



Evaluating a Franchisor Marketing Program

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One of the many benefits of joining a franchise is the marketing that is made possible when you're part of a large organization. As I say in Chapter 6 of my franchise book, The Educated Franchisee, the marketing power of a franchise system has the same advantages as a business with a dozen locations in a market. The franchisor is significantly more efficient than any individual franchisee can be. Professional marketing materials are expensive and valuable, so having materials provided by the franchisor is a key resource that works to your advantage.

The marketing should drive customers to the franchisees without having to hire and manage an outside marketing firm. A consistent marketing message helps build the franchise brand across the marketing area. Because all the franchisees pay into the marketing fund, the franchisor can hire a strong marketing firm and afford larger media buys that an individual franchisee probably could not afford. And because a large franchisor has enough marketing volume, the franchisor can negotiate national pricing agreements and deliver saving to the local franchisees.

So Why is the National Marketing Program often Problematic?

The marketing program is commonly an area of conflict between franchisors and franchisees. Sometimes, the conflict is warranted. Many times, it's not.

Consider this.

- ◆ Marketing programs are funded by mandatory contributions made by franchisees. Some franchisors require a fixed amount; others charge a percentage based on the gross sales of the unit, but either way, it's required of all franchisees.
- ◆ Even though we all see ads, direct mail pieces, etc., most of us really have no idea what goes into creating, executing and monitoring these programs. . But we think we do.
- ◆ It's always difficult to spend money on something you have little or no control over. Perhaps especially hard for the entrepreneurial individuals who gravitate to franchise ownership.



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- ◆ It's easy to second guess, and look at the expense, without considering the absolute necessity of a strong franchise marketing program.

That said, marketing is an art as well as a science. Some programs are effective and some are not, so you do want to do your best to evaluate the program and make sure it will work before you sign any franchise documents!

Here are some questions to ask the franchisor:

- ◆ How much marketing will the franchisor conduct in your market? How are marketing dollars allocated? Ad dollars go a lot further in rural Wisconsin than they do in New York City.
- ◆ Is your market a typical market? If the majority of the materials are aimed at a certain demographic, and your market is made up of a different demographic, how will that be handled?
- ◆ Are franchisees responsible for any marketing, and if so, what components? Is the price of those components included in the mandatory marketing contribution?
- ◆ What percentage of the marketing budget is spent on image advertising vs. call to action advertising?
- ◆ What elements of the program are most effective?
- ◆ How is the marketing program evaluated, and how often? Are results shared with franchisees?
- ◆ Is the marketing program fully transparent? Will the franchisor provide you with an annual accounting of both the income and the expenses of the national advertising program?
- ◆ Ask the franchisor if s/he will send you copies of their ads and promotional pieces during your franchise investigation. Most franchisors will send items that are in the public domain.

Here are some questions to ask the franchisees:

- ◆ Do they keep track of how their customers find them? If so, what percentage is from the marketing program (vs. word of mouth, driving by, etc.)?



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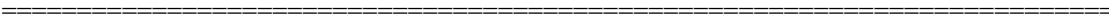


- ◆ Which tactics work best? Electronic marketing? Television ads? Direct mail?
- ◆ What things – if any – would the franchisee change about the marketing program?

The bottom line.

Perhaps the simplest measure is this: If you talk to a number of franchisees, and most are unhappy with the marketing program (for reasons other than cost), you will probably be unhappy as well.

Conversely, if most franchisees feel the program is working (even if they think it costs too much) it is probably an effective franchise marketing program that will be an important factor in your future success! and be comfortable that any changes that may happen.



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The Educated Franchisee is dedicated to franchise education through the sharing of franchise information. Our objective is –

“To create educated franchise buyers that have clearly defined objectives and are able to recognize the right, or wrong, franchise when they see it. An educated franchise buyer will move into the franchisee role with their expectations properly set and will have a heightened potential for success within the franchise system creating a win/win for all involved.

To get more franchise information about how to stack the deck in your favor –

Visit our website at www.educatedfranchisee.com or

Purchase our franchise book – [The Educated Franchisee](#) by Rick Bisio, Franchise Consultant or

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