

**EXCERPT FROM
CHAPTER 5:
FRANCHISE
SECTORS**



Franchisors almost never require industry-specific experience. They covet individuals with skills such as business acumen, management, operational, and sales, and can teach you their industry. **They are looking for business builders, not industry experts.** In fact, most successful franchisees do not have prior experience in the industries they join.



That is important because given the many options in franchising, you do not need to limit your exploration or ultimate choice to something you already know.

Three main segments represent almost all franchises: **Retail, home services, and business services.** The goal here is to be aware of the breadth and depth of concepts in franchising so you can begin thinking about which ones you are drawn to.

In addition, consider what is driving your interest or disinterest in different sectors. Your perspective provides rich insight into finding the right match.

■ RETAIL FRANCHISES

There are a lot of reasons to consider retail franchises. First, they are generally turnkey and scalable. **Retail is great for franchisees who want semi-absentee ownership, and also works well for those that will be involved on a full-time basis.** Let's discuss some of the key areas that make up the retail segment of franchises.

AUTOMOTIVE

Automotive concepts offer needed services and are turnkey operations. In the auto space it is not important to be an expert in cars. **Typically, automotive franchises are involved in repair, maintenance, lube, or aftermarket products.**

FOOD

Food franchises are ubiquitous and include household names and emerging brands. Good for semi-absentee or full-time ownership, food concepts are generally available in the quick service (fast-food), coffee, healthy eating, or specialty (bakery, pretzels, etc.) spaces. Food is one of the categories where past work experience is sometimes beneficial.

BEAUTY

This is a sector that includes concepts like hair, nails, eyelashes, etc. Americans care about their appearance, and they are very busy. With people having less and less time in their days, this sector does very well. Licensed employees such as hair stylists and estheticians are often required.

HEALTH, WELLNESS & MEDICAL

As we live longer and with less pain, this area of franchising will continue to grow. Concepts such as massage, med-spas, weight-loss, and pain management help us to feel good. **These concepts often require employees to have a higher skill level and sometimes involve medical oversight.**

FITNESS

There are a lot of great opportunities in the boutique fitness area. This space is often class-driven and has a high retention and commitment level. Think boot camp, cycling, yoga, and specialty fitness such as stretching. **These are great for semi-absentee and multiple franchise ownership.**

■ HOME SERVICES

Home services are a strong area for franchising, and one that most people do not initially consider. Home services is a broad category that includes any product or service for a house or delivered in a house. With the DIY baby-boomer generation aging and staying in their homes longer and younger generations less interested in doing projects, this category will see continued growth. **This sector delivers strong lead generation, has diffuse, mom and pop competition, and solid unit economics.** Certain brands within this group provide call centers, appointment setting, and even basic sales. Some of the categories that make up home services include:

REMODELING AND DESIGN

Consider all the projects that can be done in a house and there is probably a leading franchise brand dominating that market. Kitchen and bathroom remodeling, organizational solutions, flooring, garage solutions, and painting are just a few of the concepts in this area. **Powerful lead generation and systems support this group of brands.**

MAINTENANCE

Maintenance is a needed service. So, whether it is a plumbing, landscaping, junk removal, roofing, or electrical contracting franchise, it is generally recession-proof and does not require you to have the expertise—**you hire for it!**



CLEANING

Once a luxury, residential cleaning is now a necessity and that is driving growth. **This is a strong recurring revenue business with a high client retention rate and strong franchisor support.** Again, you are not doing the cleaning. You are running a cleaning business!

RESTORATION

The ultimate recession proof industry, restoration focuses on remediation of water, fire, smoke, and mold damage. **It is a highly fragmented business full of opportunity since issues such as fires or burst pipes occur regularly.** Plus, most of the remediation is paid by insurance.

REAL ESTATE

This is a broad category that includes property management, wholesaling of homes, home inspection, and staging services. **This is a great area for both people with experience in real estate and people with relationships with realtors.**

SENIOR CARE

With the population aging and seniors choosing more than ever to stay in their homes, senior care is a booming business sector. **There are three main aspects of senior care: companion care, skilled care, and placement assistance.** All of these areas can expect high growth for the foreseeable future.

CHILD RELATED

Education, sports, and entertainment make up the children's sector. People spend money freely on their kids, so this is a space with unlimited potential. **Some of the concepts have brick and mortar locations, but a number are home based.**

PET CARE

Americans love their pets, and it shows with opportunities such as grooming, daycare, and traditional retail stores. **This is an area for franchisees who have an affinity for pets, but that is not required.** Both retail and home based businesses are available in the pet space.

■ BUSINESS TO BUSINESS

Business to business is a solid area because services such as training, coaching, staffing, printing, marketing, IT, and financial are always coveted. This is an area that requires more proactive outreach and works well for people who enjoy sales, have a strong white-collar background, and are comfortable with a longer sales cycle.

COACHING AND TRAINING

These concepts focus on the development and improvement of employees—something all types of companies need. By driving performance, coaching and training franchises are in high demand!

TECHNOLOGY

Small and mid-sized companies outsource their IT services. Because it is not economical for them to hire and staff an IT department, this is an area of strong opportunity.

STAFFING

Franchise staffing firms are major players in the market for employers needing **permanent and temporary personnel.**

ADVERTISING AND MARKETING

Sign companies, print shops, and marketing firms benefit significantly from franchise expertise and purchasing power, making this a category where franchise concepts perform well.

Remember that the franchisor is not looking to you to be the expert in that field. **You are almost never providing the service, instead relying on people you hire or the franchisor for that.** Find businesses that play to your business acumen and individual strengths.

Interestingly, affinity for an area can often lead to reduced income.

Why?

Because liking and being interested in a concept area does not mean it is the right fit. Challenge your comfort zone. **We all develop preconceived notions, and a benefit of franchise exploration is that you can confirm or invalidate your perspective about brands or industries.** Similar to judging a book by its cover, it is hard to understand industries and concepts from the outside.



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