

Recent 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. But where was it spent? Which marketing tool works best? How much are franchisors planning to spend on attracting franchisees in 2008? Survey author of the successful 2006 and 2007 Franchisee Recruitment Reports, 10 THOUSAND FEET Director Ian Krawitz, is back with a snapshot of franchisee recruitment tactics over the past year...not to mention priceless advice for franchisors to utilise franchise development budget more effectively in 2008.



## Where do franchisees come from?

10 THOUSAND FEET'S 2007 Franchisor Expansion Study shows optimism within Australia's \$128 billion dollar franchising sector, with 69 percent of franchisors expecting more franchisees will begin operating in the next 12 months compared to the previous period. But for this to come to fruition, franchisors needed to take a good look at where they are spending their franchise development budgets.

The age old adage 'you have to spend money to make money' certainly rings true in the franchising sector. In fact, the franchisors who are 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 percent of potential franchisees are women but only 20 percent of franchise units are predominantly owned or operated by females. The 2007 Franchisor Expansion Study helps to explain this gap, revealing only 15 percent of franchisors currently have a tailored strategy for recruiting female franchisees.

Women excel in the franchising sector but franchisors need to be more strategic when marketing to females, as well as other groups of potential franchisees.

So where is the money being spent? 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.

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 the longest.

The study has already received enormous support from the sector, receiving endorsement from the Franchise Council of Australia and sponsorship from Worldwide Online Printing, Quickbooks, Commonwealth Bank, Melbourne IT, BCI Business Brokers, Franchise Mart and Franchising Magazine. We have also pre-sold 450 percent more than previous studies addressing similar issues.

### Generating leads from potential franchisees

- Internet generated the most leads for franchisors
- Leads generated by word of mouth have the highest conversion rates followed by magazine and in-store advertising
- The total time from the initial lead to a new franchisee starting operations took four to six months for 45% of franchisors, three months for 26% of franchisors and seven months or more for 29%.

### Segments of the market

- 85% of franchisors don't have a tailored strategy for recruiting women franchisees
- 75% of franchisors believe generation X (28-47yrs) are likely to stay a franchisee the longest

### Recruitment Costs

- \$44.4 Million was spent in marketing to prospective franchisees by the franchising industry in the 12 months leading up to 30 September 2007
- Franchisors with less than 50 franchised units spend 24% more to acquire new franchisees than franchisors with 50 or more franchised units

### 2007 Franchisor Expansion Study – Get your copy!



For more information or to purchase a copy for \$495 (ex GST) please contact 10 THOUSAND FEET on 02 8080 7544 or at [info@10THOUSANDFEET.com](mailto:info@10THOUSANDFEET.com) or visit [www.10THOUSANDFEET.com](http://www.10THOUSANDFEET.com) **TFR**