

# FRANCHISE MARKETING:

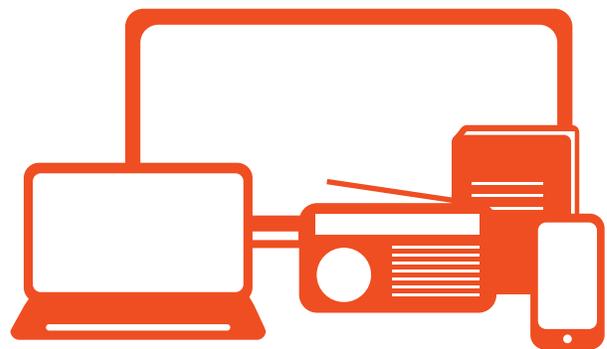
TRANSFORMING CHALLENGES  
INTO SUCCESS



# INTRODUCTION

**Franchise marketing poses unique challenges for businesses, requiring a brand strategy that resonates on two distinct levels – national and local.**

Effective national marketing campaigns typically involve any combination of print, TV and radio ads, Internet and social media outreach, email campaigns and PR activities. These high-profile campaigns are designed to deliver communications that are consistent with the brand, while simultaneously offering advantages to a network of local franchisees typically lacking the necessary financial and creative resources.



Ideally, campaigns should include a marketing component that addresses local perspectives and their diverse needs. Forging synergies that effectively promote a brand on the national stage – while also speaking to the inevitable array of local customer preferences, demographics and demands – is critical to success, but also a key challenge for today’s franchise players.

Roadblocks can arise in the franchise sector, but there are proven strategic solutions that companies can use to overcome and avoid what at times are complex issues on the communications and branding front.

This paper examines some of the typical pain points that can seriously impede the success of any franchising ecosystem, and solutions designed to ensure seamless national marketing campaigns that drive growth and success.

# FRAGILE FRANCHISE DYNAMICS

In any franchising partnership, a franchisor’s key priorities include growing the brand and business by recruiting, training and retaining successful franchisees. Franchisees typically want to be in business “for themselves” but not “by themselves” and look to the many advantages that their network membership can deliver. Consumers, meanwhile, simply want to traverse the buying cycle – from awareness to consideration to purchase – feeling satisfied with the quality, service and value delivered by their local franchise outlet.

**i Franchisee surveys often reveal dissatisfaction with marketing support for the franchise network and a desire for synchronized national campaigns that truly work on diverse levels for individual outlets.**

Successful franchises today require a precise and strategic approach that eliminates or minimizes frictions that can occur within the complex franchising environment. Common friction points include:

- Message inconsistency across the franchise network
- Challenges choosing the right media mix for the audience
- Lack of local market knowledge
- Limited access to resources and expertise

Franchises are ultimately no different than other businesses in their pursuit of recognition, customer loyalty and consistent growth through brand equity that differentiates them in the eyes of today’s discerning and well-informed consumers. As marketing visionary Seth Godin says:

**A brand’s value is merely the sum total of how much extra people will pay, or how often they choose, the expectations, memories, stories and relationships of one brand over the alternatives.**

What then are some best practices for delivering a franchise experience that drives success and builds brand equity? And who is best positioned to lead the charge at the national, regional and local levels? **For answers, let’s explore ④ key pain points and how to avoid them in today’s franchise marketplace.**

# 1 Failing to Deliver on Promises

Marketing is designed to create positive expectations among consumers and failing to meet those expectations can be costly, particularly in today’s digital marketplace, where bad news typically travels faster and farther than good news.

**i** The stakes are high, considering that 1 out of 5 consumer dollars are spent on goods and services at franchises.<sup>1</sup>

## EXAMPLE

A popular national clothing retailer launches a campaign with radio and TV ads encouraging shoppers to visit the company’s website for details on the latest sales promotion. Analytics soon reveal a spike in the website’s traffic thanks to the marketing campaign and in-store traffic also increases visibly as planned. All good so far.

Unfortunately, anxious shoppers trekking out to their local outlet with anticipation soon discover that some items promoted online are not as deeply discounted as promised. And some featured items will not be in stock until the next day or two, according to store staff.

Whether a first-time shopper to the store or a loyal customer, the consumer impact in this scenario cannot be understated. Potential customers will be confused, irritated, angry or all of the above – with many turning to social media to spread the word on this ‘retail fail.’



**The franchise now suffers a tarnished brand and an erosion of trust that extends beyond the local market thanks to social media and today's connected consumer.**

Effective messaging that obviously appealed to consumers was developed and executed, enticing shoppers to visit stores. Unfortunately, a breakdown between the franchisor and the local franchisee could have occurred for a number of reasons.

Perhaps it was a case of poor communications, or supply chain timing issues, or in-store staffing issues. Perhaps local stores in the West did not have enough time to set up for the sale being promoted. Or unforeseen delays by staff in stocking the featured items unfolded. And there was no contingency plan, such as discount cards distributed to shoppers for future use.

Will disappointed shoppers return to the retailer's store or website after feeling misled? Time will tell. But make no mistake - the fallout of this scenario involving messaging that fails to deliver on its promise poses significant risks and enduring costs.

Maintaining seamless, timely, precise communications and operations at all levels of the franchise ecosystem is an ongoing challenge, but success in this area is absolutely critical for franchises to drive customer satisfaction and loyalty. That's particularly true in our digital world of connected consumers, where a negative customer experience can ignite a firestorm of criticism across pervasive social media channels like Twitter, Instagram and Facebook. Today, more than ever before, ticking off all the boxes to perfectly align operations with the marketing campaign is a must for successful brands.

**i Failing to ensure that business systems, internal communications and marketing efforts are precisely in sync is a recipe for disaster in today's consumer marketplace.**



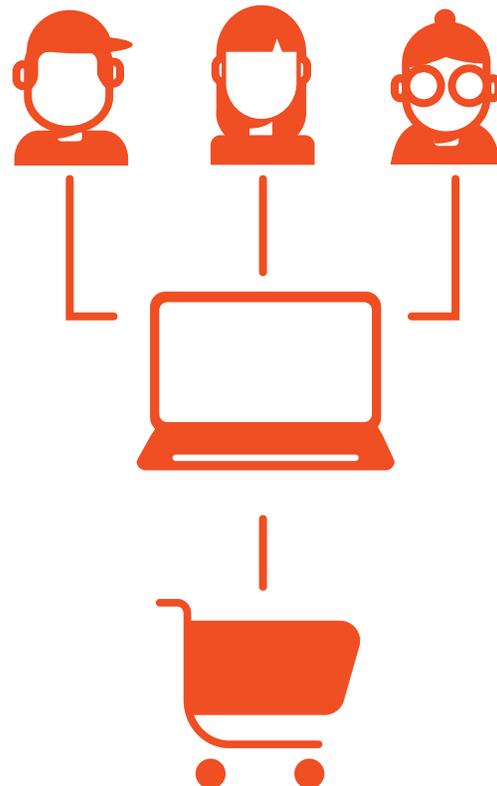
## ② Choosing the Right Channel in Today's Diverse Markets

Another significant pain point arises when national marketing efforts fail to resonate or translate effectively at the local level - or perhaps completely ignore a local market's consumer preferences - through a lack of intelligent execution.

### EXAMPLE

Say a national campaign provides franchisees with an array of compelling online and print ad templates, flyers and brochures. The franchisee, a local business operator who may lack marketing acumen or experience, has all the tools in hand but chooses only to run print ads in a local weekly magazine.

The result is a promotion that yields poor sales results and an unhappy franchise operator. Not executing online could be seen as a poor choice on several fronts, for reasons the local business operator might not realize. Perhaps the local market is a university town dominated by young, digitally focused consumers, making print ads far less effective than digital messaging. Beyond the local market's age profile and preference for digital marketing messages, the local operator's lack of online presence ignored what any marketing pro knows today amid a wealth of consumer research. And that is that regardless of age, consumers increasingly tend to conduct research online and via social media before purchasing a product, making digital advertising and communications a key consideration for the promotion.



At the national level, the franchise marketing team created a strategy and tool kit to appeal to its target audience, covering the bases from traditional print ads to online outreach.

Unfortunately, perhaps through a lack of direction or communication with local operators - or a last-minute decision locally to save time in a crunch by using traditional ads only - the campaign missed the mark entirely in its bid to generate buzz, store traffic and sales.

A local market that's more youth-oriented will certainly be best served via digital outreach, while a market dominated by aging boomers might be best served by a combination of online and traditional print ads.

And in many cases, a strategic combination of media channels will work best. A recent Nielsen study suggests that consumers engage with several different pieces of content prior to making a purchase.<sup>2</sup>

Beyond meeting local market preferences, there might also be time-management issues to address among local franchise operators who, amid operations and customer service demands, are simply unable to devote the time needed for effective outreach.

**i All things considered, it's not enough to simply produce marketing campaign assets and ship them off to the franchisee network, leaving each player to choose the next steps. There is a crucial need to work closely in a collaborative environment to address the preferences of each local market.**

There is no one-size-fits-all approach and it can be a mistake to assume that franchise network members each possess the marketing acumen - or the time - required to evaluate and make appropriate choices for a successful campaign that offers an arsenal of diverse marketing tools.

The combinations can be endless but the strategy needs to be strong and that's where marketing pros can provide insights, guidance and support. It's imperative to ensure a strong connection and collaboration between the national marketing strategy and the local markets it's meant to serve.

### 3 Speaking the Language of Consumers

Value means different things to different people and marketing messages that fail to “speak the language” at a local or regional level can be a significant pain point for any franchise network.

**i** Even though consumers live in the same country, regional differences can affect their cultural and shopping behaviours. For example, an analysis of China revealed 22 distinct urban clusters, each with distinct consumer trends.<sup>3</sup>

#### EXAMPLE

A message to consumers that works nicely in central Canada, might prove ineffective in activating West Coast shoppers. A national apparel franchise using a holiday brochure to activate consumers during a seasonal campaign, for instance, could miss the mark entirely by focusing on the wrong customer tastes or product preferences depending on the region.

Certainly, all consumers want value and every marketer and franchise player knows that. But, the language being used to promote products to a West Coast market may leverage a more environmental theme or tone to maximize its impact. Meanwhile, typically time-stressed consumers in Central Canada might respond better to value messages that lean toward a convenience theme.



These differences make it critical for marketing teams to tap into local business learnings and even local consumer research to reveal exactly how consumers in various areas of the country think, feel and react when faced with purchase decisions.

It's not about reinventing the wheel for marketing success, but more about making sure that the 'wheel' is the right fit for the overall campaign 'vehicle,' in terms of speaking to consumers with a relevant message and theme that ultimately takes you where you want to go. Powerful marketing messages are at once true to the brand yet finely tuned to specific markets.

## ④ Access to Adequate Resources and Expertise

It's not unusual for franchisees to feel overwhelmed juggling service, operations and administration along with local marketing activities. Trouble can arise when a local franchise operator lacks adequate access to insights, guidance, or support.



### EXAMPLE

Local franchise operators might feel the need to source new suppliers offering faster service or better pricing compared to the supplier system being offered by the franchise network. Or on the HR front, maybe franchise operators feel a lack of support or advice in sourcing and training reliable staff who can meet the brand's service standards.

A key advantage of the franchise system is the purchasing power and economies of scale derived by the network's size. But if a lack of support impedes operations, local operators can pay the ultimate price through lost sales and weak customer loyalty.

In cases like this, it's important for the franchise to gain a clear understanding of what local operators need, what they're not getting, and where changes might improve operations and ultimately customer service and satisfaction. If the franchise lacks a formal system for communication, employing an outside agency to help manage logistics or collaboration between franchisor and franchisees can be a viable option that enhances everyone's prospects for success.

Recent interviews with 30 CMOs and brand managers revealed that brands are increasingly growing their marketing budgets to strengthen their internal teams and partner with external agency experts who can do things better, faster, or at a lower cost.<sup>4</sup>



## CONCLUSION

All things considered, franchise success today demands a precise and strategic balancing act that eliminates or minimizes the kind of friction that too often emerges within the dynamic franchising ecosystem. Key components for success include:

- ✓ A symbiotic relationship between franchisor and franchisee
- ✓ Productive two-way communication between franchisor and franchisees
- ✓ Brand values and marketing campaigns that resonate nationally, but also speak to regional and local audiences

We've examined a few key pain points that franchise businesses encounter and struggle to solve. Constructive communications and collaboration will often provide the best first steps toward solutions. Engaging outside expertise can also pay off in the long run and can come in many forms.

A brand audit by a marketing agency is one option for businesses that want to explore and determine the qualities or characteristics of their brand that are proving either effective or in need of support. Beyond an informative and revealing audit, agencies can deliver ongoing program development and guidance.

CO-OP, for example, currently provides a healthy franchise support system for Weed Man Canada, the largest Canadian lawn care company with more than 100 franchises across the country, as well as Midas Canada, the country's favourite one-stop-shop for auto repair.

For more insights into successful franchisor-franchisee relationships, visit [www.wearecoop.ca/local](http://www.wearecoop.ca/local)

## ENDNOTES

1. Franchise Link, <http://www.franchiselink.ca/canadian-franchise-faqs/canadian-franchise-statistics-info/>
2. Forbes, “The Role of Influence In The New Buyer’s Journey”. Daniel Newman, April 2014. <http://www.forbes.com/sites/danielnewman/2014/04/10/the-role-of-influence-in-the-new-buyers-journey/#401ffad2c4d5>
3. McKinsey Quarterly, “Is your emerging-market strategy local enough?” Yuval Atsmon et al. April 2011. <http://www.mckinsey.com/global-themes/employment-and-growth/is-your-emerging-market-strategy-local-enough>
4. McKinsey & Company, “Building capabilities in digital marketing and sales: Imperatives for consumer companies”. Nicolòalante, et al., 2013.