

FRANCHISING'S

BIG BOOM

DEMOGRAPHIC TRENDS AND A NASCENT ECONOMIC RECOVERY ARE FUELING THE INDUSTRY'S GROWTH.

FRANCHISING IS MOVING FORWARD at the speed of sound.

Just ask Bob Franke, an executive at fast-food drive-in franchisor Sonic. "We're moving forward with exponential growth in the USA," he says of the Sonic boom. "Sonic's national marketing allows all Americans to know Sonic, even if they've never been to one of our drive-ins."

But Franke isn't the only one reveling in the growth of franchising.

Throughout the country, and across market segments, franchising is expected to grow faster than the rest of the U.S. economy for the fifth straight year. The "Franchise Business Economic Outlook for 2015," published by the International Franchise Association (IFA) Educational Foundation and IHS Economics, projects that franchise businesses will add 247,000 new jobs this year, a 2.9% increase over last year.

"Franchising is an American success story," noted IFA president and CEO Steve Caldeira earlier this year. "Independently owned and operated local franchise businesses are growing faster, creating more jobs at a quicker pace, and producing higher sales growth than other businesses."

What's driving the franchising train? One factor is the nascent economic recovery. A gradual loosening of credit for potential franchisors and more spending power for customers is boosting the industry. Shifting demographics has also played a role. According to the Entrepreneur's Source, a career and franchise business coaching network, baby boomers who are retiring are drawn to franchising as a way to be their own boss and fund their retirement. Millennials, on the other hand, are looking to franchising as a way to leave behind what has been a decidedly inhospitable job market.

One franchisor that appeals to both groups is Sonic, famous for its 1950s-style drive-ins complete with carhops and milkshakes. Last year, Sonic announced a goal of opening 1,000 Sonic franchises in the next 10 years, growing the operation by nearly 30%.

The company also is adding high-tech digital screens to drive-in stalls. The content on the screens promotes specific products, suggests additions to each order, and introduces new products.

Orangetheory Fitness, a Florida-based fitness franchise, also appeals to a diverse demographic. The company's high-energy interval training workout is based on individuals' target heart rates and can be tailored to people of any age or of any level of conditioning. CEO Dave Long says the program has helped hundreds of thousands meet their fitness goals since the brand debuted in 2010.

In some cases, it is new technology that drives a franchise's success. Top Ten Percent, a digital buyers' cooperative founded by entrepreneur and CEO Jerry Clum, is a business built to capitalize on mobile marketing. Billed as "the world's first virtual

BABY BOOMERS WHO ARE RETIRING ARE DRAWN TO FRANCHISING AS A WAY TO BE THEIR OWN BOSS AND FUND THEIR RETIREMENT.

—THE ENTREPRENEUR'S SOURCE

on-command coupon service,” it allows customers to access coupons from their smartphones for redemption at top-rated local businesses.

Unlike “deal of the day” websites, Top Ten Percent does not require consumers to clip or print coupons and remember to bring them to a business. Instead, they simply use their phones to search out the businesses—and discounts—that they need. Each business is nominated by its customers and must pass the company’s rigorous review process before being enrolled as a Top Ten Percent business.

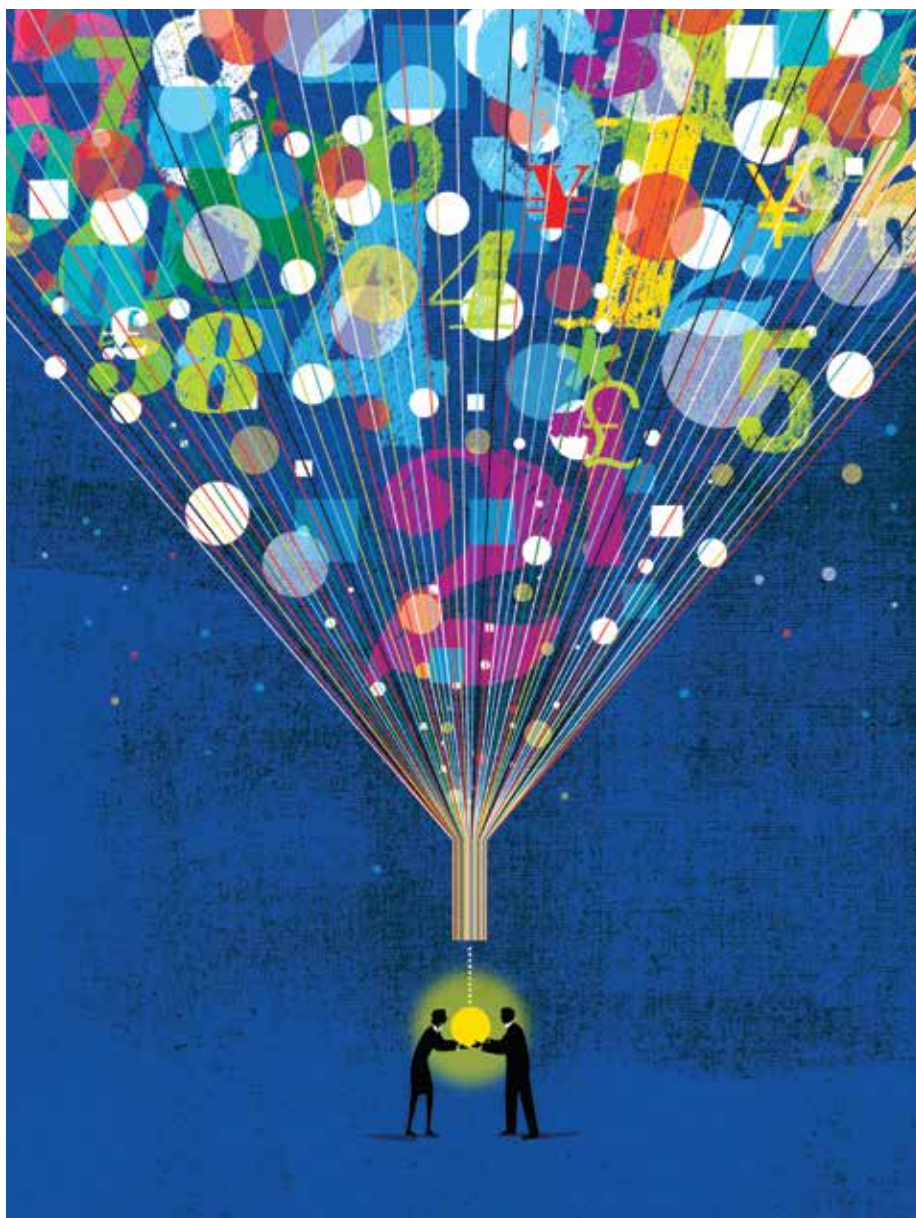
The list only contains the top 10% of businesses in their respective industries. Businesses pay about \$150 per month for membership, while the service is free for consumers.

Our Town America built its business 43 years ago on a unique type of marketing—allowing local businesses such as restaurants, salons, and auto repair shops to target recently relocated families with free housewarming offers.

In the food and beverage category, it’s often ingredients and branding that set franchises apart. Bruster’s, an ice cream franchise based in Bridgewater, Pa., prides itself on making all of its ice cream fresh in each store. The method prevents ice crystal formation and yields a better-tasting product. Baristas, “Seattle’s world famous costume coffee,” serves the highest-quality espresso and food by attractive female baristas dressed in alluring costumes at its drive-thru shops across the country.

Beyond their products and services, successful franchises require strong leadership and a defined mission. Those are elements CEO Dzana Homan works hard to foster at the School of Rock, the Chicago-based music education company. School of Rock takes a three-pronged approach to its mission, embodying the qualities of being an excellent educator, entertainment company, and franchisor.

Franchises employ more than 3,000 master artists, and those enrolled are trained on piano and keyboards, guitar, bass, vocals, and drums. School of Rock’s reach also extends into communities—locals are invited to rock out at 2,000+ performances annually. “We’re an experiential brand,” says Homan. “We go the extra mile to provide everyone who comes through our doors with a great experience.” And that, in the end, is ultimately key to any franchise’s success. ●





The Next Big Thing?

Mobile Ad Spending Will Climb to \$100 Billion annually in 2016.

What do you do after you started one of the fastest growing and most successful franchise systems in the country? Well if you're Jerry Clum you start another one. Clum's first franchise concept was in the senior care industry. Virtually overnight it grew to over 700 franchised locations in 46 states and seven countries with annual revenues of \$350 million. You may think that such an accomplishment might be hard to top, but not Clum. According to Clum, "It's just a simple matter of demographics." Often new companies create a product or service and then try to find a market for it. Clum credits his successes to finding a potential market first and then creating a product or service to serve that market. For example, he started the senior care franchise just before the first wave of Baby Boomers became senior citizens. What's Clum's secret ingredient for success? *"Set the trend, don't follow it."*

So what's his next big thing?

That would be **Top Ten Percent®**. TTP franchisees harness the power of mobile marketing to instantly connect consumers to product and service discounts from top-rated businesses. Consumers nominate businesses and franchisees evaluate them to select

those that qualify as TTP Award Winners. The consumer's free membership allows them to Buy From The Best For Less™ by instantly producing Virtual On-Command

Coupons on their mobile devices to redeem savings from best-in-class businesses in over 300 categories. Businesses pay franchisees a nominal, monthly membership fee to benefit from the recognition they receive from their TTP endorsement and to be "digitally" connected to thousands of loyal, local, repeat buyers at a feasible discount price point.

While the TTP model has a wide range of consumer users from 13 to 74 years of age, the driving force behind the concept once again comes down to demographics. When Clum created the concept in 2012, he recognized that the U.S. was on the leading edge of another huge demographic shift. For the first time in nearly 70 years, the Boomers were to be overtaken in their top spot as the most populous generation and replaced by the Millennials. This very tech savvy generation was weaned on video games and computers. They have been bombarded by branding messages since birth. Traditional interruption based advertising just isn't effective for this group. They are, however, "digitally connected." They're spending an average of 120-150 hours per month engaged with their mobile devices.

(Continued on the next page)



Jerry Clum, Founder/CEO
"Set the Trend, Don't Follow It."

Jerry Clum is the Founder & CEO of Top Ten Percent®. He has a diverse 18-year career in franchising. In addition to starting multiple franchise systems, he served as a consultant to other franchisors, has been a successful franchisee of 11 franchises, authored the book "Zero to \$100 Million in Five Years," served on the Franchisor Forum of the IFA, was named as E&Y Entrepreneur of the Year™ in 2004 and inducted into the Entrepreneur Hall of Fame. He holds a BS in Marketing and his MBA.



TopTenPercentFranchise.com

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So why consider a TTP franchise? TTP is the pioneer in franchising within the Mobile Marketing industry. Even though mobile marketing is still in its infancy, mobile ad spending has already surpassed \$68 billion annually. It's projected to reach \$100 billion by 2016, an incredible 400% increase from 2013. Also in 2016, mobile ad spending is expected to take over the top spot in global ad spending from the current king of all advertising, television.



Smart device adoption is growing faster than any consumer technology in history. It's growing ten times faster than the computer boom of the 1980s, and three times faster than the Internet boom of the 1990's. Unfortunately, many small businesses have found it challenging to profitably engage consumers

via a mobile platform. TTP is the first company of its kind to create an effective strategy to monetize mobile marketing for small businesses.

There are numerous advantages to owning a TTP Franchise. It is a home-based business with flexible hours, low start-up costs, minimal staffing requirements, a low monthly overhead, high margins and is based on a recurring revenue model.



For more information visit TopTenPercentFranchise.com or call toll-free at (855) 699-1010 Ext. 105 and ask for Joe Ciamacco, Franchise Development Consultant

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The number of Americans who moved last year

\$9,000

The average amount each household spent to move*

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