

Franchise Development Efforts in 2025 – What to Expect

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From an industry perspective, the past 12 months have largely been positive for franchise development and sales, even as the industry has dealt with a few strategic shifts. Strong consumer demand across several franchising sectors has been particularly robust, especially for business models that align with essential services, technology, and the booming health and wellness marketplace. From a candidate perspective, we continue to see demand for concepts classified as recession resistant, always a safe harbor for first-time business owners.

A favorable lending environment, at least in the earlier part of the year, helped many new aspiring entrepreneurs secure financing which in turn fueled growth. Looking back on 2024, it's clearly obvious that the landscape has become even more competitive, as brands placed an increasing focus on differentiating themselves from others in a bid to attract quality candidates.

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What Worked in 2024?

Spurred on by an optimistic forecast in the IFA's annual Franchising Economic Report, the industry explored several effective strategies and tactics that brought them ever closer to their ideal candidates. Here are three specific examples:

- **Targeted Digital Marketing** – franchise development teams are

drilling down further by leveraging social media platforms, personalized email campaigns, and AI-driven marketing tools to target, reach, and engage ideal candidates. Vastly improved targeted ad deployment allowed brands to zero in on prospects while improving lead-generation and lowering acquisition costs

- **Enhanced Franchisee Support Programs** – banking on long-term franchisee success, 2024 saw many franchise development teams bolster support systems – everything from financial planning resources to advanced operational training. This increased investment should boost retention rates going forward

- **DEI Initiatives**– in an effort to attract candidates from a more diverse pool, many franchisors expanded their efforts to reach underserved communities in 2024 – no doubt aided by the SBA’s updated lending guidelines. This focus has opened many new doors and pathways to build and nurture more robust franchisee networks

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Where Franchise Development Needs Improvement

Now that we’ve reviewed the high points, it’s time to focus on areas that franchisors still need to improve in the effort to meet their KPIs:

- **Localized Training** – with the ever-increasing influx of international franchisees, brands will need to take a closer look at ways to tailor training that matches the specific needs of local markets. These can often be very nuanced, requiring an approach that considers regional business regulations, cultural preferences, and consumer behavior – which is rarely one-size-fits-all

- **Transparency of Financials** – bound by the limits of what franchisors disclose in their FDDs (particularly Item 19), many brands could do a better job with transparency of their financials. In the long run, this will build better trust in the process

- **Sustainability** – the majority of franchisee candidates – and consumers – are now coming from generations that value environmental consciousness. Brands should look to expand green building practices, incorporate more sustainability, and integrate more eco-friendly products and service offerings into their business models

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What to Expect in 2025...

With the U.S. election now settled, we have a clearer picture of what to expect for franchise development in 2025. Though nothing is completely certain, the following trends appear likely to play an important factor for franchise development teams in the coming year:

- **Virtual Reality (VR)** – AI's twin, augmented reality, could become a huge asset for candidates engaged in the franchise discovery process. The ability to take virtual tours of franchise locations and corporate training facilities will help paint a clearer picture and better meet expectations. Even for candidates in far-flung locations (again, think international), VR could be an innovative way to offer a much more immersive experience
- **AI-Driven Customer Support** – this is an area that's already seen quite a bit of proliferation, as chatbots can offer lifelike support that once required heavy staffing component to manage. Enhanced with new features that take into account specific business needs, market conditions, and performance metrics, franchisors will soon be able to make vast improvements in sharing targeted recommendations for growth strategies, training, and market-specific operational adjustments
- **Expansion of Micro-Franchises and Flexible Models** – many brands are already experimenting with micro-franchising models that allow franchisees to operate with lower overhead and greatly reduced commitment. These new flexible business models should appeal to a broader demographic of candidates –

especially younger entrepreneurs and part-time owners. It's essentially an untapped market segment that shows a lot of promise for future growth

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About the Author

Rob Lancit is a serial entrepreneur with nearly three decades of experience in the franchising industry, having served as a consultant, franchisor, franchisee, area developer, and conference events manager. He is the creator of two iconic brands, BeTheBoss.com and Franchise Expo, and currently serves as the Vice-President of Franchise Development for Stratus Building Solutions – an industry-leading, three-tier franchise opportunity for green commercial cleaning that consistently ranks in the top percentile of Entrepreneur's Franchise 500.

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