Marketing Strategies for New Franchise Brands
Franchise Lead Generation
And
Closing More Deals
Steve Beagelman
Senior Vice President and
Chief Franchising Officer
Background

- 1986  Packaging Plus Services
- 1991-1994  Black Tie Express
- 1994-1996  Takeout Taxi
- 1996-1999  Bassett Management Company
- 1999-2000  Restaurant Systems International
- 2000-2005  Rita’s Water Ice Franchise Company
- December 2005-Present  Saladworks Inc.
Saladworks
Nations #1 Salad Chain

– John Scardapane opened the first Saladworks in 1986 – 20 years ago!
– Today, over 70 operating units in 6 states
– Over 70% of our franchisees are multi-unit operators
– In 2005, experienced system wide sales growth of 32.6% and 23% new store growth
The product line. . .

- **SALADS** – entrée size, made to order
  
  Saladworks’ own dressings

- **PROPRIETARY SOUPS**

- **WRAPS**
– Saladworks Vision
   To be the nation’s leading eating option for all those living a healthy lifestyle

– Saladworks Mission
   Unmatchable Customer Satisfaction
Lead Generation

– First, identify your customer—your potential franchisee

– Second, what type of franchise — retail locations or home based business

– These answers will help you to decide the most effective ways to spend your marketing dollars

– The following are eight sources for lead generation
Types of Lead Generators

1. Advertisements in Trade Publications
   - Wall Street Journal (Thursdays)
   - USA Today (Wednesdays)
   - Entrepreneur Magazine
   - Restaurants Trade Publications
     • Nations Restaurant News
     • QSR
2. Local Newspaper Advertisements
   – The business opportunities section in the local papers do not generate as many inquires as in the past, however, for site specific locations it can be very effective.
3. Internet Advertising
  – Allows 24/7 selling opportunity
  – May be the most cost effective form of advertising
  – Enables prospects to interact with brand on their own time, at their own pace
  – Recommend only those with at least 75,000 unique visitors per month
  – Some examples include Franchise Gator, Bison, Be The Boss, Franchise For Sale as well as many others
3. Internet Advertising (cont.)

Paid Search Strategy

– Pay a fee to Yahoo, Google or other portholes for certain key words

– For example, when the consumer searches for “salads” or “franchise opportunities,” Saladworks is listed as a possible match
4. Franchise Referral Networks

- Networks that specialize in matching potential franchisees to franchisors
- May be the most expensive form of advertising on a cost per franchisee basis
- Brokers recommend candidates that would not have contacted you otherwise
- They can target specific areas of the country
- Leads are prescreened, therefore, success rates can be higher than other forms of advertising
- Examples include, Frannet, Entrepreneur Source, Sunbelt, Franchoice
5. Franchise/Business Opportunity Trade Shows

– The best show is the IFE (International Franchise Expo) held once or twice a year, sponsored by the IFA
6. Your Website

- Most candidates will visit your website prior to making a phone contact
- The first impression of your website is critical. Make sure it presents your brand effectively
- Have a page on the website for the candidate to complete contact information
7. Public Relations

- Pay a monthly fee to public relations firms to raise consumer awareness for the brand

- PR firms target specific audiences and markets
8. In Store Advertising

– For retail locations, your customers are your best leads, display in store signage to promote your brand
  • They understand your business and products
– For food franchises, listing opportunities on cups, napkins, etc. are additional ways to promote to franchise prospects
Where are the most leads coming from?

– Franchise Update reports in 2005:
  Internet    69%
  Referrals  16%
  Print      5%
  Other     9%
Tracking Leads

– Is it important to track leads?

• Where are they coming from?

• How far do they get in the process?

• What is the cost per lead to signed franchise agreements?
<table>
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<tr>
<th>Month</th>
<th>Leads</th>
<th>Q Recd</th>
<th>Appts</th>
<th>% Leads to Q</th>
<th>% Q to Appt</th>
<th>% Leads to Appt</th>
<th>Signed FA New</th>
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<th>Total Signed FA</th>
<th>% Signed to Leads</th>
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Advertising Effectiveness

– Many franchisors report a cost per lead of about $100

– Internet leads have a tendency to be lower

– If you are not closing at least 2% of your total leads you have lost an opportunity
From which sources are franchisors signing the most franchise agreements?

– Franchise Update reports in 2005:

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Internet</td>
<td>46%</td>
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<tr>
<td>Referrals</td>
<td>27%</td>
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<td>Print</td>
<td>4%</td>
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<tr>
<td>Brokers</td>
<td>9%</td>
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<tr>
<td>Other</td>
<td>14%</td>
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</table>
Closing the Deal

– Potential franchisees are buying into your system for the brand, concept and the support structure of your organization

– Spend enough time with them so they feel all of their questions have been answered adequately

– Emphasize your strengths. It is important that the potential franchisee feels comfortable with the systems and support of your organization
Closing the Deal

- Review the UFOC and make sure they understand their obligations under your franchise agreement.

- Make sure the candidate leaves with work to do. For example, they should contact at least three franchisees.

- It is important that the candidate make a choice to purchase your franchise not just on emotion, but through validation by speaking with other franchisees.
The Approval Process

- “We award Franchises”
- The applicant must meet financial qualifications, have the background or skills required to operate the business and demonstrate their ability to be a successful franchisee in the system
- Avoid the temptation of accepting checks and signing franchise agreements with candidates who do not fit the profile of a successful franchisee in your system
The Approval Process

- Discuss signing procedure

- Upon signing, the franchisee pays the franchise fee and support of the new franchisee begins

- When the candidates feel there is an approval process it makes them “want” to join your system even more
Thank You

Special thanks to The Franchise Performance Group and Franchise Update for contributing to this presentation.