



New study reveals franchisors confident about franchising

New Australian research looking into improving franchise development budgets revealed \$44.4 million was spent on marketing initiatives to attract franchisees in the 12 months between September 2006 - 2007.

10 Thousand Feet's 2007 Franchisor Expansion Study showed optimism within Australia's \$128 billion dollar franchising sector, with 69 per cent of franchisors expecting more franchisees will begin operating in the next 12 months compared to the previous period.

For this to come to fruition, director of market intelligence firm 10 Thousand Feet Ian Krawitz said franchisors need to utilise their franchise development budget more effectively.

"The age old adage 'you have to spend money to make money' certainly rings true in the franchising sector. In fact, the franchisors most optimistic about future growth are those who spend \$50,000 - \$100,000 on franchisee recruitment marketing initiatives. But there is room for franchisors to get smarter about their development budgets.

"For example, 30 per cent of potential franchisees are women but only 20 per cent

of franchise units are predominantly owned or operated by females. The 2007 Franchisor Expansion Study helps to explain this gap, revealing only 15 per cent of franchisors currently have a tailored strategy for recruiting female franchisees," Krawitz said.

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Throwing its support behind the 2007 Franchisor Expansion Study, the Franchise Council of Australia (FCA) agrees franchisors need to do more to encourage women to invest in franchising.

"The study reiterates the need for franchisors

to be strategic when marketing to potential franchisees. The franchising model is all about relationships and communication - two areas women generally excel in," FCA executive director Steve Wright said.

Krawitz added the internet will receive the greatest growth in marketing spend in the next 12 months.

"In the past year the internet has generated the most leads and the most new franchisees - marketing budgets in the next 12 months will take advantage of this fact," he said.

The 10 Thousand Feet 2007 Franchisor Expansion Study also includes data on the leads and conversion rates generated by different marketing initiatives, where it is hardest to recruit franchisees, the amount of money spent on staff involved in franchisee recruitment and which generational group would stay a franchisee for longest. ■■■■