2025 IFA SUMMER BOARD MEETING

BEAVER CREEK, COLORADO

iFA INTERNATIONAL FRANCHISE ASSOCIATION

Beyond Development: Leveraging Franchise Data to Drive Performance and Engagement

INTERNATIONAL FRANCHISE ASSOCIATION

What does **franchise performance** look like in one of the **largest data sets of franchise brands?**

- **Drivers of growth and performance**
- **Correlation** between **franchisee engagement** and **performance**
- Connection between geographical growth and **regulatory environment**

Understanding the Data: A New View of Franchise Performance

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Analysis Powered by Frannie AI Data Analyst

850+
Franchise Systems
24 months of longitudinal data and growth patterns

100K+
Locations Analyzed
Across all major industry verticals (excl. lodging)

Brands by System Size

Large Brands	20%
Mid-Sized Brands	21%
Emerging Brands	59%

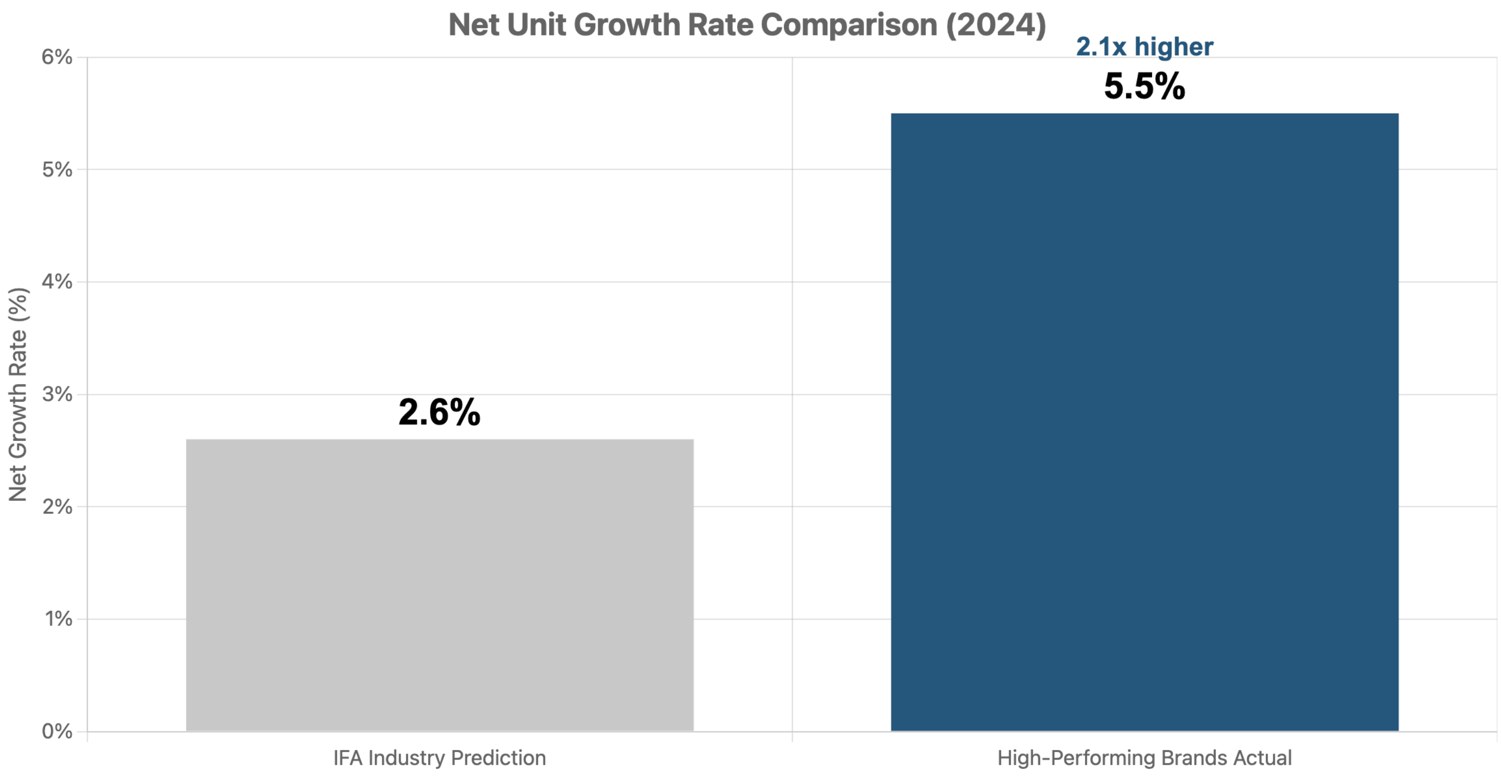
Locations by System Size

Large Brands 500+ locations	79%
Mid-Sized Brands 50-499 locations	14%
Emerging Brands Under 50 locations	7%

Why this matters? This represents one of the **largest franchise performance datasets** ever analyzed. Every recommendation is backed by **measurable performance differences**.

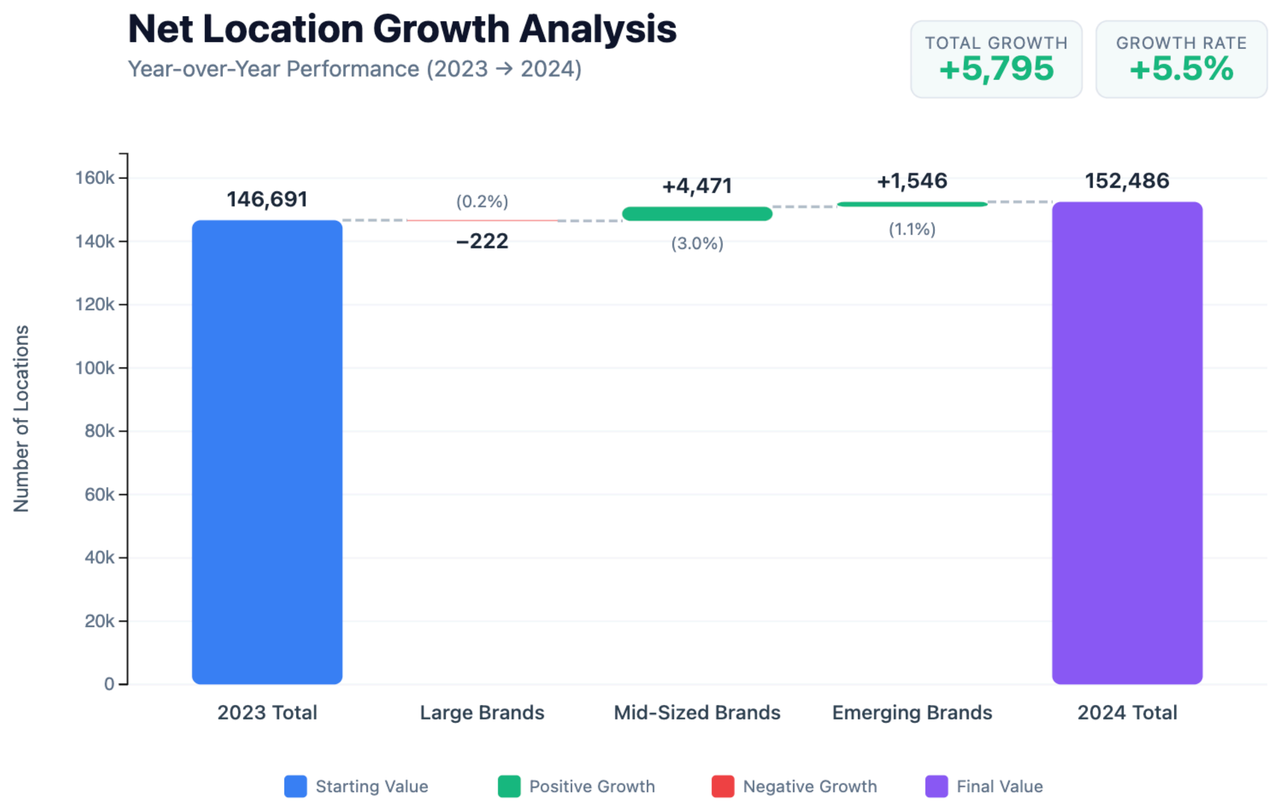
- Fully **anonymized data set** of brands that opt-in to FranConnect's analysis
- Covers **two years of longitudinal data** (across 2023 to 2024)
- Looks at all **interactions performed in the system** and **growth data** compared to **industry reports**
- Powered by **FC's proprietary AI Agents**

Franchise Growth Performance vs. Predictions



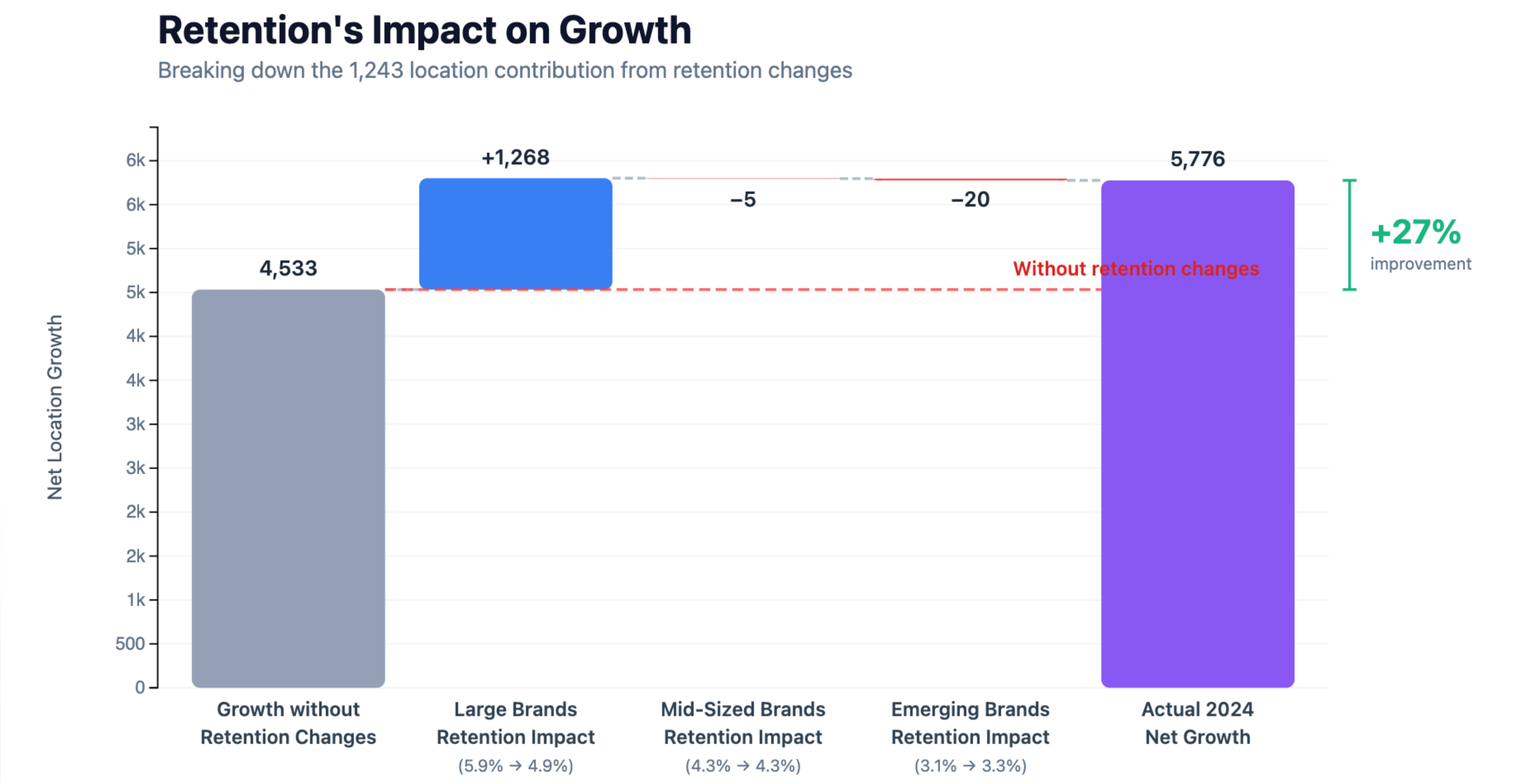
- **Execution beats predictions:** Well-managed systems achieved 2.1x the industry forecast
- **More capacity than expected:** Franchising delivered 5.5% growth vs. the 2.6% forecast
- **Operational excellence drives results:** 5.5% growth came from 11% more openings and 14.8% fewer closures—both controllable through better systems

The Path to 5.5% Net Growth



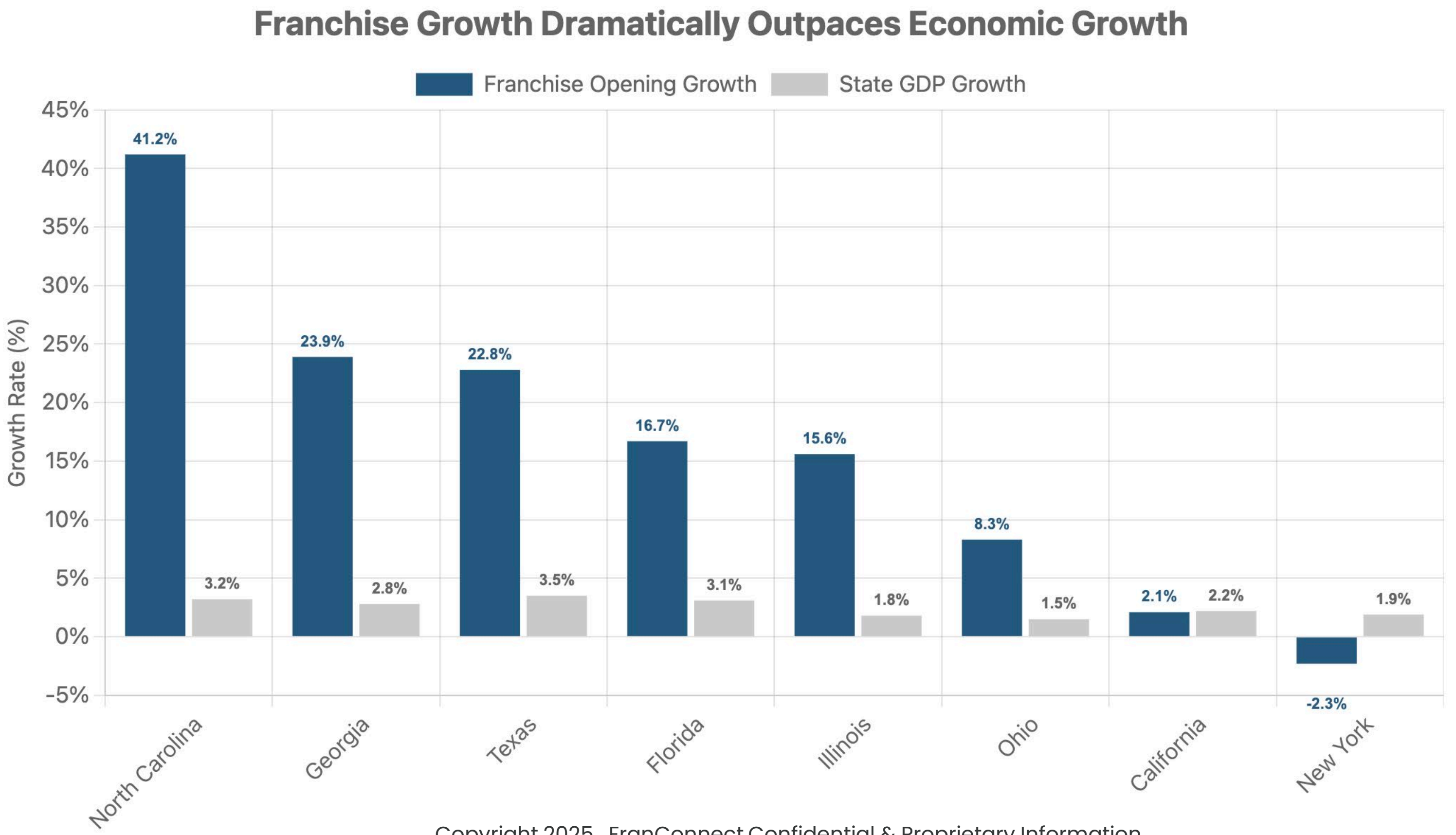
- **Mid-Sized Brands expanded aggressively** - Added +4,471 locations (77% of total growth) by opening 5,165 new sites
- **Large Brands stopped the bleeding** - Reduced terminations by 1,268 locations through better retention, limiting losses to just -222
- **Industry-wide discipline improved** - Termination rate dropped from 5.5% to 4.7%, preventing 1,243 closures

Retention Boosted Growth



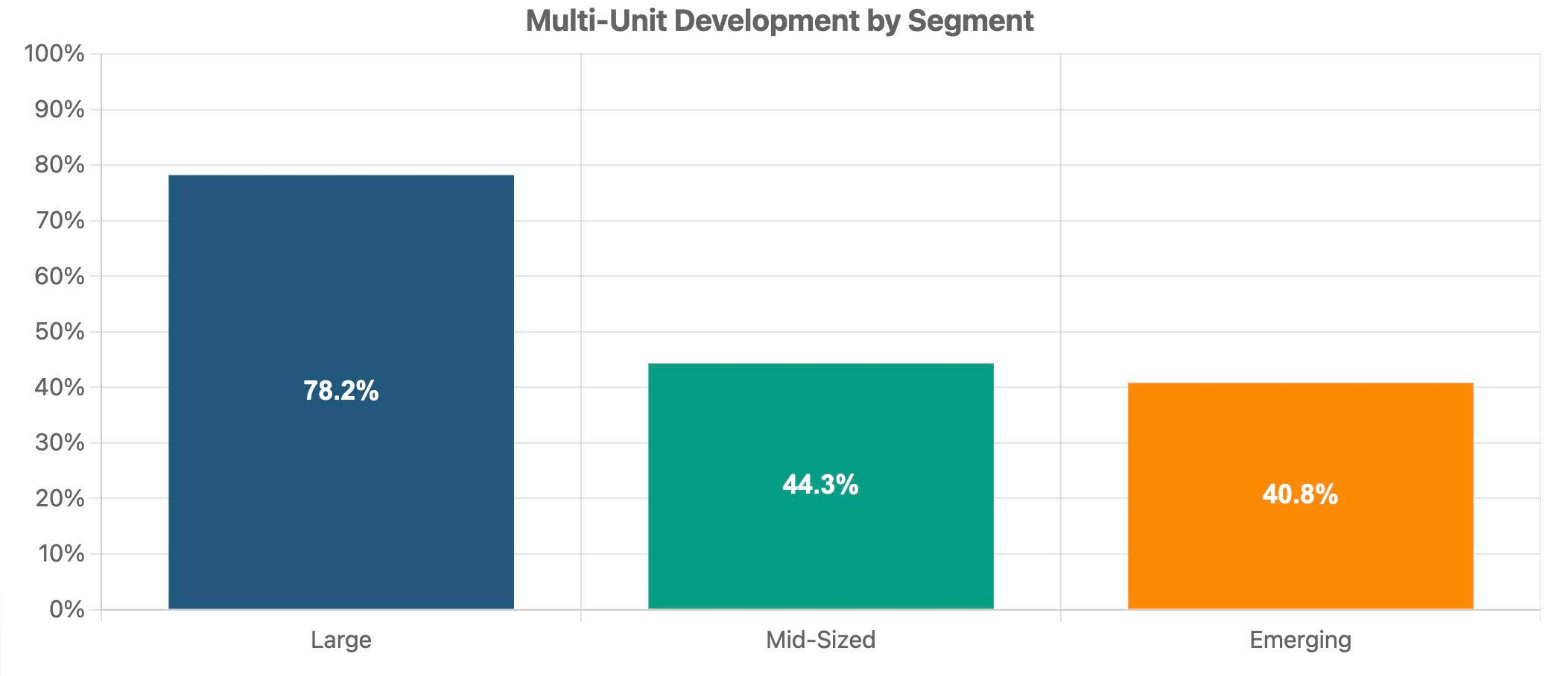
- **Large Brands single-handedly drove retention gains** - Their 1 percentage point improvement (5.9% → 4.9%) saved 1,268 locations.
- **Retention changes boosted growth by 27%** - Industry achieved 5,776 net growth instead of 4,533, adding 1,243 locations through better retention
- **Small rate changes had outsized impact** - Large Brands' 17% reduction in terminations contributed 22% of total industry growth

Geographic Growth Patterns: Is Outsized Growth Correlated to Regulatory Environment?



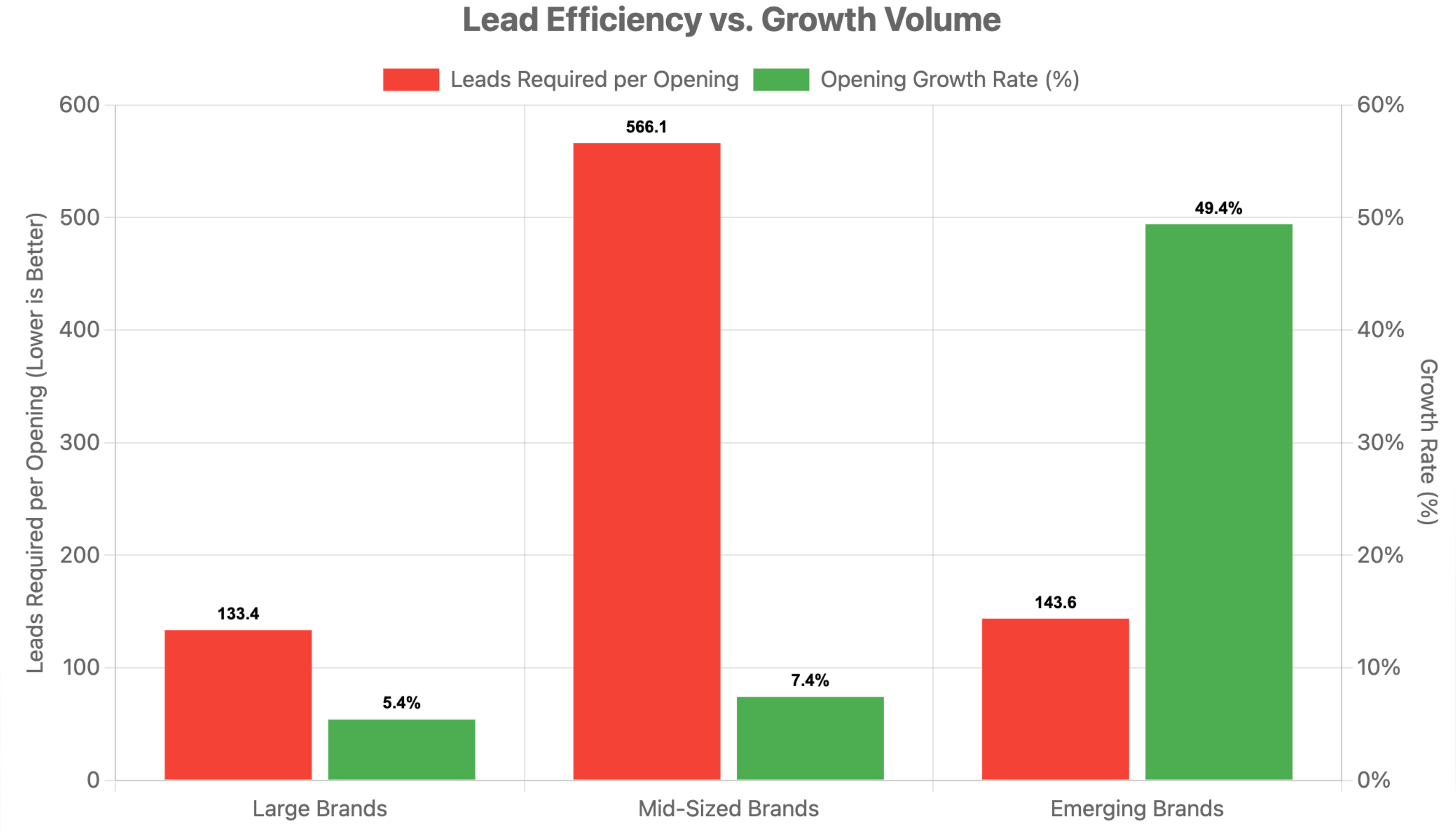
- **NC's 13x multiplier:** Franchising captures disproportionate economic growth in expansion markets
- **Geography = strategy:** Top 4 states delivered 68% of growth; bottom 4 dragged down results
- **Next Steps: Create a Franchise Regulatory Index** by State to correlate impact on growth

Multi-Unit Development is Table Stakes



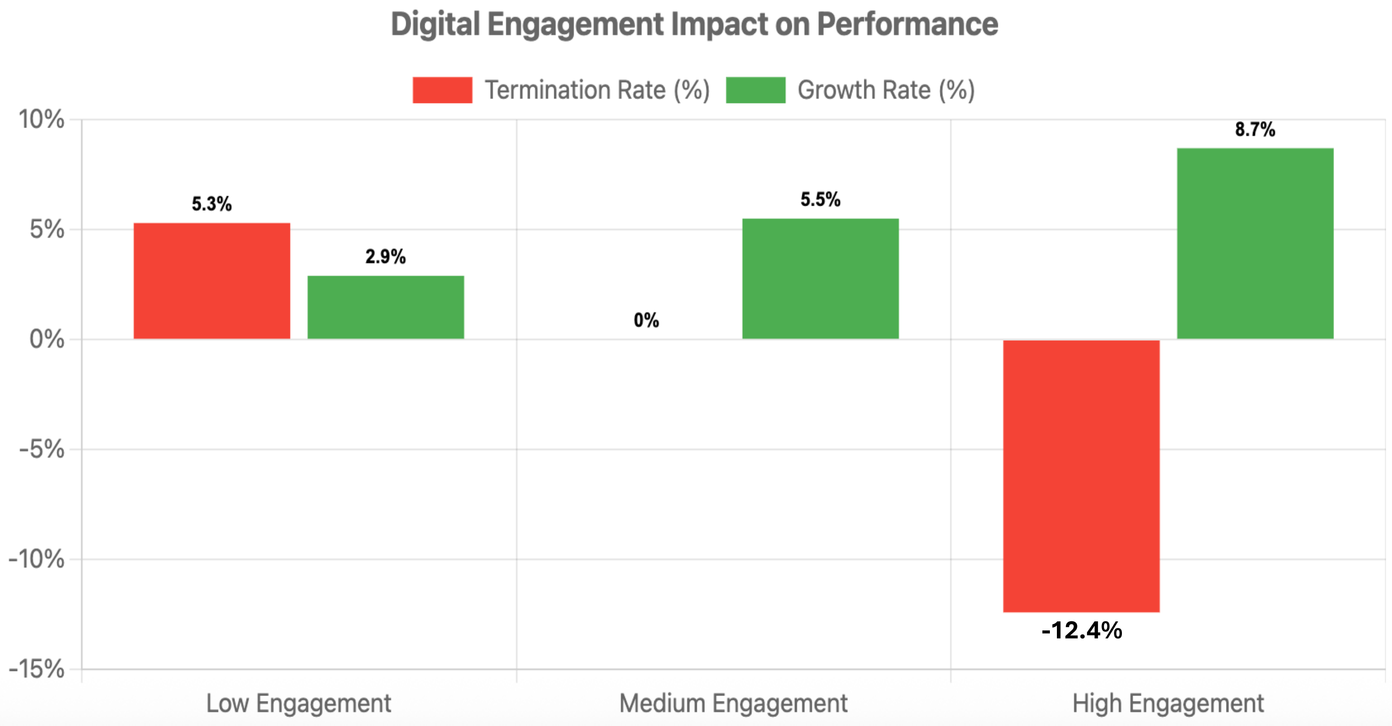
- **Multi-unit is now table stakes:** 78.2% for Large brands means single-unit strategies are harder
- **Capital-intensive = consolidation:** Automotive (87%) and Table Service (81.4%) require sophisticated operators
- **Support systems must evolve** for multi-unit reality or lose to competitors

Opening Velocity Analysis



- **Mid-Sized brands prove volume works:** Despite 4x worse lead efficiency, they achieve highest growth (7.4%) with lowest terminations
- **Quality vs. quantity debate:** Large brands optimize for efficiency, Mid-Sized for velocity—both strategies succeed
- **Resource allocation insight:** If you can afford lead volume, prioritize speed over efficiency during growth phase

High Engagement Rates Reduce Failure Rates



Digital Engagement Score

How actively do franchisees interact with brand resources?

- **Hub Activity:** Content consumption
- **eLearning:** Course completions, training engagement, certification rates
- **Operational Compliance:** System usage, reporting frequency, best practice adoption
- **Support Interactions:** Visit frequency, coaching participation, problem resolution

Digital Engagement Business Impact

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Hub Activity Impact

Document Download Growth **+59.0%**

→ *Franchisees accessing 8.6x more resources than they contribute*

Most Engaged Vertical **Retail +112.9%**

→ *Retail brands seeing highest knowledge transfer rates*

Training ROI

Course Completion Growth **+59.8%**

→ *78.2% completion rate shows high franchisee commitment*

Emerging Brand Surge **+126.8%**

→ *New franchisees hungry for knowledge and support*

Operational Excellence

Visit Volume Increase **+26.7%**

→ *More touchpoints = better franchise performance*

Audit-Focused Visits **99.6%**

→ *Shift from reactive to proactive support model*

Bottom Line Impact

Unit Opening Acceleration **5.3 months faster**

→ *Faster revenue generation and market penetration*

Termination Reduction **17.7% lower**

→ *Protecting brand investment and market presence*

- **59% surge proves demand:** Franchisees are hungry for support and guidance
- **The math is simple:** More engagement = faster openings + lower failures = higher ROI

2.1x Industry Growth

Well-managed franchise systems achieved 5.5% net growth vs. 2.6% IFA predictions through strategic execution

17.7% Lower Failures

High-engagement franchisees show dramatically lower termination rates through coaching and training

5.3 Months Faster

Digital tools and support systems accelerate unit openings by over 5 months on average

59% Resource Usage Surge

Digital engagement skyrocketed with 59% more downloads and 78.2% training completion rates driving measurable performance gains