisors based on experience, knowledge, a team on the ground in more than 40 countries, and trademarked processes based on decades of problem-solving. Contact him at bedwards@edwardsglobal.com or +1-949-224-3896. Read his latest biweekly global business newsletter at www.geowizard.biz.

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Dear Recruitment Manager...

Engage with candidates, close more deals!

Written By
ART COLEY

It's no secret that candidates who are engaged in your recruitment process are much more likely to continue and sign a franchise agreement. Hard data and statistics prove this. We also know that common sense tells us it's true. For franchise recruitment teams specifically, when managers properly and strategically engage with potential new franchisees sooner and more often in the discovery process, the result is better relationships and more signings.

So let's talk about some simple ways to engage like a pro.

- **Go in with questions!** Avoid the temptation to talk 90% of the time. Ask meaningful questions and listen. As a

manager, your prep time for a call should be more than a couple of minutes. With your recruiter's notes and information already gathered, you should have a solid three or four discussion topics. Don't waste time discussing the same information already established in previous contacts. Instead, go deeper with the candidate's timeline, fears, finances, goals, and vision for their future.

- **Reach out to each candidate 2 to 5 times throughout the discovery experience.** It could be a call, Zoom, text, handwritten note, etc. The point is to reach out. As a franchise recruitment manager, you have been in the recruiter's shoes before. You remember what it was like getting the right support with a candidate from your manager. Now it is your turn to do the same for recruiters you're managing and help them advance a candidate through the process.
- **Know the objective of the call beforehand.** If you are taking the time to chat with a potential candidate, there should be a clear understanding as to why. Does the manager need to address a specific topic or question? Does the candidate need someone else to give a professional nudge or push to make a commitment for discovery day? Or to complete a questionnaire or application? Whatever

the reason, the outcome or call objective must be crystal clear for the manager and recruiter in advance.

- **Following up shows you care!** Nine times out of 10, follow-up is a necessity—and sometimes, when a lead goes cold, required. If a candidate has gone cold, your manager can absolutely make a phone call, leave a voicemail, send a text or email, or all of the above! Reaching out shows you care and keeps your leads warm!

Again... there are no secrets or mysteries to candidate engagement. But it does require a commitment of time and energy. Get more engaged and see the difference it makes with signings. ■

Let's go to work!



Art Coley is CEO of CGI Franchise. CGIF was founded in 2015 with a mission to help franchise companies implement and execute repeatable and sustainable recruitment systems using the Recruitment Operating System. His team is based in Temple, Texas, and works with brands worldwide. Contact him at 281-658-9409 or acoley@cgifranchise.com.





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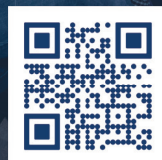
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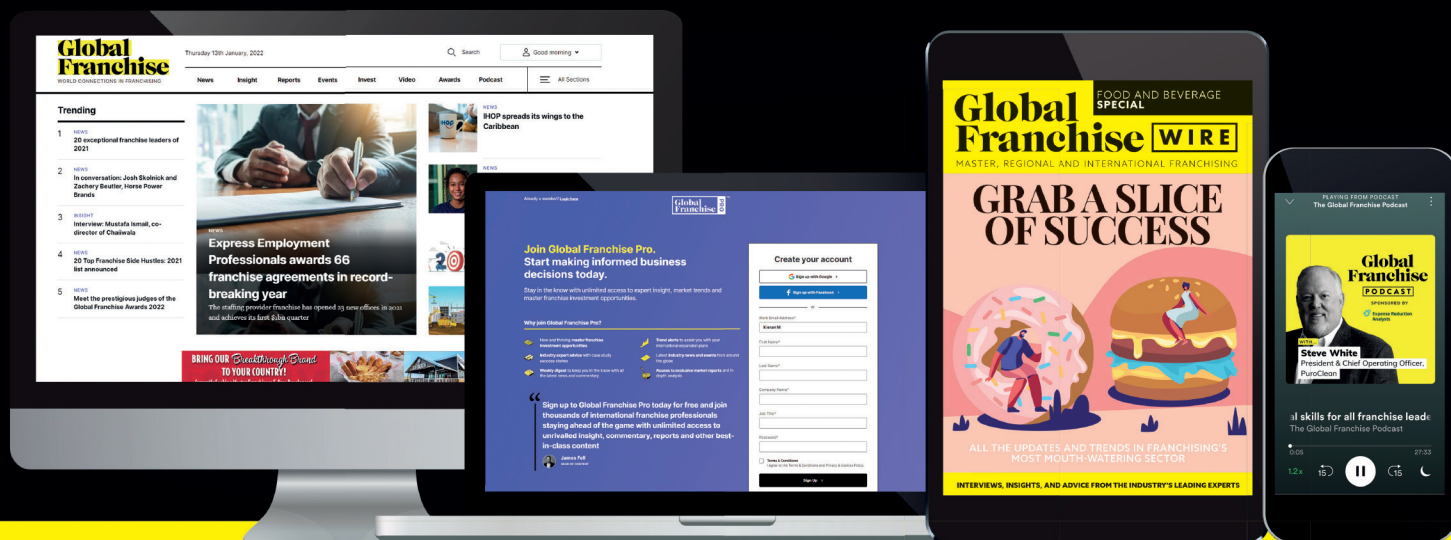
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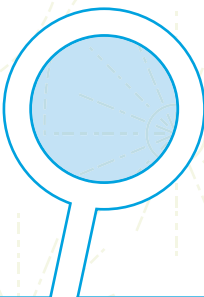


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