

# Franchise

BUSINESS INTELLIGENCE FOR GROWING FRANCHISORS

# update

Q4 | 2017

## 2018 ANNUAL FRANCHISE DEVELOPMENT REPORT

✓  
THE COST  
OF REFERRALS

✓  
SOCIAL  
MEDIA

✓  
CLOSING  
RATIOS

✓  
SALES  
BUDGETS

✓  
CONVERSION  
RATES

✓  
BROKER  
PRICING

✓  
ONLINE  
SPENDING

2018  
MU  
FC

**MULTI-UNIT  
FRANCHISING  
CONFERENCE**

April 03-06, 2018 | Las Vegas, NV

## Challenge the pros

### “WHAT RECRUITING STRATEGIES AND PRACTICES ARE YOU THINKING ABOUT CHANGING OR CONTINUING IN 2018?”

**Scott Thompson**  
**Vice President**  
**Global Franchise Development**  
**Tutor Doctor**

We are considering a number of options as we work toward our 2018 franchise development goals, focusing primarily on zeroing in on what is working and switching up the approaches that are not. This may seem obvious, but the franchising landscape continually changes as technology evolves and company goals become even loftier.

For example, we will continue to push information to the franchise portals, but we have found that the quality of leads from the portals isn't quite what we are looking for. As a result, our conversion rates are slowing.

We have to focus on *quality over quantity* and we have to find ways to pinpoint the ideal franchise candidate. To do so, we are going to put more concerted efforts into marketing to a specific demographic, geo-targeting, nurture campaigns, landing pages, and InMail and LinkedIn sponsored ads. To attract prospects with similar backgrounds and interests, we need to create as much content and look-alike campaigns as we possibly can that showcase successful franchisees within our system.

We will also continue to put a major emphasis on cost-effective lead generation, developing our website conversion and click-through rates for lead tracking and using franchise networks and brokers. Our company executives are firm believers in tapping into connections and people within the franchise community to identify the best possible prospects for the brand. This includes conversations with our franchisees on who they think will be good fits.

Finally, a major point of emphasis in 2018 will be developing our brand at the international level. We have identified Australia, Latin America, and South Africa as key markets to continue our growth and have country managers in place to develop those areas. We have studied the markets



extensively and are beginning to put together the playbooks and campaign channels to target our top candidates.

Although each year presents new goals and challenges for a brand, it is important to take a step back and identify what is working and what isn't. It is essential for companies to evolve with the times and switch up approaches to be successful. Most importantly, the quality of leads is much more important than the quantity of leads. To keep the quality coming in consistently, however, is a challenge that will never fade away.

**Rick Howard**  
**Director**  
**Franchise Sales and Real Estate**  
**Massage Envy**

With our recent rollout of new services and products to deliver total body care, brand differentiation will be front and center in 2018. While we're still selling the same widely recognized global franchise brand with nearly 1,200 franchised locations, the language and messaging with prospects has changed significantly with the new offerings.

People are used to thinking of this brand as massage-only, but the franchise network is now collectively the number-one provider of skin care services in the U.S. We're talking with candidates about advanced skin care treatments such as chemical peels and our trademarked Microderm Infusion. We're explaining progressive new service offerings such as Total Body Stretch, and in June became the Official Massage Sponsor of the PGA Tour and PGA Tour Champions. Our elevator pitch has evolved.

Along with the new message, we're squarely focused on two types of candidates. In the U.S., we are actively recruiting multi-unit franchise operators who want to open five or more franchised locations. This

is a change for us from actively recruiting single-unit owners. We're also putting emphasis on developing growth internationally with master franchise partners to develop an entire international region or country. We approached Australia in this way and we plan to use this strategy in the U.K., India, and key territories throughout Canada.

We will continue to show a strong presence at franchise trade shows, where we pick up many leads. At the trade shows we can visually showcase the new identity and products with prospective franchisees to demonstrate potential areas for ROI.

Transparency and clear presentation of facts to candidates will continue to be an emphasis. We're up front with prospects about upgrades being made throughout the franchise network to digital and technology infrastructure to help elevate the customer/employee experience. We openly discuss industry challenges and what the brand is doing to help address them, such as providing various resources to franchisees to help attract therapists and estheticians to a franchisee's location. Some of these resources include access to continuing education for the service providers employed by franchisees, and practices and strategies used throughout the franchise network made available to franchisees in their recruiting and retention efforts. And, if a prospect has visited any older franchised locations, photos can be shared to show how the franchise system is actively being refreshed to update the image system-wide.

From a sales perspective, we will continue to invest in a robust online presence through franchise portals, advertising, and content. Today's candidates do a ton of online research. To help convert quality leads, the brand's content, unit economics data, and other insights must be up to date. We've been successfully franchising since our inception in 2002, but we're never complacent. There's plentiful room for growth. ■

