



FOOD FRANCHISES: EVERYONE'S GOTTA EAT



At the Toronto franchise exposition this past weekend, the franchise expo could have as easily of been a restaurant exposition showcasing restaurant products and brands.

As one walked up the isles of the franchise gathering, the majority of the exhibitors in attendance were in the food service business. So many franchise systems focus on the food service category and it seems that the franchise buyer can't get enough of the tasty franchises available not only in Toronto, but around the world.

My role with Franchise Marketing Systems is to sometimes help people find the right franchise and choose an investment that might fit their particular interests and goals for a franchise investment. So often, the interaction starts like this: "Mr. Conner, what's the best franchise to invest in?" My responses vary, but follow the same track: "You need to evaluate what you would like to accomplish and what you like to do day to day before you can answer that question." Food service franchises are notorious for investors jumping too quickly because they enjoy the product, love the taste of the sandwich and then get into a business only to find they don't enjoy working in food service.

The reality is that food service businesses and franchise systems can many times be some of the toughest businesses to operate in the world and require intense, rigorous commitment to the business model.

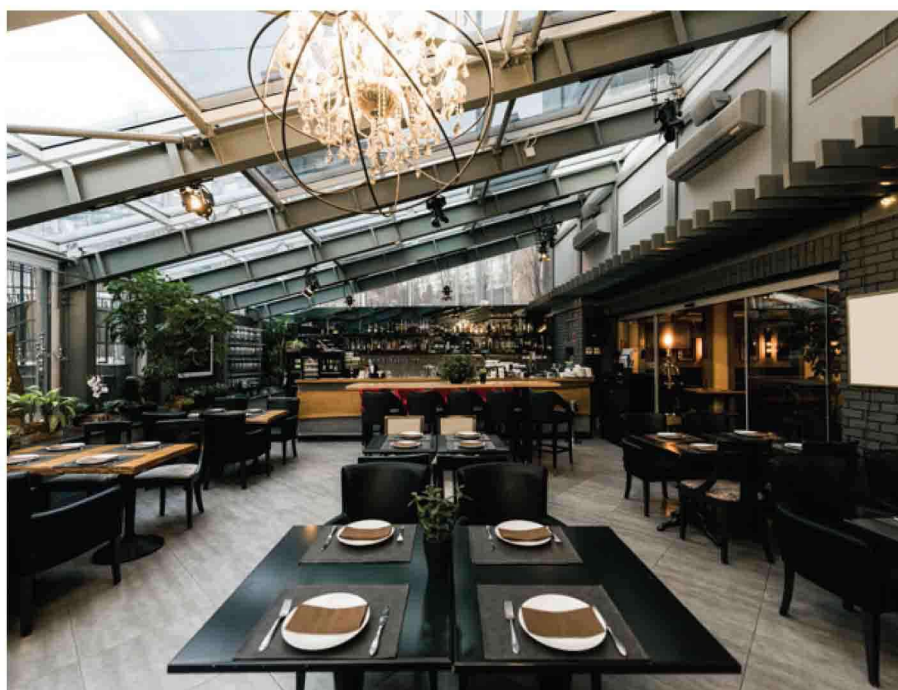
So what food service franchises do make sense? Someone's making money in food service franchising, we see new brands pop up all the time and locations grow out of the ground in what seems like an instant. For one, the good food service franchises are generally very simple. If you need to be a seasoned food service professional to run the franchise, probably won't work when you transition from your 9-5 office job. Good franchises have trimmed down menus, simple operating procedures and a business model that can be taught to anyone who is capable and willing to listen. Think Dunkin Donuts, Subway, Jersey Mike's or some new brands like Gourmet Romano's Pizza, Hummus Republic or Green District Salads. These are brands that were designed for scale and allow a food service franchisee to

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get into business as efficiently, easily and smoothly as possible. That doesn't mean there isn't hard work associated with a successful ramp up, but it does mean that the franchisee has a good shot to duplicate the business model.

Great food service franchises have compelling brands that stand for something different and make an impact. Franchises that just state the obvious, “We Sell Hotdogs” just don't cut it any more. Today's consumer wants something cool, cutting edge and visually appealing. The brand needs to be sharp, the store design crisp and the overall feel should be cool. If you are like me, you probably don't know what is cool, but it will feel right, like something that young people would be attracted to. Green District, Hummus Republic and Gourmet Romano all have looks, atmosphere's and character that is appealing to today's growing younger consumer base. They each boast themes that are relevant to today's consumer as well, healthy, quick, high-quality and FUN.

Make sure that the food you are selling is profitable. There is a term in food service franchising that we use at Franchise Marketing Systems often when developing operations manuals and evaluating concepts – Menu Costing. You should know what every item on the menu costs you as the food service franchise owner and make sure that the price you sell it for is more than the cost; generally a good principle in business! Hopefully, the franchisor has done this work for you and can show you how the numbers add up so that you aren't digging yourself a hole with every transaction you make. In addition, by knowing what the most profitable



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items on the menu are, you can adjust your interaction with the customer and suggest things that are more profitable to the customer. At it's core, a food service franchise is still comprised of numbers; if you know the financials, it's easier to make money in the business.

The reality to it all is that food service can be a great business; it just takes approaching the industry segment logically and without being driven by emotional decision making. “I like the sandwich, so I bought the franchise” doesn't work well when looking for reasoning to invest in a food service franchise.

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and has spent the last decade in the franchise industry working with several hundred different franchise systems in management, franchise sales and franchise development work. His experience ranges across all fields of franchise expertise with a focus in franchise marketing and franchise sales but includes work in franchise strategic planning, franchise research and franchise operations consulting. For more information on how to choose the right food service franchise, contact Chris Conner at Chris.Conner@FMSFranchise.co.m www.fmsfranchise.com