



Will A Franchise Work In My Town?

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There are a number of reasons why a franchise that is successful in one town might do poorly in another. In many cases the difference is the result of the franchisee's abilities and attitude – in other cases the difference is in the franchise's territory size, population density, and/or demographics.

It is critical, as part of your franchise education, to compare your franchise territory to other territories in the system. Here are some specific areas to investigate.

Total population numbers

The majority of franchises are sold by territory. The franchisor determines the territory size needed to support that particular franchise. Scrupulous franchisors will not knowingly sell a territory that doesn't have the population numbers to support their franchise. But they will sell territories that meet their minimum criteria. If you are buying one of those marginal territories, you want to discover that up front, and you want to determine if the territory size is expected to increase or decrease in the foreseeable future. Ask the franchisor for the names of franchisees whose territories are similar in size to the territory you are considering. Call them and find out how successful they are.

Population density

Ask the franchisor for the typical radius for drawing customers. Is it 2 miles? 10 miles? Then ask for the names of franchisees who have population densities comparable to the densities in the territory you are looking at. Call them to find out how successful they are.

Demographics

A futurist named Andrew Zolli summed up the importance of demographics:

*"You can't understand the future without demographics. The composition of a society – whether its citizens are old or young, prosperous or declining, rural or urban – shapes every aspect of civic life, from politics, economics, and culture to the kinds of products, services, and businesses that are likely to succeed or fail. Demographics isn't destiny, but it's close."*¹

When you examine the demographics of your territory, you will be looking at a number of factors, potentially including gender, race, age, income, disabilities, education, home ownership, number and value of



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single-family homes, and employment status. Will your franchise appeal to a broad demographic or does it have specific appeal? If the franchise serves a market segment - say students, wealthy homeowners, or small business owners, for example, does the territory you're considering have enough of those customers? Is their average income and education level in-line with the franchise's typical customer's income and education? Ask the franchisor which territories are similar in terms of demographics. Call them and find out how successful they are.

Do Your Own Research to Get the Best Franchise Information

In addition to talking to existing franchisees, do your own research on current and projected population totals, population density, and demographics, including economic trends. You should be able to find information on line. Visit your local reference librarian to see what s/he has available. In addition, your state may offer free services.

Don't make the mistake of basing a franchise purchasing decision on your level of enthusiasm or on what you personally think will work. Make sure you have a market, and that the market is expected to stay the same or improve over the next 10 years (10 years is a common franchise contract term).

If you are willing to work hard, becoming a franchise owner can help you achieve your financial and lifestyle goals. Just be sure to eliminate as much risk as possible. Do your research before you sign on the dotted line.

¹ Andrew Zolli, "Demographics: The Population Hourglass," *Fast Company Magazine*, March, 2006.

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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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