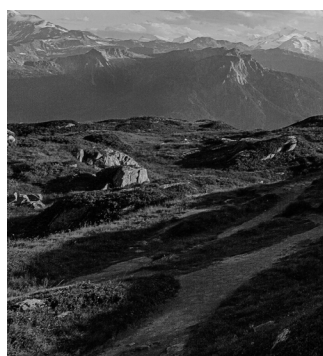


# Franchising Outlook 2026

FBR Industry Report



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# Introduction

**Franchise Business Review** has a unique perspective on the franchise world. Our research covers the four primary stakeholders that drive the franchise economy—franchisors, franchisees, franchise employees, and customers. Over the past year, we surveyed nearly 30,000 franchise owners, thousands of unit-level and corporate franchise employees, and hundreds of franchise leaders—from emerging brands with fewer than 100 units to large, established systems with hundreds of locations—to take the pulse of the franchise sector as we forge ahead into 2026.

The franchise economy continues to demonstrate its fundamental strengths: a business model that empowers local entrepreneurs with proven systems, support, and shared resources. Today, there are an estimated 9,000+ franchise companies in the U.S. operating more than 830,000 locations owned and operated by local franchisees. Employing nearly 9 million workers and contributing over \$900 billion to the overall U.S. economy, franchising remains one of the most powerful engines of entrepreneurship and economic growth in the country.<sup>1</sup>

But as the data in this report makes clear, franchising in 2026 is not a monolithic story. The gap between emerging brands and large, established franchise systems has never been more pronounced. Large brands are growing faster, generating stronger margins, and investing more aggressively in technology and infrastructure. Smaller brands, meanwhile, are navigating real headwinds around consumer demand, franchisee recruitment, and cost pressures that are squeezing profitability even as revenues inch upward. It's worth noting that this data was collected prior to the outbreak of the U.S.-Iran conflict—a development that introduces

additional uncertainty around energy costs, supply chains, and consumer confidence that could meaningfully shape how the rest of 2026 unfolds.

The good news? Optimism persists across the board. Two-thirds of franchise executives expect strong growth in 2026—and the fundamentals of the franchise model remain as compelling as ever. The challenge is execution.

So how do you tell the difference between the great franchise companies and the not-so-good ones? Based on our work with 1,300+ franchise brands over the past 20 years, we know that satisfaction is the ultimate measure of success—franchisee satisfaction, employee satisfaction, and customer satisfaction. Through the lens of our research, the very best franchise companies are easy to spot.



**Michelle Rowan**  
President



**Eric Stites**  
Founder

# 2025 Year in Review

## A Tale of Two Franchise Economies

If the 2025 franchise landscape had a single defining characteristic, it was divergence. While the broad franchise economy continued to grow—and large brands delivered impressive results—emerging systems with fewer than 100 units faced a markedly different reality.

### Large Brands Outperformed Smaller Brands

**3.6x**

Faster unit growth for large brands vs. small brands in 2025

**6.8x**

Higher revenue for large vs. small franchise systems

Large brands opened a median of 25 new units in 2025, compared to just seven for their smaller counterparts. Revenue followed a similar pattern: large systems reported median revenues of \$17 million, compared to \$2.5 million for sub-100-unit brands. Net operating margins told the starkest story of all—22% for large brands versus 12% for smaller systems, with elite large brands reporting operating margins as high as 35%.

For smaller brands, the numbers were sobering: revenue grew approximately 3% year-over-year, but net operating income was essentially flat due to increasing costs and slow franchise development. They were growing their top lines while standing still on profitability—caught in a cost-price squeeze that larger systems, with their purchasing power and operational scale, were better equipped to navigate.



## 2025 Franchisor Performance

New Unit Growth (2025)	Brand <100 Outlets	Brands with 100+ Outlets	Larger Brand Variance
New Outlets Opened in 2025 (median)	7	25	357%
Lowest New Outlets in 2025	0	3	
Highest New Outlets in 2025	74	325	
Franchisor Gross Revenue (median)	<b>\$2,500,000</b>	<b>\$17,000,000</b>	680%
Franchisor Net Operating Margin (median)	13%	19%	
Median Revenue Charge YOY (2025 vs 2024)	3%	8%	
Median NOI Change YOY (2025 vs 2024)	0%	8%	
Brands Reporting Double-Digit Revenue Growth	27%	46%	170%
Brands Reporting Double-Digit Profit Growth	20%	47%	235%

That said, the franchise model itself continues to prove its resilience. Business ownership through franchising remains one of the most accessible pathways to entrepreneurship in the country—and the data shows that franchisees operating within large, established brands are performing well. Median unit-level income for franchisees operating for more than two years in large systems was \$120,519 on median revenues of \$1.4 million. Among emerging brands, franchisees reported median revenues of \$970,536 and median income of \$89,000.

### Key Satisfaction Points From Franchise Business Owners

- 86%** would recommend their franchise to others
- 85%** enjoy being part of their franchise organization
- 82%** of franchisees say they enjoy operating their business
- 78%** respect their franchisor
- 76%** trust their franchisor



# Franchisee Satisfaction Remains at Historically High Levels

**Franchise Business Review** has been tracking satisfaction and performance across the franchise sector for over 20 years. In 2021, satisfaction hit an all-time high as many businesses began to rebound from the pandemic, increasing 3% over pre-pandemic levels. That was due in large part to the extra support that franchisors provided to their franchisees to help them weather the challenges. While satisfaction levels have leveled out somewhat, they remain extremely high.



“Many franchise owners realized how lucky they were to be part of an organization that ‘had their backs’ and provided the extra support and resources to ensure the survival of their businesses during the pandemic,” said Eric Stites, founder of Franchise Business Review. “Now, five years later, the trust that was built during that time continues to pay off despite the economic uncertainties many businesses are experiencing today.”

Franchisees from the 50 brands ranked highest for franchisee satisfaction are more than twice as likely to trust their franchisor—and nearly three times as likely to recommend their franchise to others.

## Top 10 Challenges to Growth in 2025

Economic Uncertainty & Macro Conditions

Labor & Staffing Challenges

Cost Pressures & Profitability

Real Estate & Site Development

Technology & Systems

Competition

Support & Infrastructure

Regulatory & Compliance

Traffic & Sales Decline

Franchisee Performance & Execution

## The Expansion Paradox

*Ambition is universal. Execution is not.*

Forty percent of franchise brand leaders cite unit growth and expansion as their number one strategic priority in 2026. It's the top goal on the list—ahead of technology, marketing, and even franchisee profitability. The desire to grow is, in this sense, universal across the franchise industry. The data, however, tells a more complicated story.

Large brands—those with 100 or more locations—are genuinely executing on their expansion ambitions. They grew 3.6 times faster than smaller brands in 2025, with the resources, brand recognition, and infrastructure to attract franchisee candidates, secure prime real estate, and absorb the costs of scaling. Smaller brands, by contrast, are caught in a difficult bind: they need growth to achieve royalty self-sufficiency, but the very constraints that make growth difficult—weaker consumer demand, limited brand recognition, higher relative cost of capital—are the same ones they'd overcome by growing.

**41%** of small brand leaders cite reduced consumer demand as a significant growth constraint in 2025—nearly double the rate of large brands (26%).

This is the expansion paradox: the brands that most need to grow face the most significant barriers to doing so. Smaller systems lack the marketing budgets to drive consumer traffic, the real estate relationships to secure the best locations, and the proven track record to attract top-tier franchisee candidates. Meanwhile, 32% of sub-100-unit franchisors listed franchisee recruitment as a significant growth limiter—consistent with large brands, but more acute in its consequences.

The franchise economy is, in this respect, consolidating. Capital, talent, and consumer attention are gravitating toward proven, established systems. That doesn't mean smaller brands can't succeed, but it does mean the path forward requires a more deliberate strategy. Growth for growth's sake is a trap. The brands that will build lasting systems are the ones that prioritize quality over quantity: stronger franchisees, better unit economics, and a consumer proposition compelling enough to generate demand even in a soft market.



## The Profitability Puzzle

*Revenue is growing. Profits, for many brands, are not.*

One of the more counterintuitive findings in this year's data is the disconnect between revenue growth and profitability, particularly for smaller franchise systems. Sub-100-unit brands grew revenues by approximately 3% in 2025, but net operating income didn't move. Flat profits despite positive revenue growth is the definition of a margin squeeze, and it has significant implications for the franchise model.

The cause isn't difficult to identify. Costs—labor, real estate, cost of goods sold, inflation-driven operational expenses—grew faster than revenue for many systems. Without the purchasing power and operational leverage that comes with scale, smaller brands have fewer levers to pull when costs rise. The result is a treadmill effect: run faster to stay in place.

### Net Operating Margins Nearly Double for Large Brands

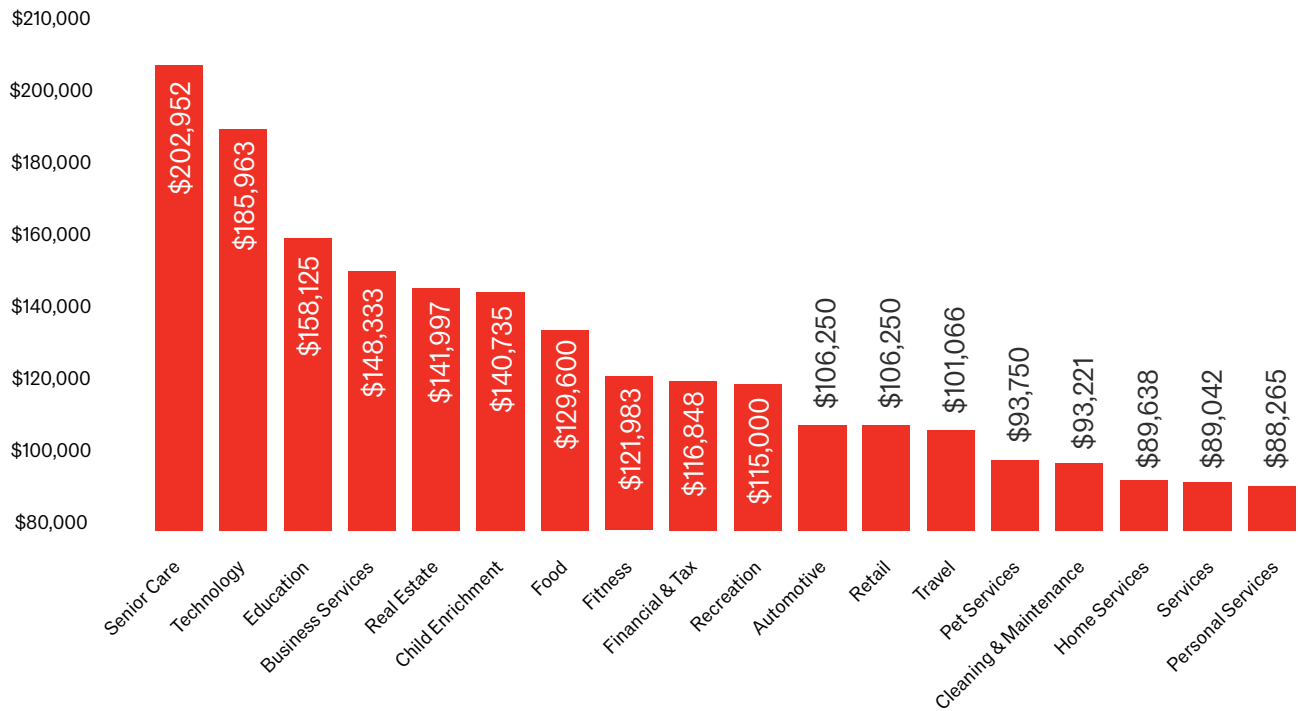


Large brands, by contrast, are growing both top-line revenue and bottom-line profitability. Their median net margin of 22%—nearly double that of smaller systems—reflects the compounding advantages of scale: better supplier pricing, more sophisticated technology, stronger marketing ROI, and a deeper bench of high-performing franchisees.

At the unit level—the franchisee's bottom line—the picture is consistent. Median franchisee profit margin across all respondents was approximately 10%, representing roughly \$117,000 in profit on \$1.2 million in median revenue. Franchisees within large systems earned \$131,000 on \$1.4 million in revenue; those in smaller brands earned \$89,000 on \$965,000. These aren't dramatic differences in absolute terms, but they compound significantly over time, and they directly affect franchisee satisfaction, retention, and advocacy.

The strategic implication is clear: for smaller brands, improving unit economics must be a higher priority than adding new locations. A system of 60 highly profitable franchisees is a far stronger foundation for long-term growth than 100 franchisees struggling to make ends meet. Franchisors that invest in operational support, cost management tools, and marketing efficiency at the unit level will build the kind of franchisee performance that makes recruitment and retention—the other critical variables—much easier to solve.

## Franchise Owner Income by Sector



The average annual income (AAI) reported by the 26,000+ franchisees surveyed by Franchise Business Review is currently \$144,798 for franchise business owners beyond the “startup period” (considered the first two years in business). This is more than double the average independent small business owner’s salary of \$70,484 reported by PayScale.<sup>2</sup>

According to FBR research, Senior Care (\$202,952), Technology (\$185,963), and Education (\$158,125) were the three sectors with the highest average annual incomes for franchise owners. Not surprisingly, multi-unit franchise owners (individuals who own more than one location of a business) were found to be the highest earners. Single-unit owners reported average incomes of \$106,224, while owners with 2 - 4 units reported average annual incomes of \$157,570. Larger owners with 5 or more business units reported average annual incomes of \$316,460.



## The Labor & Operations Crunch

*The people challenge has evolved—but it hasn't gone away.*

If there's one theme that has defined the franchise industry for the past several years, it's labor. And in 2026, it remains one of the most significant constraints on franchise growth and profitability, though the nature of the challenge looks somewhat different depending on the size of your system.

**57%** of franchise leaders cite increased costs—led by labor and inflation—as a significant growth limiter.

For large franchise brands, labor costs are the number one growth constraint, cited by 33% of executives. At scale, a percentage point increase in labor costs across hundreds of locations translates into millions of dollars. Large brands are investing heavily in technology, automation, and operational systems to manage this pressure, but the challenge is persistent.

Dissatisfaction with compensation among franchise employees is up 25% year-over-year, despite wage increases upwards of **7%**.<sup>3</sup>

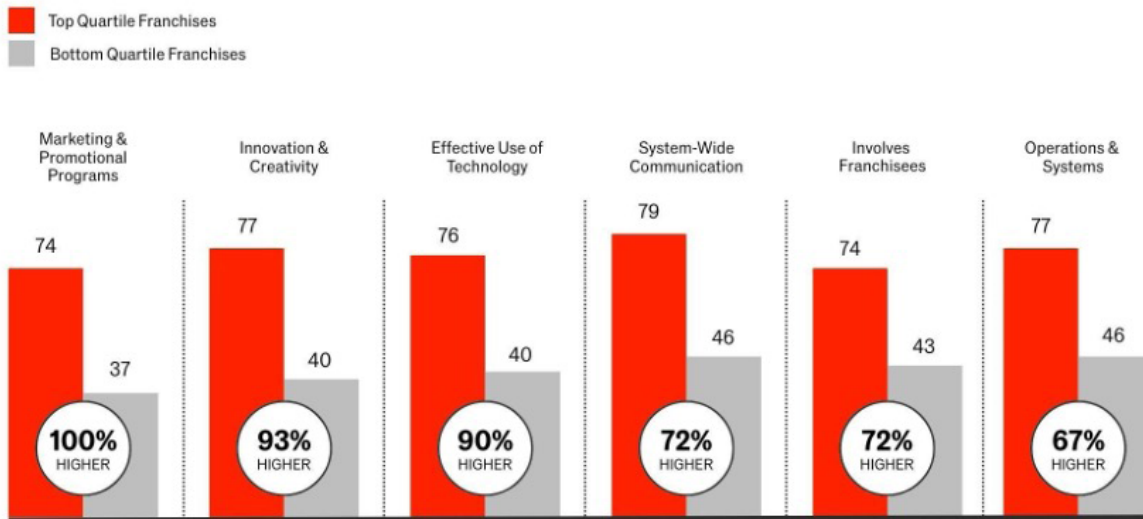
Smaller brands, interestingly, face a different version of the problem. Labor costs are a constraint (cited by 19% of sub-100-unit leaders), but it's less pressing than the demand-side challenges discussed elsewhere in this report. The operational challenge for smaller systems isn't managing complexity at scale—it's building the systems, training infrastructure, and support capacity to help franchisees execute consistently while the brand is still finding its footing.

What unifies both segments is franchisee performance. Underperformance by franchisees ranks in the top three growth constraints for large brands (30%) and top four for smaller brands (24%). This isn't a coincidence. It reflects the fundamental operational tension at the heart of the franchise model. Franchisors provide the system; franchisees execute it. When execution falls short, everyone loses.

When FBR compared the top quartile (75 highest-scoring companies) to the bottom quartile (75 lowest-scoring companies), the performance gaps were dramatic.



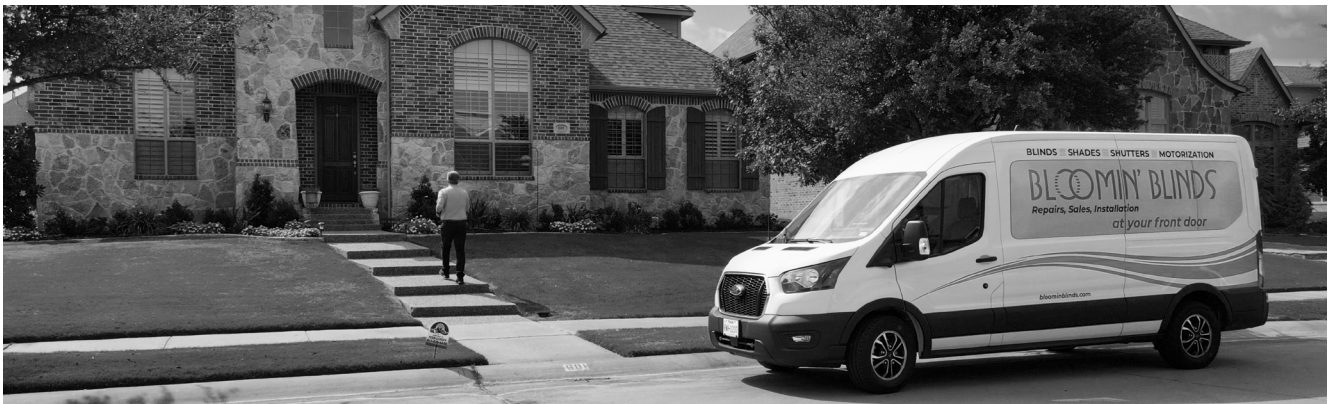
## Top Drivers of Franchise Performance



**Source:** Franchise Business Review™ 2025 Annual Franchisee Satisfaction Study™. The research was completed in December 2025 and was based on surveys of over 26,000 franchise owners representing 330 franchise brands with a median system size of 156 franchise outlets. Survey questions contained 33 benchmark questions covering key areas of franchisee satisfaction and franchisor/franchisee relations. Overall company Franchisee Satisfaction Index™ (FSI) scores ranged from 30 FSI to 99 FSI, with a median score of 68 FSI on a scale from 0 - 100 points. The top quartile (75 highest scoring companies) was compared to the bottom quartile (75 lowest scoring companies) to understand where the great variances existed between the highest and lowest performing groups.

The brands that are winning on operations have two things in common: strong training and onboarding programs that equip franchisees to succeed from day one, and robust ongoing support structures that help franchisees navigate challenges before they become crises.

Bloomin’ Blinds, for example, made a significant investment in leveling up its support and business systems based on franchisee feedback. They brought on a CFO to do more training on the financial side of the business and launched proprietary software to improve the efficiency of their internal operations. Co-founder & COO Kris Stuart said, “When we show our owners that we got their feedback and then show how we made changes to improve—it closes the loop. That’s huge.” The results speak for themselves: 84% of franchisees said they enjoy being part of the Bloomin’ Blinds organization.

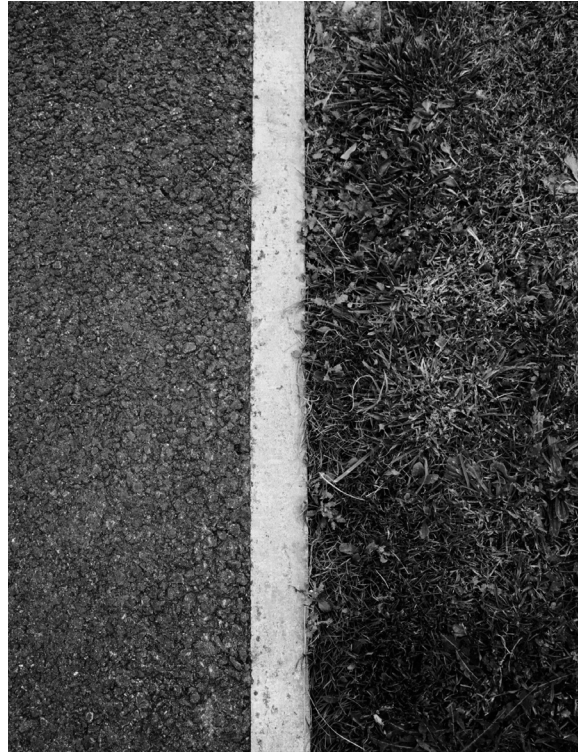


## The Demand Divide

*Not all franchises are competing in the same market.*

Perhaps the most striking finding in this year's research is the divergence in consumer demand experience between large and small franchise brands. One in three franchise leaders overall cite falling consumer demand as a significant growth limiter, but that number breaks dramatically along size lines. Smaller brands are 50% more likely to have experienced falling consumer demand in 2025.

**41%** of small brand leaders say reduced consumer demand is a significant growth constraint vs. 25% of large brand leaders.



This isn't simply a reflection of economic conditions. Both large and small brands are operating in the same macro environment: the same inflation, the same interest rates, the same consumer sentiment data. The difference is brand power.

Established, large franchise brands have something that money can't easily buy: consumer awareness and trust built over years or decades of consistent operation. When consumers are tightening their budgets and making more deliberate purchasing decisions, they gravitate toward brands they know. The Planet Fitnesses, the Tropical Smoothie Cafes, and the Snap-on Tools of the world have earned their place in consumers' mental shortlists. Emerging brands—regardless of how good their product or service is—haven't yet.

This has a compounding effect. Large brands can invest in national and regional marketing campaigns that drive traffic across their entire system. Their franchisees benefit from brand recognition that smaller brands can't manufacture. And when demand softens, established brands can ride on their reputation in ways that smaller systems simply cannot.

The implication for emerging brands isn't to give up on growth, it's to be strategic about where and how they grow. Concentrating units in markets where brand awareness is strongest, investing in local marketing programs that build community recognition, and ensuring that every customer interaction is excellent enough to create a loyal repeat customer are all levers that smaller brands can pull. The brands that survive and thrive through this demand challenge are the ones that earn their reputation one customer at a time.

The 2026 outlook is more encouraging: 63-69% of leaders across both size segments expect strong growth, suggesting that brand leaders believe current demand softness is temporary, tied to economic uncertainty that will resolve.

## The Technology Transformation

*Technology is no longer optional. For many brands, it's existential.*

Technology investment ranked as the second highest strategic priority for franchise brand leaders in 2026, cited by 33% of respondents. The specific investments vary—point-of-sale systems, CRM platforms, AI-powered productivity tools, digital marketing capabilities—but the underlying motivation is consistent: technology is how franchise organizations close the efficiency gap between where they are and where they need to be.

**1 in 5** franchise leaders see technology and AI as a significant threat to their current business model, not just an opportunity.

That dual nature of technology—simultaneously the solution and the threat—is one of the defining tensions in franchising right now. Brands that invest wisely will pull ahead. Brands that don't will find themselves outcompeted by systems that can deliver better unit economics, more consistent customer experiences, and more efficient operations at every level.

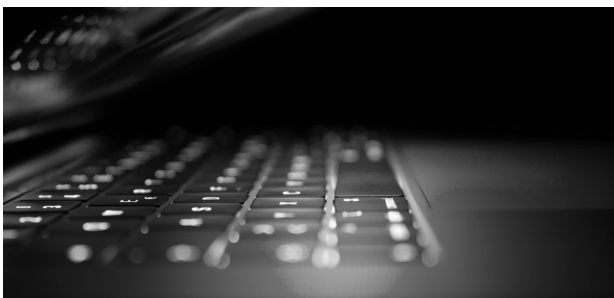
Brands scoring in the top quartile for franchisee satisfaction on Effective Use of Technology outperformed brands in the bottom quartile by **90%**.



For large brands, technology investment is already paying dividends. The margin advantage enjoyed by large systems (22% versus 12% for smaller brands) is in part a reflection of technology-driven operational efficiency. Better inventory management, smarter labor scheduling, more effective marketing attribution, and data-driven franchisee support all compound over time into a meaningful competitive advantage.

For smaller brands, the challenge is resources. Technology requires upfront investment, and brands running on thin margins have limited capital to deploy. But the emerging generation of franchise-focused technology—more affordable, cloud-based, scalable—is making it increasingly possible for smaller systems to access tools that were once the exclusive province of large chains.

The key is to invest strategically rather than chasing every new tool. The franchise brands that will win the technology race aren't necessarily those with the most sophisticated tech stacks. They're the ones that identify the specific operational or customer experience problems where technology can have the most impact, and invest there first. A well-implemented POS system that improves speed of service and reduces waste is worth far more than an AI platform that no one in the system knows how to use.



Franchisee Satisfaction Award winner, Aqua-Tots is a perfect example. While their surveys reflect strong scores, feedback from franchisees indicated an opportunity to make improvements in technology. Paul Preston, co-founder and director of development, explained, “Our subpar technology score in 2021 was honestly affirming. We knew our tech was subpar and we were getting ready to do a major investment in a customer-facing app. We wanted to confirm that the app was the right investment.”

At the time, Aqua-Tots had 80 open locations. Based on that affirming tech score, the Aqua-Tots team launched a new app and hired a head of technology to help make further improvements to the company's overall tools and systems. Four years later, their technology score improved by 61% and 100% of franchisees say they are likely to recommend the brand to others. “I honestly think the app moved us from worst in class for tech in our industry to best in class,” said Preston. Today, the brand has more than doubled in size, with 170 locations in operation.



## Economic Uncertainty & the Regulatory Landscape

*The external environment is the wildcard that no operator can control.*

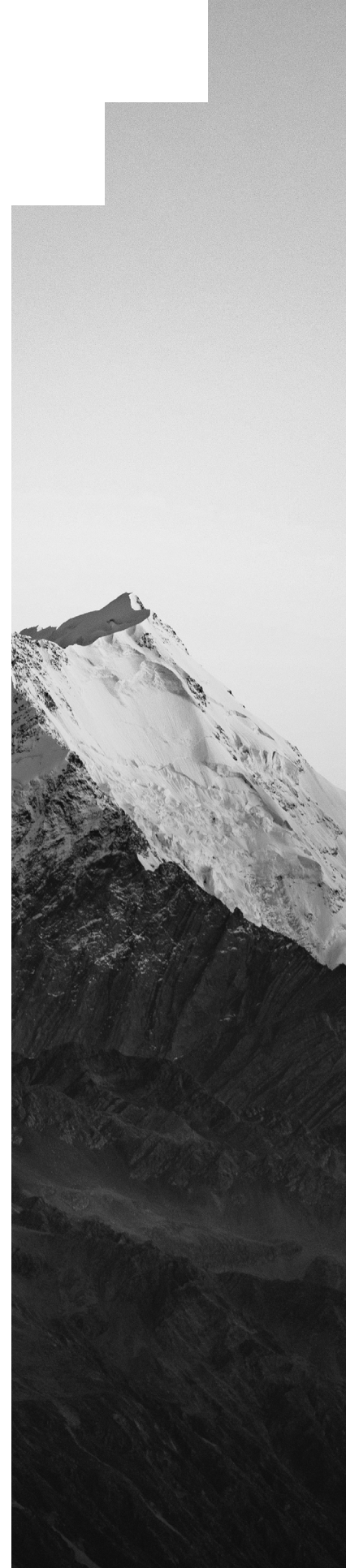
Forty percent of franchise brand leaders cite economic uncertainty and geopolitical conditions as a top industry challenge heading into 2026. This is, in some ways, the catch-all category—it encompasses inflation, interest rates, consumer sentiment, government regulation, global conflicts, and the broader sense of instability that has characterized the business environment over the past several years. And with this data predating the onset of the U.S.-Iran conflict, this number may prove to be conservative.

For franchising specifically, the economic environment shapes several critical variables. Interest rates directly affect franchise candidates' ability to finance their investment—nearly 30% of respondents in both size segments cite interest rates and economic uncertainty as a growth constraint. Real estate costs, closely tied to broader economic conditions, are cited by 28% of large brand leaders as a significant limiter. And labor costs—driven by minimum wage legislation, general inflation, and the ongoing competition for hourly workers—continue to dominate the operating expense conversation.

**40%** of franchise leaders cite economic uncertainty and geopolitical conditions as a top industry challenge for 2026.

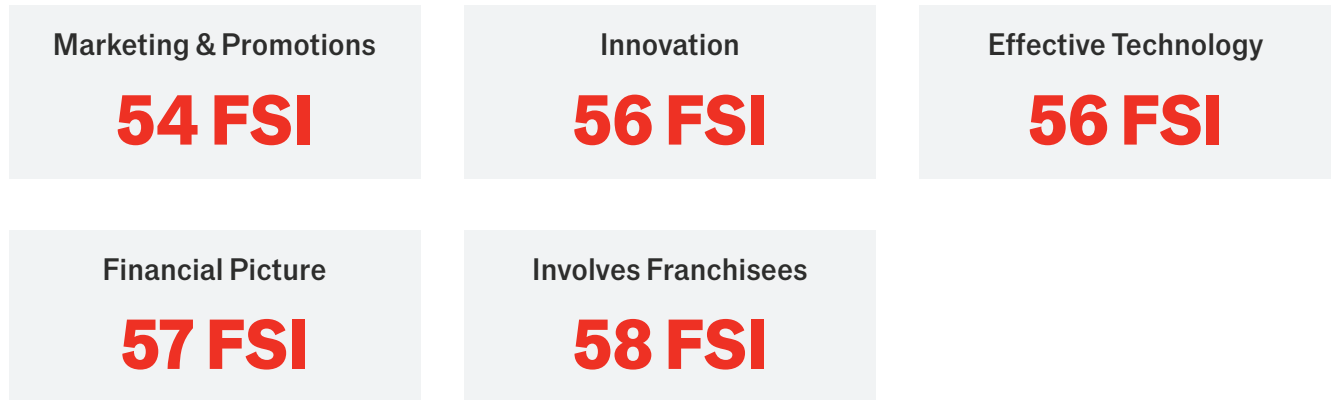
Regulatory concerns add another layer of complexity. Franchise executives consistently identify government regulation—particularly at the state level—as a significant threat to the franchise model. Anti-franchise legislation, joint employer rules, minimum wage mandates, and healthcare requirements all create compliance costs and operational uncertainty that disproportionately affect smaller franchise systems that lack the legal and government affairs resources of their larger peers.

The current environment is distinctive in its volatility. Shifting trade policy, immigration enforcement, interest rate uncertainty, and broader geopolitical instability have created a pervasive sense of unpredictability that keeps potential franchisee candidates on the sidelines—even when they're fundamentally interested in business ownership. Turning that interest into investment requires franchisors to make an even more compelling case for the stability and support their systems provide.



The franchise brands best positioned to navigate this environment are those with strong systems, healthy franchisee relationships, and the financial reserves to weather disruption. They're also the brands with enough size and advocacy capacity to engage in the policy conversations that affect the entire industry. As the regulatory landscape continues to evolve, the franchise community will need to speak with a clear, unified voice about the economic value and entrepreneurial opportunity that franchising creates.

### Five Lowest Areas of Franchisee Satisfaction



\*Franchisee Satisfaction Index (FSI)<sup>™</sup> is a benchmark of franchise owner satisfaction measured by Franchise Business Review's research.



## The Franchisee Relationship Challenge

*The central tension of franchising has never been more important to get right.*

If there's one challenge that transcends brand size, category, and geography, it's the ongoing work of building and maintaining a high-performing franchisee community. Franchisee underperformance ranks in the top three growth constraints for large brands (30%) and top four for smaller brands (24%). Franchisee recruitment challenges affect one-third of all respondents, regardless of system size.

The franchise model's fundamental promise—empowering independent operators with proven systems and support—is also its fundamental challenge. Every franchisee is a business owner with their own judgment, priorities, and capacity. Maintaining system consistency while respecting franchisee autonomy is a balance that even the best franchise organizations never fully solve.

The qualitative comments in this year's survey reveal the breadth of these challenges: “Franchisee execution / following the system / utilizing the technology and resources.” “Bottom half of franchisees not scaling sufficiently.” “Churn of poorly placed / underperforming franchisees.” These aren't just operational complaints—they express the fundamental relational tension at the heart of franchising.

FBR's franchisee satisfaction research drawn from 26,000 franchise owners across 330 brands puts hard numbers behind what has long been understood. Across the full dataset, 78% of franchisees say they respect their franchisor and 76% say they trust them. Those figures sound solid until you examine what separates the top performers. Franchisees in the 50 highest-ranked brands are more than twice as likely to trust their franchisor, and nearly three times as likely to recommend their franchise to others. The gap between a good system and a great one isn't product quality or royalty rates, it's trust.

Franchisees in the highest-trust systems are nearly **3x** more likely to recommend their franchise to others.

FBR's analysis identifies three franchisee sentiment measures that most reliably predict whether an owner will recommend their franchise to others—the single highest-stakes question in the validation process. They are: “My franchisor cares about my success,” “My total investment has been consistent with my expectations,” and “I trust and respect my franchisor.” When FBR analyzed FDD data alongside satisfaction scores, a consistent pattern emerged. Franchisors whose franchisees rate trust highest are also the franchisors who are growing. Trust isn't a soft metric or a feel-good outcome. It's a leading indicator of system health—one that shows up in recruitment, retention, and unit-level performance before it ever shows up in the financials.

At the root of many franchisee performance challenges are economic pressures. With median unit-level profit margins of only 10%, there's little room for error. When costs rise and revenues don't keep pace, franchisees feel the squeeze—and that financial stress flows directly into the franchisor-franchisee relationship. FBR's benchmarks confirm it: financial satisfaction is one of the lowest-rated areas across franchise systems and one of the clearest predictors of eroding trust. Dissatisfied franchisees are less likely to invest in their businesses, less likely to follow system requirements, and far less likely to be advocates for the brand.

The brands that are succeeding on franchisee performance treat trust as an operational discipline, not a cultural aspiration. Culver's, for example, had all 100+ support center team members spend a minimum three-hour shift working inside a franchisee's restaurant in 2025 and its senior leadership traveled to meet its six largest franchise groups on the franchisees' own turf, with agendas set by the franchisees themselves. Right at Home holds weekly franchisee-led best practice calls and open quarterly Q&A sessions with senior leadership. These aren't programs – they're operating rhythms, and they reflect the findings embedded in FBR's benchmarks: top-performing franchisors use satisfaction data as a living instrument for relationship management, reading every survey comment as a leadership team and building the resulting themes directly into their annual strategic priorities.

As FBR's research makes clear, the best franchise organizations don't just deliver a system. They deliver belonging, transparency, and the genuine sense that the corporate team has their back. Owner satisfaction among FBR's Top 200 Franchises averages 30% higher than other brands—and that margin compounds over time into stronger validation, faster recruitment, and better unit performance. In an industry where success is measured one unit at a time, the franchisors who earn and sustain franchisee trust hold the most durable competitive advantage of all.

Of the Top 200 brands, the 50 “best of the best” have franchisee satisfaction levels **40%-55%** higher than the other Top Franchise award winners.



# 2026 Outlook and Beyond

The most encouraging data point in the entire survey may be this: despite the challenges of 2025, two-thirds of franchise executives expect strong growth in 2026. That optimism spans both large and small brands and speaks to a fundamental truth about franchising—the model remains strong, even in difficult markets.

## 2026 Outlook

	Brand <100 Outlets	Brands with 100+ Outlets
Strong to Very Strong Growth in 2026	63%	69%
Weak to Very Weak Growth in 2026	3%	2%

## The “Optimism Gap” Is Closing

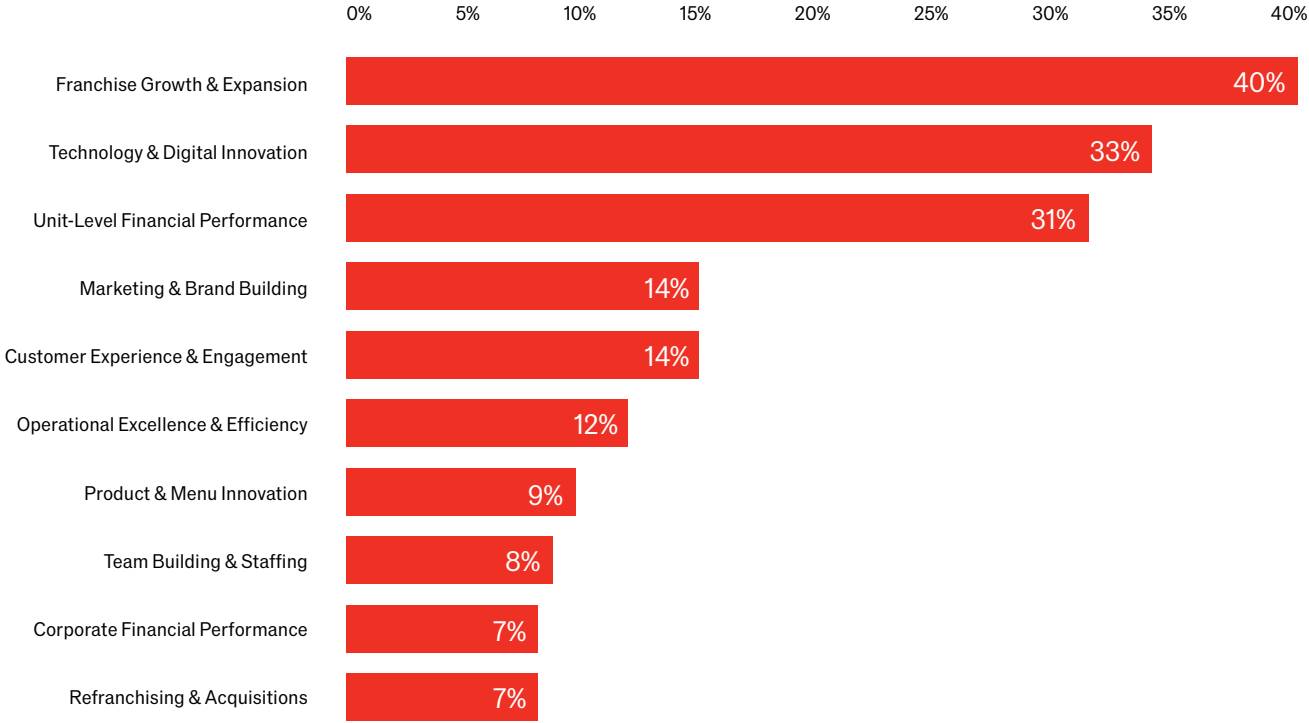
Back in 2012, when Franchise Business Review conducted our first franchise industry outlook survey, we found that franchisors were twice as optimistic as their franchise owners. In 2022, with the pandemic in the rearview that “optimism gap” closed significantly with the majority of franchisors (84%) and franchisees (70%) feeling very positive about the growth opportunities ahead.

Today, the gap has closed even further, with an average of 66% of franchisors and 60% of franchisees feeling positive about growth. While optimism has declined for both franchisors (18%) and franchisees (10%), the fact that the gap is narrowing is a positive sign that both franchise owners, and especially franchise leaders, are optimistic—but also realistic—about their long-term growth opportunities.

**66%** of franchise executives rated their growth opportunity for 2026 as strong or very strong—even amid significant headwinds.



# Top Strategic Priorities for Franchise Leaders in 2026



The priorities on this list reflect a sophisticated understanding of what it takes to win in the current environment. Unit growth remains the headline objective, but it's grounded in the recognition that expansion without the right economic foundation is a recipe for system-wide underperformance. The emphasis on technology, unit-level profitability, and operational excellence signals that franchise leaders are thinking about growth in a disciplined, sustainable way.

The top challenges heading into 2026 are equally revealing. Economic uncertainty and macro conditions top the list—a reminder that even the best-run franchise organizations operate within an environment they don't control. Labor and staffing, cost pressures, real estate challenges, and technology adoption round out the top five. These are not new challenges. But they're challenges that, in the current environment, require more intentional and better-resourced responses than ever before.

As one respondent put it, “Shrinking profitability with cost pressures on all fronts is a big threat to franchising. There's a lot of hype about AI, but it doesn't actually help lower the cost of your chemicals, or the hourly rate of your employees, or how much you have to spend on advertising, or improve your rent rate. Will the consumer understand that even with AI, restaurant costs are going higher and your food is going to cost more?”

What gives us confidence in the industry's trajectory is the depth of commitment visible in this research. Franchise executives are actively investing in solutions, from technology adoption to franchisee support infrastructure to policy engagement. The franchise model has weathered recessions, pandemics, and regulatory headwinds for decades. The leaders who built the brands in this survey have every reason to believe it will continue to do so.



# Strategic Implications: What the Data Tells Leaders to Do

## For Emerging Brands (Under 100 Units)

The data makes it clear that demand and profitability must come before aggressive expansion. With 41% of small brand leaders citing reduced consumer demand as a top growth constraint and unit-level margins averaging 12%, the priority should be brand building and marketing efficiency before aggressive expansion. Better to have 50 thriving locations than 100 struggling ones.

### Protect margins ruthlessly.

Revenue is growing (+3%), but profitability isn't (+0%). Focus on operational efficiency and cost management before pursuing growth. Technology investment even at a small scale can help.

### Prioritize quality over quantity in franchisee recruitment.

With 32% struggling to recruit and 24% dealing with underperformance, tighten selection criteria. A smaller system of high-performers creates the proof points needed to attract the next wave of candidates and builds the satisfaction scores that become a competitive differentiator.

### Leverage the coming economic strength.

Your optimism about 2026 should translate to action now. Build capabilities during this growth period so that when conditions improve, you'll be positioned to execute.



## For Large Brands (100+ Units)

Scale creates advantages, but it also creates complexity. Labor costs and franchisee underperformance are your top operational constraints, and both require sustained investment to manage.

### **Double down on training, operational systems, and franchisee support infrastructure.**

Labor costs (33%) and franchisee underperformance (30%) are your top constraints. However, your margin advantage gives you the capital to invest in technology and marketing that smaller brands can't afford. Use it to compound your competitive position rather than simply maintaining the status quo.

### **Accelerate thoughtfully.**

You're already growing 3.6x faster than small brands, but 30% still struggle with franchisee underperformance. Balance growth with support infrastructure.

### **Recognize your responsibility to the broader franchise community.**

With 40% of leaders citing economic uncertainty and government regulation as the top industry threat, large brands have the resources and the credibility to engage in policy advocacy that protects the franchise model for systems of all sizes.

## For All Brands

Three imperatives emerge from this research that apply regardless of system size.

### **Ride the wave of 2026 optimism.**

63-69% expect strong growth—this creates momentum. Convert optimism to action with concrete plans for expansion, technology adoption, and franchisee support.

### **Solve the franchisee performance challenge.**

The brands that crack the code on selection, training, and ongoing support will have a massive competitive advantage.

### **Build flexibility into your plans.**

Consumer demand concerns (41% for small brands) and regulation fears (29% industry-wide) mean external factors could derail even good strategies. The brands that weather disruption best are those that have built strong franchisee relationships, healthy unit economics, and the operational systems to adapt quickly.

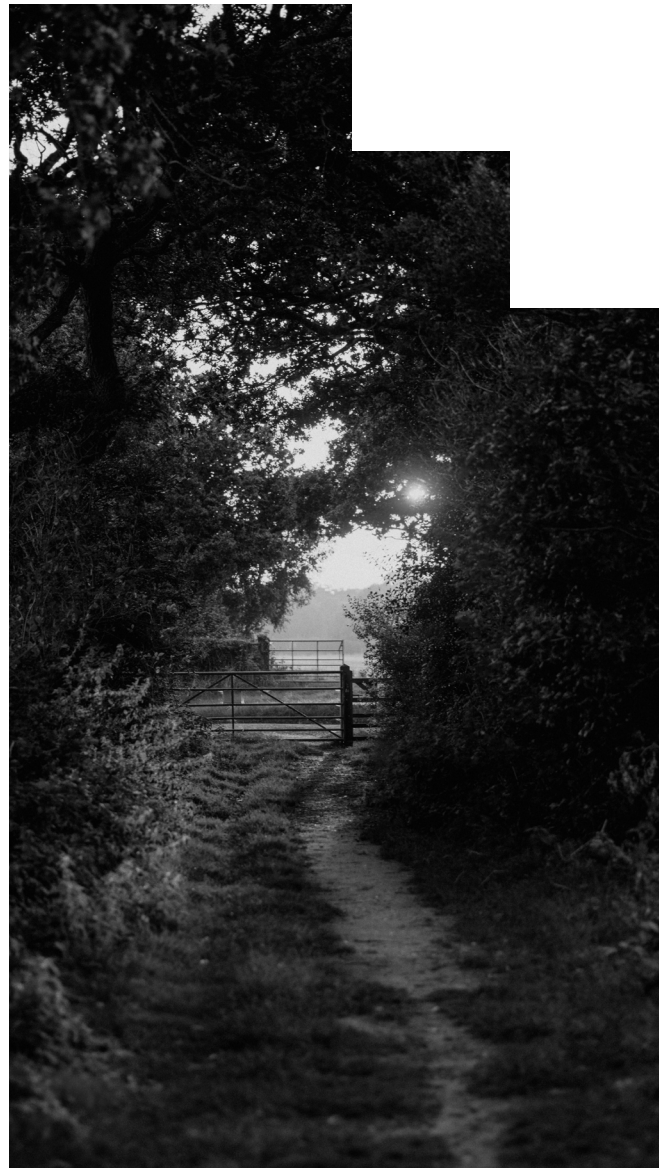
# Conclusion: A Diverging Industry with Enduring Strengths

**The 2026 franchise landscape** is one of simultaneous divergence and convergence. Large brands are pulling away from smaller systems on virtually every financial metric: growth, revenue, margin, and unit-level profitability. The franchise economy is consolidating toward proven systems with scale, brand recognition, and capital. For emerging brands, this creates real urgency around building the foundation—the unit economics, the franchisee community, the consumer value proposition—that earns a place among the industry’s leaders.

At the same time, everyone is dealing with the same fundamental challenges: franchisee recruitment and performance, economic uncertainty, technology adoption, and cost pressures. These aren’t small-brand problems or large-brand problems, they’re franchise industry problems. And addressing them effectively will require the entire industry to raise its game.

Franchise Business Review has been researching franchisee satisfaction and brand performance for over 20 years. What the data consistently shows—and what this year’s research confirms—is that the best franchise organizations aren’t just businesses. They’re communities. They’re partnerships. They’re systems built on the belief that the success of the individual franchisee and the success of the brand are one and the same.

That belief, and the operational commitment required to bear it out, remains the most powerful differentiator in franchising. The brands that hold onto it through whatever 2026 brings will be the ones still winning when the dust settles.



# The Best of the Best

## Top 200 Franchises of 2026

FBR's annual Franchisee Satisfaction Awards™ name the Top 200 Franchises based on owner satisfaction. There are thousands of franchise opportunities available today and many companies claim to be the “best franchise”, but our research delivers the most comprehensive list of today’s top franchise opportunities based on actual reviews from 26,000 franchise owners across more than 330 leading franchise companies. Congratulations to all our 2026 winners listed on the following pages.

## Franchisee Satisfaction Award Winners of 2026

### Best in Category

#### **TAPinto**

Advertising & Sales

#### **Christian Brothers Automotive**

Automotive

#### **FASTSIGNS**

Business Services

#### **Amazing Athletes**

Child Enrichment

#### **Anago Cleaning Systems** *(master franchisors)*

Cleaning & Maintenance

#### **The Learning Experience**

Education

#### **Liberty Tax Service**

Financial & Tax

#### **Kona Ice**

Food

#### **Burn Boot Camp**

Fitness

#### **MassageLuXe**

Health & Personal Services

#### **Surface Specialists Systems**

Home Services

#### **Tip Top K9**

Pet Services

#### **NextHome**

Real Estate

#### **Aqua-Tots**

Recreation

#### **Rhea Lana's**

Retail

#### **Visiting Angels**

Senior Services

#### **Fibrenew**

Services

#### **Wireless Zone**

Technology

#### **Dream Vacations-Cruise One**

Travel Services

## Franchisee Satisfaction Award Winners of 2026

1-Tom-Plumber	Bubbakoo's Burritos
360clean	Burn Boot Camp
A Place At Home	Card My Yard
Acai Express	CarePatrol
Aire Serv	Caring Senior Service
Allegra Marketing Print Mail	Cheba Hut
Alphagraphics	Chicken Salad Chick
Amazing Athletes	Christian Brothers Automotive
Anago Cleaning Systems (master franchi- sors)	Church's   Texas Chicken
Another Broken Egg	Clothes Bin
Any Lab Test Now	Comfort Keepers
Apple Spice	Complete Weddings + Events
Aqua-Tots	Conserva Irrigation
Archadeck	Corporate Cleaning Group
Aroma Joe's	Cousins Maine Lobster
Art of Drawers	Creative Colors International
Assisting Hands	Creative World School
AtWork Group	Crestcom International
Back Nine	Cruise Planners
Bee Organized	Culver's
Belron Canada	Discovery Map International
Better Homes and Gardens Real Estate	Donatos Pizza
Big O Tires	Dream Vacations-Cruise One
BioPed Footcare Centres	DreamMaker Bath & Kitchen
Bloomin' Blinds	Dryer Vent Superheroes
Blue Moon Estate Sales	East Coast Wings + Grill
British Swim School	Eggs Up Grill
	Ellianos Coffee

## Franchisee Satisfaction Award Winners of 2026 (continued)

Engel & Völkers	i9 Sports
Escapology	Ideal Siding
Everbowl	Image One
EverLine Coatings and Services	IMAGE Studios
Expedia Cruises	Image360
Express Employment Professionals	Ivy Kids Early Learning Centers
FASTSIGNS	JAN-PRO Systems International (master franchisors)
Fibrenew	Jason's Deli
Fish Window Cleaning Services	Juice It Up
Five Star Bath Solutions	Just Between Friends
Five Star Painting	K9 Resorts Luxury Pet Hotel
Foxy Box Laser + Wax Bars	Kampgrounds of America
Freedom Boat Club	Keller Williams
FRSTeam	Kid to Kid
Gideon Math & Reading	Kitchen Solvers
Go Mini's	Kitchen Tune-Up
Gold's Gym	Kona Ice
Goldfish Swim School	LaRosa's Pizzeria
GrassRoots Turf	LearningRx
Griswold Home Care	Liberty Tax Services
Hammer & Nails	Lightbridge Academy
Handel's Ice Cream	Lightspeed Restoration
Heaven's Best Carpet Cleaning	Lil' Kickers
Hello Sugar	LIME Painting
Hissho Sushi	MaidThis
Home Helpers® Home Care	MassageLuXe
HomeWell Care Services	Mathnasium Learning Centers
Huntington Learning Center	

## Franchisee Satisfaction Award Winners of 2026 (continued)

Midas	Realty ONE Group
Molly Maid	Restoration 1 Franchise
Mosquito Squad	Rhea Lana's
Mr. Appliance	Right at Home
New Again Houses	RNR Tire Express
New Creations	Safari Kid
Next Day Access	Sandler
NextHome	Scenthound
Oasis Senior Advisors	School of Rock
ohDEER All Natural Mosquito Control	Senior Care Authority
Outdoor Lighting Perspectives	Senior Helpers
Oxygen Yoga and Fitness	Smash My Trash
PatchMaster	Smoothie King
Payroll Vault	Snap-on Tools
Penn Station	Soccer Stars
Pet Supplies Plus	Sonny's BBQ
Pinch A Penny	Sotheby's International Realty
PIRTEK USA	Speherion Staffing
Pizza Factory	Spoiled Rotten Photography
Pizza Ranch	Spray-Net
Planet Fitness	Stratus Building Solutions (master franchi- sors)
Playa Bowls	Superior Fence & Rail
Precision Concrete Cutting	Surface Specialists Systems
Precision Garage Door Service	SYNERGY HomeCare
Prime IV Hydration & Wellness	TAPinto
PropertyGuys.com	TeamLogic IT
PuroClean	TGA Premier Sports
Real Property Management	

## Franchisee Satisfaction Award Winners of 2026 (continued)

The Corcoran Group

The Entrepreneur's Source

The Glass Guru

The Goddard School

The Häagen-Dazs Shoppe Company

The Learning Experience

Tip Top K9

Travelin' Tom's Coffee Truck

Tropical Smoothie Cafe

Truly Nolen of North America, Inc.

TSS Photography

Tutu School

Two Maids

TWO MEN AND A TRUCK

Unishippers

Unified Country Real Estate

United Water Restoration Group

Uptown Cheapskate

Visiting Angels

Voda Cleaning & Restoration

Wayback Burgers

We Sell Restaurants

Wed Society

Weichert Real Estate

Westside Pizza

Wetzel's Pretzels

Wild Birds Unlimited

Window Genie

Wingstop

Wireless Zone

Woofies

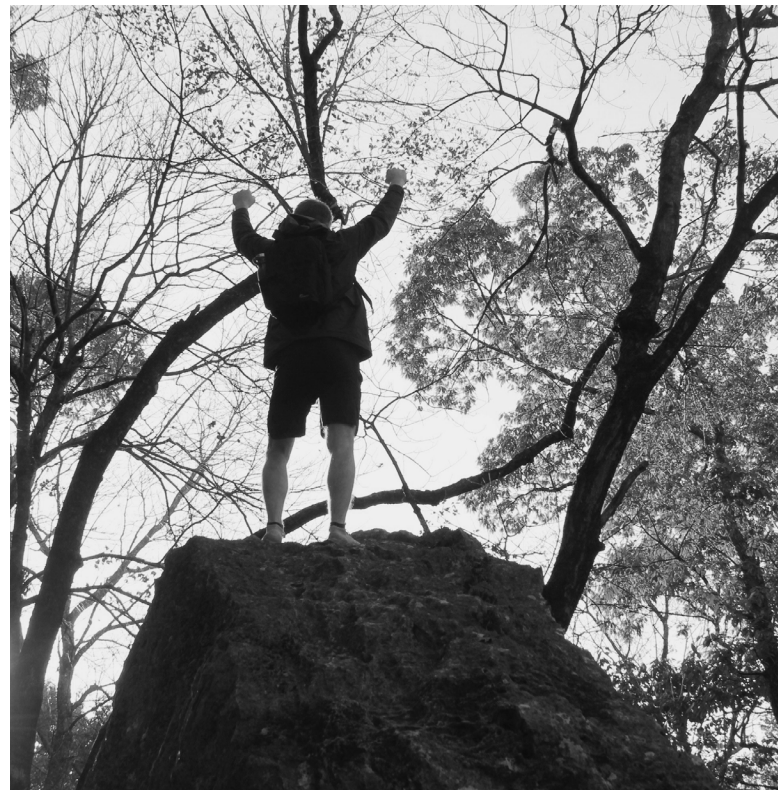
YESCO

Yogi Bear's Jellystone Park™ Camp Resorts

Young Rembrandts

Ziebart

**Congratulations to all of  
this year's Franchisee  
Satisfaction Award  
Winners!**



## Employee Satisfaction Award Winners of 2025

### Large Class (100+ employees)

Ben & Jerry's – GOLD

Jason's Deli – SILVER

Right at Home – BRONZE

### Medium Class (25 to 99 employees)

Anago Cleaning Systems- GOLD

Cousins Maine Lobster – SILVER

PuroClean – BRONZE

### Small Class (Under 25 employees)

Hounds Town USA – GOLD

Rhea Lana's – SILVER

Payroll Vault – BRONZE

### Suppliers

FranDevCo – GOLD

Big Sky Franchise – SILVER

Ripley PR – BRONZE

## Employee Satisfaction Award Finalists of 2025

Anago Cleaning Systems

Any Lab Test Now

Ben & Jerry's

Clean Franchise Brands

Cousins Maine Lobster

DreamMaker Bath & Kitchen

Griswold Home Care

Hounds Town USA

Jason's Deli

Lightbridge Academy

Payroll Vault

Perspire Sauna Studio

Playa Bowls

Poolwerx

PuroClean

Rhea Lana's

Right at Home

RNR Tire Express

United Water Restoration Group

Big Sky Franchise

CareerPlug

Citrin Cooperman & Company, LLP

Curious Jane

Franchise Marketing Systems

FranDevCo

International Franchise Professionals

Group

MFV Expositions

Ripley PR

RocketBarn

serviceminder

**Congratulations to all  
of this year's Employee  
Satisfaction Award  
Winners!**

## Survey Methodology

This report is based on data from 107 franchise brand executives who completed Franchise Business Review's annual Franchise Outlook Survey in late 2025. Respondents included development, operations, and C-suite leaders from franchise brands across a wide range of industries, sizes, and geographies. Brands were categorized into two segments: emerging brands (fewer than 100 franchise units) and large, established brands (100+ units). Unit-level performance data reflects self-reported results from franchisor respondents on behalf of their franchisee communities. All findings should be interpreted in the context of self-reported data from a sample of franchise executives who chose to participate.

The report also references the most current research conducted by Franchise Business Review between May 2024 - November 2025. Our findings on owner satisfaction are based on surveying 26,000 franchisees across 330 leading franchise brands. This data includes North American-based companies from dozens of industry sectors, as well as small, medium, and some of the largest franchise organizations in the world.

Additionally, we included data from our [Franchising at WORK employee engagement research](#) from 2025, which includes data from over 11,000 employees at both the corporate office and unit level.

## References and Outside Sources

1. International Franchise Association's [2026 Economic Outlook for Franchising](#) prepared by FranData.
2. Current small business owner/operator salary data reported by [Payscale](#) (1/30/26).
3. Franchise Business Review's [Franchise Industry Compensation Report](#) (10/31/24)

# About Franchise Business Review

Franchise Business Review (FBR) is a leading independent market research firm that provides franchise organizations with benchmarking research and best practices to improve franchisee, employee, and customer satisfaction and engagement. Since 2005, FBR has been trusted by more than 1,300 top-performing franchise companies to equip them with the people-centric data, insights, and tools they need for long-term growth and success in the franchise industry. Learn more about FBR's franchisee and employee satisfaction solutions at [GoFBR.com](https://GoFBR.com).

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