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Franchising New Zealand
2024

Franchising New Zealand 2024
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Thanks to our sponsors and supporters of the Franchising New Zealand 2024 Report. Your support for franchising is appreciated.



The Franchise Association of New Zealand is the peak body representing the franchising community at government and other industry forums and therefore views the collection and collation of the franchising survey as incredibly important to the understanding and future development of franchising as a business model in the New Zealand environment.

The Franchise Association thanks Massey University for their expertise in conducting the survey. FANZ also thanks our co-sponsors and supporters Westpac, Nexia New Zealand, Franchise Consultants, Stewart Germann Law Office, Iridium Partners, Laser Plumbing and Electrical and Exceed, and Franchise New Zealand media for their valuable support which has made this survey possible.



This is the fifth Franchising New Zealand Survey undertaken by Massey University New Zealand, again supported by Westpac New Zealand Limited. For the franchise industry and our franchisee and franchisor customers the survey proves invaluable to base investment decisions on, identify trends, and use for representation with Government, Labour Unions, and Industry bodies.



STEWART GERMANN LAW OFFICE
Lawyers, Notary Public

Stewart Germann Law Office (SGL) is acknowledged as New Zealand's leading franchise law firm with over 40 years' experience in this area. SGL is a founding member of the Franchise Association of New Zealand and Stewart is a past Chairman of the FANZ. The firm provides expert legal advice for both franchisors and franchisees nationwide and internationally. SGL has won multiple franchising awards for excellence.



Iridium Partners are proud supporters of the 2024 Franchising New Zealand Survey. Iridium Partners connect and engage people and franchises. We are able to assist throughout the entire Franchise business growth cycle including developing and implementing growth strategies, site acquisition, franchise recruitment, as well as providing coaching and guidance to franchisors and franchisees.



Nexia New Zealand are leading business advisors and accountants that provide local expertise through offices in Auckland, Christchurch and Hawkes Bay, with global reach via membership of Nexia International. We provide tailored business advisory and accounting solutions to help our clients succeed. Nexia Auckland is proud to support this survey.



We are proud to be able to support the 2024 Franchising New Zealand Survey. Laser® Plumbing and Electrical and Exceed® are both leading franchise systems in the New Zealand market, and proud to be members of the Franchise Association of New Zealand. We believe in the value of franchising to help Kiwis businesses succeed within a supportive and high-quality franchise system, and appreciate the insights that this survey will provide to franchise systems across New Zealand.



Franchise Consultants (est. 1989) is New Zealand's leading franchising and licensing consulting company. Multi-award winning Franchise Consultants assists:

- *Companies franchising a business*
- *Established franchise systems, improving franchisor and franchisee results*
- *Companies capitalising upon international franchising potential*
- *Franchise systems increasing capability through certified franchise executive training*
- *With franchisor, franchisee, and prospective franchisee research*



Franchise New Zealand media has been the country's only media channel dedicated to franchising since 1992. It combines web, print, digital, social media, and email to inform and educate business buyers and franchising people. Franchise New Zealand Media sees this survey as critically important in furthering the franchising sector in New Zealand and is proud to be involved.

Foreword

Tēnā koutou katoa,

Massey University is proud to endorse the Franchising New Zealand 2024 survey sponsored by the Franchise Association of New Zealand and supporting contributors Westpac, Nexia New Zealand, Franchise Consultants, Stewart Germann Law Office, Laser Plumbing and Electrical, and Exceed, Iridium Partners, and Franchise New Zealand media. The report represents the only reliable and systematic data collected on the New Zealand franchise sector and provides an up-to-date profile of the sector.

Franchising New Zealand 2024 identifies:

- There are 546 business format franchisors in New Zealand in 2024.
- There is an estimated total of 29 750 units operating in business format franchises.
- More than 114 300 people are employed directly in business format franchises.
- Sales turnover for business format franchises was estimated at \$47.2 billion.
- Sales turnover for the entire franchising sector was estimated at \$73.4 billion.
- 72% of franchises are using or planning to implement AI technologies within their operations.
- 73% of franchise networks are New Zealand founded.
- Nearly 20% of NZ franchise networks have entered international markets.
- 90 percent of franchise brands return profits back into the community.
- Only 18.8 percent of franchisors were involved in a substantial dispute (with one or more franchisees) in the past twelve months.

In 2024, franchisors, like many traditional businesses, grappled with economic challenges such as rising labour, rent, and operational costs driven by inflation and declining consumer confidence. Additionally, they faced regulatory complexities and increased competition from international e-commerce, all of which affected profitability.

Despite this, New Zealand franchisors are embracing growth opportunities, focusing on product and service diversification and leveraging digital solutions to enhance operations and customer engagement. Amid a recovering economy, there is optimism about rising consumer spending, increased interest in franchise ownership, and a commitment to sustainability and training initiatives, positioning the sector for a dynamic future.

The number of franchisor responses was notably higher in 2024 compared to 2021. We are grateful for the large number of franchises who participated and the depth of valuable insights provided.

The data provided in this report provides a reliable source of information about the New Zealand franchise sector. I am very pleased to recommend the Franchising New Zealand 2024 survey results to franchise sector stakeholders. The 2024 report follows previous reports in 2010, 2012, 2017, and 2021 and is intended to be completed on an ongoing basis. Massey University is pleased to collaborate with the Franchise Association of New Zealand in this important research.

Ngā mihi

Professor Jonathan Elms
Pro Vice-Chancellor
Massey Business School





Auckland is the most popular location for franchise support offices



73 %

of franchise brands currently operating originated in New Zealand



Sales turnover of the business format franchise sector is estimated at
\$47.2 bn

30 thousand
business format franchise units operating in NZ



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CONDUCT OF THE SURVEY

Population of New Zealand Franchise Brands

In the absence of official registration requirements for franchisors in New Zealand, accurately identifying the complete population of franchisors poses a challenge. To address this, the research team undertook a comprehensive update of Massey University's franchisor database, which was previously used for the 2021 New Zealand Franchising Survey. This process involved several key steps:

- **Database Refresh:** Multiple sources were utilised to update the database, including the Franchise Association of New Zealand's database, the Australian Franchise Registry, published franchise directories, as well as information and advertisements from social media and traditional media outlets.
- **Business Verification:** We conducted phone interviews with all listed businesses to confirm their operational status and to identify key contact persons. This direct approach increased the likelihood of survey participation.
- **Database Refinement:** Businesses no longer operating or no longer involved in franchising were removed from the database. Investigations and follow-up efforts with non-respondents were conducted to further identify such businesses.
- **Collaboration for Accuracy:** Industry contacts were engaged to cross-reference and verify the updated database, ensuring the inclusion of new business entries.

These efforts minimised sampling error and enhanced confidence in the accuracy of the final database. The number of brands identified within the database was then used as the basis to estimate the number of franchise brands within New Zealand in 2024.

Estimations for the Franchise Sector

Again, estimating absolute sector-wide figures is challenging due to the lack of official registration requirements for franchisors and because not all identified franchisors completed the survey. The sector-level estimates for turnover, employment, and the number of brands and units are therefore extrapolated from the respondent data and should be interpreted accordingly. All claims regarding the New Zealand franchise sector are generalisations based on the data provided by our respondents.

It is also important to note that the demographic profile of the 2024 survey respondents differs from that of 2021 (for detailed comparisons, see pages 20-21). Despite efforts to ensure database accuracy, the results—especially comparisons between 2024 and previous surveys—may be affected to a minor extent by sampling error. To minimise non-sampling error, responses were carefully reviewed, and out-of-range values were removed when respondents could not be reached for verification.

Survey Instrument

Data collection was conducted using a Qualtrics survey. The questionnaire was pilot-tested with a sample of academics and industry practitioners to ensure clarity and relevance. Several follow-up emails and telephone calls were sent to partial and non-respondents to encourage participation. Massey University's Human Ethics Committee granted ethical clearance for the study, which was disclosed in the survey. Access to the submitted surveys was restricted to members of the research team.

Survey Responses

Surveys were distributed to the identified business format franchises population, including 546 confirmed franchise brands. Statistical analyses were applied to assess response rates and address potential bias from missing data.

Of the franchises who were invited to complete the survey, 115 usable responses were received, resulting in a response rate of 21.1%.



Introduction

The Franchising New Zealand 2024 survey was conducted from 26 June to 6 September 2024. It included the identified population of business format franchisors (excluding supermarkets). This comprehensive survey provides valuable insights into the current state of franchising in New Zealand.

The primary objective of the 2024 survey was to gather up-to-date information on the practices, performance, and trends within the New Zealand franchising sector, as well as to identify key challenges faced by franchisors. As part of an ongoing series, this report contributes to a long-term analytical time series, allowing for the development of benchmarks for the sector.

The data collected in the 2024 survey covers key aspects of the franchising sector, including:

- A detailed profile of the sector, examining its size, age, growth, composition, and international expansion.
- Operational practices of franchisors, such as growth strategies, technological adoption, dispute resolution, sustainability initiatives, financing options, employment patterns, training, and community involvement.
- Discussion around challenges, future expectations, and opportunities for growth.

Executive Summary

The Franchising New Zealand 2024 survey provides comprehensive insights into the current state of the New Zealand franchise sector amidst a cautious recovery phase. As businesses and consumers navigate a "new normal" shaped by global uncertainties, shifting consumer demands, and evolving regulatory landscapes, the economic environment presents a complex mix of challenges and opportunities. While various industries are on the path to recovery following the COVID-19 pandemic, many have yet to return to pre-pandemic performance levels. This report primarily focuses on a franchise sector characterised by a predominance of small businesses alongside a handful of larger organisations, many of which have faced profitability challenges over the past year. Business confidence in New Zealand for 2024 is tempered, reflecting uncertainties surrounding inflation, interest rates, labour shortages, and regulatory pressures—particularly in relation to labour laws, immigration policies, and environmental standards.

Nonetheless, there are emerging opportunities in sectors that are successfully adapting to the changing economic landscape, particularly those that embrace innovation, sustainability, and digital transformation. The economic outlook for New Zealand over the next 12 months is expected to improve as key indicators begin to stabilise gradually. Inflation is projected to decline steadily as the Reserve Bank's monetary tightening measures take effect, and interest rates are anticipated to stabilise, providing much-needed relief to businesses and consumers coping with elevated borrowing costs. Economic growth is expected, albeit at a slow to moderate pace. Our survey respondents express greater optimism about the upcoming year than the previous year, particularly regarding total sales, profitability, and debt levels.

This Executive Summary highlights key findings from the Franchising New Zealand 2024 survey (pages 9-18). Wherever feasible, estimates are included to represent the entire population of business-format franchises in New Zealand. It is important to note that the demographic profile of the 2024 survey respondents differs from that of 2021. For detailed comparisons, please refer to pages 20-21.

The findings presented in this report provide essential insights that empower stakeholders to navigate challenges and seize emerging opportunities for growth.



Franchise Brands

An estimated 546 franchise brands are currently operating in New Zealand. While this represents an adjustment from 2021, the franchise sector continues to perform well, given the economic and market conditions of the past three years, showcasing its ability to evolve and maintain a strong presence in the New Zealand market. This count includes several systems that offer multiple concepts under a single brand name, which are counted only once.

Franchise Units

In 2024, the franchise industry in New Zealand is home to an estimated 27,295 business format franchised units and 2,464 company-owned units. With a modest 9% decrease in franchised units compared to the 2021 survey participants and just a 1% reduction in company-owned units, the sector shows signs of stabilising post-COVID-19. Based on a revised population size, the 2024 figures suggest that despite challenges, the franchise landscape remains resilient and continues to support a significant number of businesses across the

Franchise Brands/Units

	2021	2024
Franchised Brands	590	546
Franchised Units	29866	27295
Company-Owned Units	2490	2464
Total (Franchise + Company-Owned) Units	32357	29759

Calculations:

See p8 for information on how the number of franchised brands was determined.

Total units figure calculated by taking the mean of our respondent's franchised units multiplied by the total



Sales Turnover

The franchise sector remains a key driver of the New Zealand economy, with impressive growth recorded for the financial year ending 31 March 2024. The estimated median system turnover extrapolated from the 2024 respondents was \$10.5 million, compared to \$10 million in 2021, while the average (mean) turnover increased from just over \$40 million in 2021 to \$48.2 million in 2024. The total estimated turnover for business format franchising in New Zealand* now stands at \$47.2 billion—an increase of \$10.4 billion over the past three years. This strong growth is driven by a 20.5% rise in average turnover among the 2024 respondents, alongside significant revenue gains from major players such as Foodstuffs North Island.

When combined with motor vehicle sales of \$16.1 billion and fuel retail sales of \$10.1 billion, the total sales turnover for the entire New Zealand franchising sector reaches \$73.4 billion, up from \$58.5 billion in 2021. This 25% growth (\$14.9 billion) underscores the sector's resilience and its remarkable recovery from the COVID-19 pandemic. It also highlights the adaptability of the franchising model, which has continued to thrive despite challenging economic conditions. These results underscore the franchise sector's sustained contribution to the country's economic success, reflecting its capacity for long-term growth and stability.

**calculated by multiplying the mean of our respondents' annual turnover by the total number of franchises and adding the revenue of franchised supermarkets within the New Zealand market*

Total Franchise Sector Turnover

	2021	2024
Business Format Franchises included in this survey	\$23.7 billion	\$26.3 billion
Franchised Supermarkets	\$13.1 billion	\$20.9 billion
Total business format franchises	\$36.8 billion	\$47.2 billion
Plus		
Motor Vehicle Sales	13.7 billion	16.1 billion
Fuel Retail	8 billion	10.1 billion
Total Sector Turnover	58.5 billion	\$73.4 billion

Calculations

The turnover figure for business format franchises is calculated by multiplying the mean of our respondents' annual turnover by the total number of franchises.

Sources

Fuel Retail from IBISWorld (2024)

Motor Vehicle sales – Statistics New Zealand

Franchise Supermarkets: Foodstuff North Island, Foodstuffs South Island, and Woolworth NZ

Employment in the New Zealand franchising sector:

Franchise Employment 2021 vs 2024

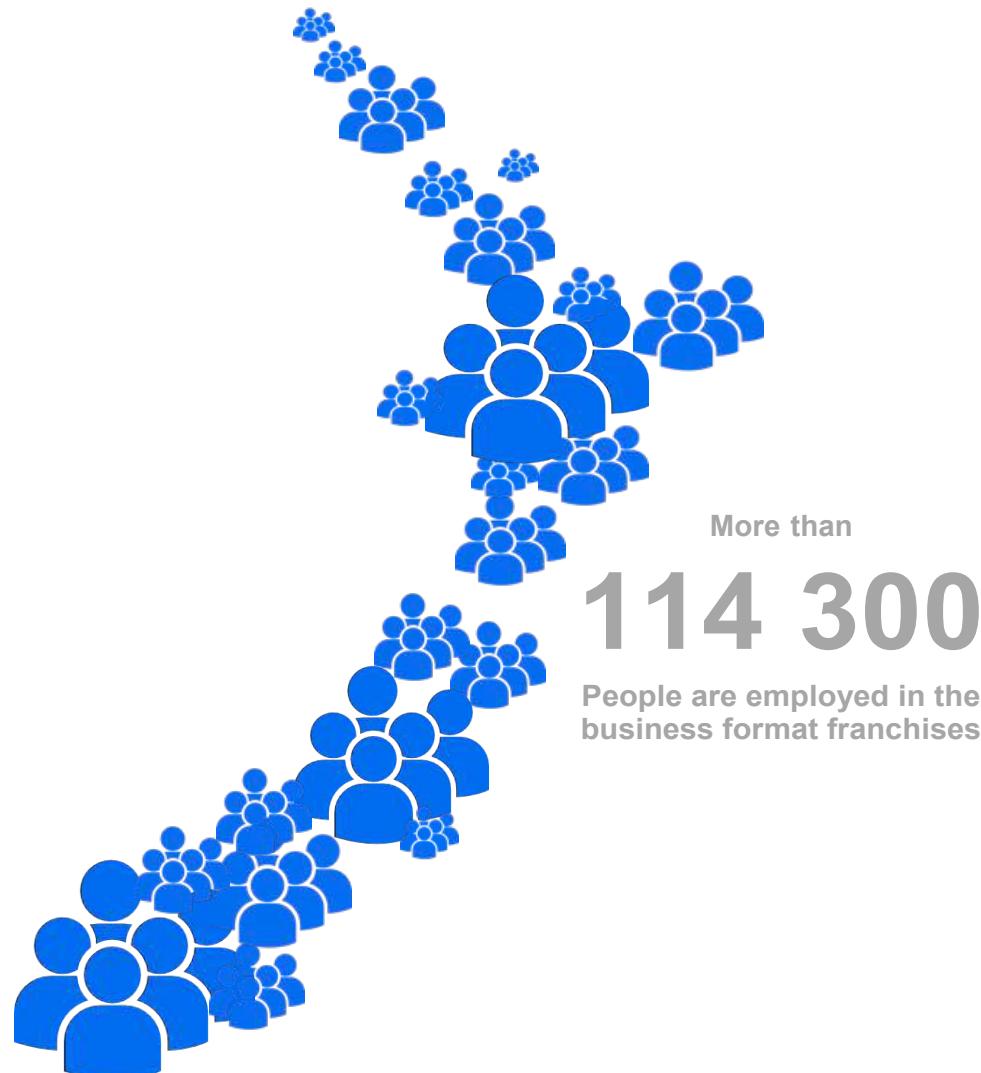
	2021	2024
Permanent full-time	90 237	62 052
Permanent part-time	45 894	24 086
Contractor	5 495	13 837
Casual	15 194	14 366
Total	156 820	114 339

Calculations

Total units figure calculated by taking the mean of our respondent's employee count multiplied by the total population of franchises.

The estimated number of employees extrapolated from the 2024 respondents has reduced in comparison to the 2021 respondent base.

Over the past three years, the estimated full-time employment fell from 31% and part-time roles by 48%. Interestingly, the number of contractors within our respondents' networks more than doubled, rising to 13,837. This shift indicates changes in employment patterns towards more flexible arrangements such as contracting and casual work. This may reflect a strategy for some franchises to scale their workforce as needed.





Profile of Franchise Brands

Industries

From 2021 to 2024, the number of New Zealand franchise brands identified decreased by 7.46%, from 590 to 546. Retail franchises (excluding food retailers) increased their share of identified brands from 15% to 17.3%, highlighting their growing market role. Administration and Support Services also saw growth, with franchise brands rising from 8% to 15.7% and units from 34% to 49.2%, likely driven by demand for outsourcing and remote work. Conversely, the number of identified accommodation and food services brands reduced from 21% to 13% and units from 11% to 7.4%, potentially due to increased costs, labour shortages, and pandemic impacts. Despite fewer brands, franchise turnover remained resilient.

Age of Systems

New Zealand franchises have been operating for an average of 27.5 years, with 20.5 years of franchising experience. Notably, 80% of franchise businesses have been operating for over a decade, reflecting a stable and mature sector. This trend has strengthened over time, with the percentage of identified franchises having over ten years of experience rising from 67% in 2012 and 75% in 2017 to 80% in 2021 and 2024.

Size of Systems

The proportion of small franchise systems within our respondent base has increased since 2021. The share of small franchises (0-20 units) rose from 41% in 2021 to 46% in 2024, while medium systems (21-50 units) fell from 29% to 27%, and large systems (over 50 units) dropped from 29% to 26%. The median number of total units slightly declined, from 24 in 2021 to 22 in 2024. Additionally, 70% of franchisors operate zero or one company-owned unit, suggesting that franchising is the preferred expansion model within our respondent base.

The Past vs Next 12 months

Responding franchises are generally more optimistic for their franchisees over the next 12 months compared to the past year. While 63.2% reported increased franchisee customer pricing and 50.9% noted a rise in total sales over the last year, profitability has faced challenges, with 45.6% experiencing declines. Looking ahead, 57.9% expect customer pricing to continue rising, and expectations for total franchisee sales and profitability are positive, with 60.5% and 51.8% forecasting increases, respectively. Additionally, half of the respondents anticipate a decrease in franchisee debt levels, highlighting a shift towards greater confidence in sales, profitability, and debt management for the upcoming year.

Community Support

New Zealand franchise businesses continue to demonstrate a strong commitment to their communities, with nearly 90% of respondents contributing through financial donations, sponsorships, and other means. The survey results underscore franchises' vital role in community support and local development, reflecting a strong commitment to social responsibility.

Environmental Sustainability and Ethical Supply Chains

Many of the surveyed respondents actively implement environmental sustainability and ethical measures within their operations. Common practices include enhancing energy and resource efficiency, waste reduction initiatives, and sustainable sourcing with emphasis on local suppliers and ethically sourced materials, supported by regular supplier audits for environmental compliance. Many franchises demonstrate adherence to ESG policies and report on their environmental and ethical practices. Additionally, there is a commitment to fair labour practices and anti-slavery measures, ensuring ethical supply chains and supporting local communities through strong social responsibility goals.





Diversity, Equity and Inclusivity

50% of our respondents have implemented diversity, equity, and inclusivity (DEI) policies for both employees and franchisees. These policies include zero-tolerance for discrimination, equal employment opportunities, multicultural and gender-diverse workplaces, respect and anti-harassment standards, compliance with national laws, and ongoing refinement of DEI practices as their teams grow.

Cost of a New Franchise

Based on the responding base, franchise start-up costs in New Zealand decreased by 20% between 2021 and 2024, with the median cost dropping from \$150,000 to \$120,000. The range of costs also expanded, reflecting a wider variety of franchise opportunities at different investment levels, particularly clustering around \$50,000, \$100,000, and \$200,000. Retail franchises experienced the largest drop in costs, narrowing the gap between retail and non-retail sectors.

Issues Obtaining Finance for New Franchisees

Finance is the lifeblood of the franchise community, and this report provides evidence of some concern over access to suitable finance for new (i.e., not existing) franchisees. Problems accessing funding, the most common financial hurdle for franchisees, rose from 52% in 2021 to 60% in 2024, reflecting an increasing challenge for franchisees to secure funding. However, access to specialised franchising banking knowledge has become less of a pressing concern since 2021, and our respondents have suggested that funders' understanding of franchise models might be improving, albeit still challenging for some. Traditional bank financing remains the dominant source for new franchisees, supplemented by personal resources.

Technology Adoption

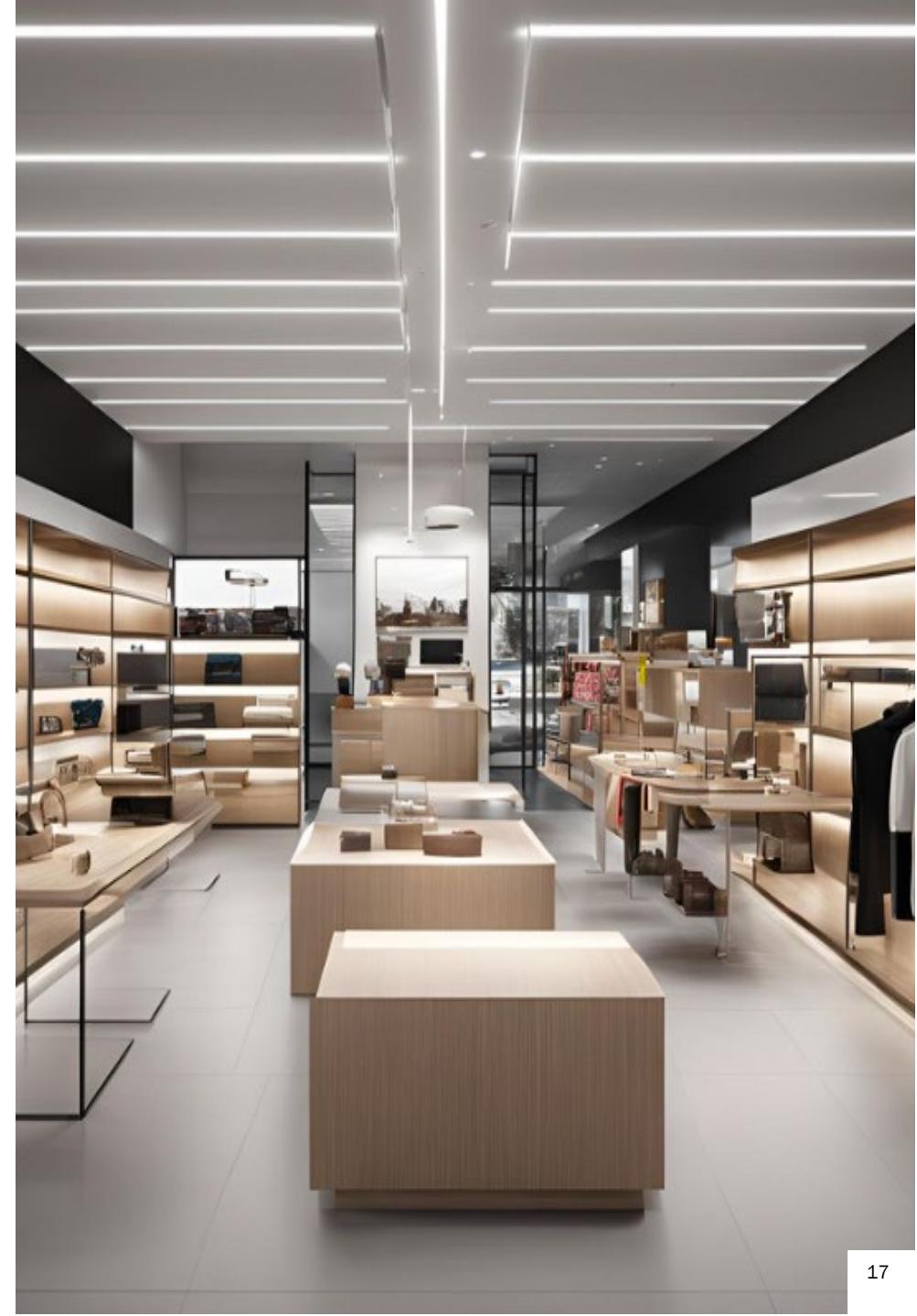
Modern technologies are playing an increasingly vital role in the operations of New Zealand franchises. CRM systems are widely adopted, with 82% of respondents using them to manage customer relationships and drive sales. Workflow (76.4%) and accounting (73.6%) tools are also popular, highlighting the focus on boosting operational efficiency and streamlining financial processes. Payroll technology adoption is lower at 57.3%, suggesting some franchises still rely on traditional methods. Marketing (50.0%) and cybersecurity (48.2%) tools remain comparatively underutilised, pointing to potential growth in these areas. AI technology is gaining traction, with 72% of respondents already using or planning to implement it for tasks like content creation, chatbots, data analysis, CRM, and email communication. Many franchises are incorporating tools like ChatGPT to improve their operations.

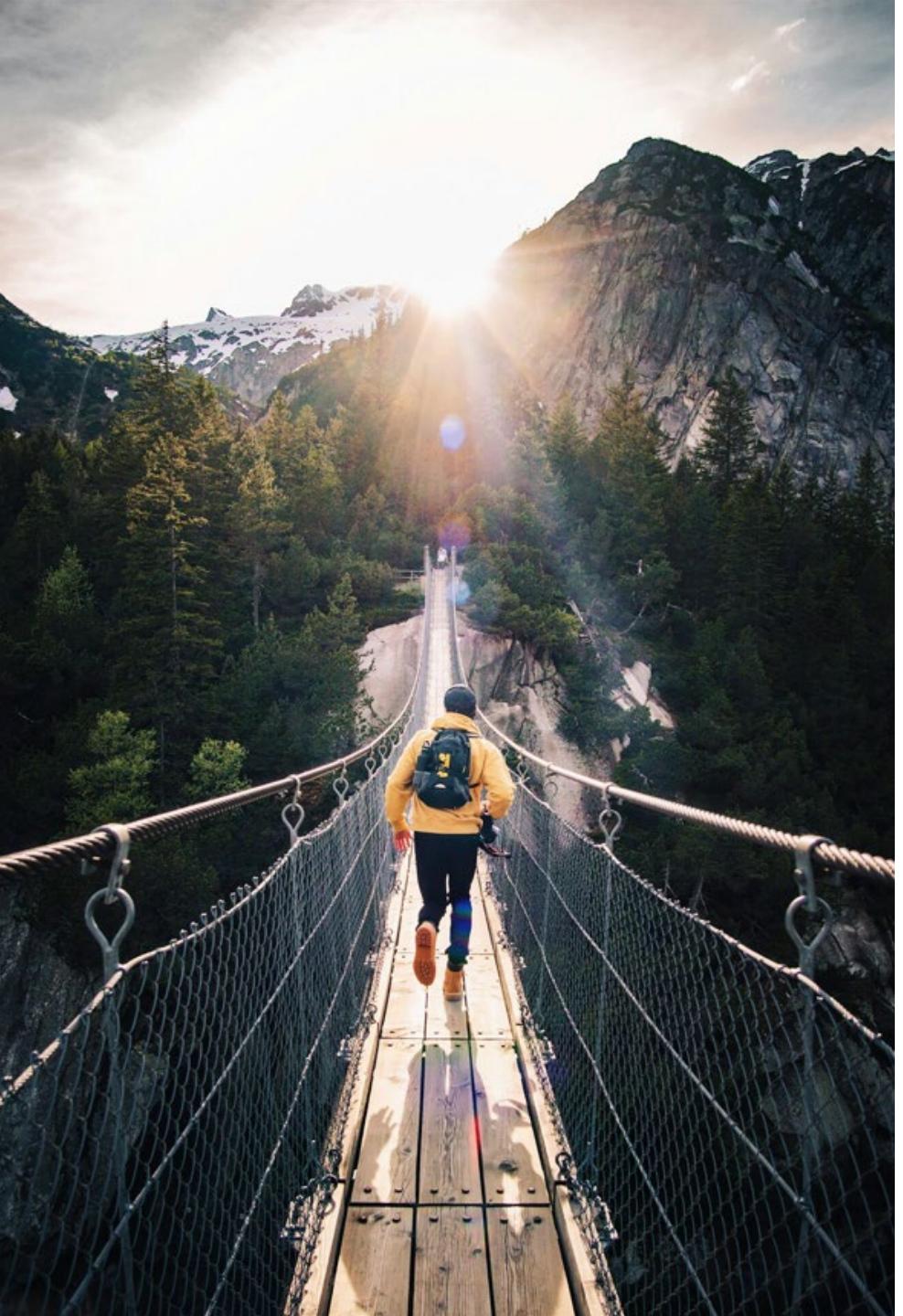
Benchmarking

Sales data is the most widely shared benchmarking metric within the surveyed franchise networks, with 83.6% of franchises providing this information to their franchisees. Customer satisfaction is another commonly shared metric, reported by 65.5%, showing a strong emphasis on maintaining a high-quality customer experience. Additionally, 60.0% of franchises share key expense data, highlighting the focus on managing operational costs. While financial and performance data like sales, customer satisfaction, and expenses are commonly shared, fewer businesses provide detailed profit metrics. Those who share additional benchmarking data are focused on customer behaviour, operational efficiency, and financial insights, with many planning to further enhance their data-sharing efforts.

Franchising Disputes

The 2024 data suggests a strengthening of franchisor-franchisee relations. In both 2021 and 2024, 81% of respondents reported no disputes requiring external advisory support, indicating a generally stable and harmonious environment. The use of solicitors for dispute resolution dropped from 80% in 2021 to 67% in 2024, while mediation gained traction, increasing from 14% to 24%. Litigation remained a last resort, accounting for just 8% of cases. Disputes were primarily driven by compliance with system rules, followed by misrepresentation and communication issues, highlighting the importance of effective training and clear, transparent practices in fostering strong franchise relationships.





International Operations

The survey data highlights New Zealand's strong domestic franchise foundation, with 73% of systems being locally established. While 17% of responding franchisors are successfully operating overseas, the trend shows a strategic focus on growing and strengthening operations at home. The rise in those not intending to expand overseas within the next year and instead choosing to prioritise the local market, from 79% in the respondent base in 2021 to 83% in 2024, reflects a thoughtful and cautious approach to growth. This is part of a broader trend, as the number of systems expressing intent to franchise overseas has continued to drop since 2017. This indicates that many businesses are taking the time to grow and solidify their foundations before pursuing international expansion.

Franchise Demographics

Franchise ownership is heavily skewed towards male and married partnerships, with 53% of franchises having males owning or predominately managing more than 25% of their franchisees, 45% having more than 25% married partnership owners, and only 27% having the same level of female ownership. Ownership is concentrated in the 31-49 age range. 75% of franchises have more than a quarter of their franchisees predominantly managed by individuals in this demographic, while ownership by individuals under 30 or over 65 is comparatively rare. Regarding tenure, 58% of franchises have people with 5-10 years of tenure managing over 25% of their franchises, with fewer franchisee owners or predominate managers in the 0-2 and 10+ year ranges.

External Support

Respondents highlighted several key areas of requested external support for 2024, with financial support and funding being the most frequently mentioned theme. Some franchisees are struggling to secure loans due to lending restrictions, and there are calls for better access to capital, particularly given current economic challenges such as high interest rates and cash flow difficulties. Respondents also called for more government support in the form of business grants, legislative changes, and reduced red tape, with a specific focus on improving immigration and employment laws. There is a growing frustration over competition from online platforms like Temu. HR support is also needed to navigate recruitment difficulties and manage employee legislation. Respondents expressed the need for better operational tools and technology to streamline franchise management and improve performance monitoring.

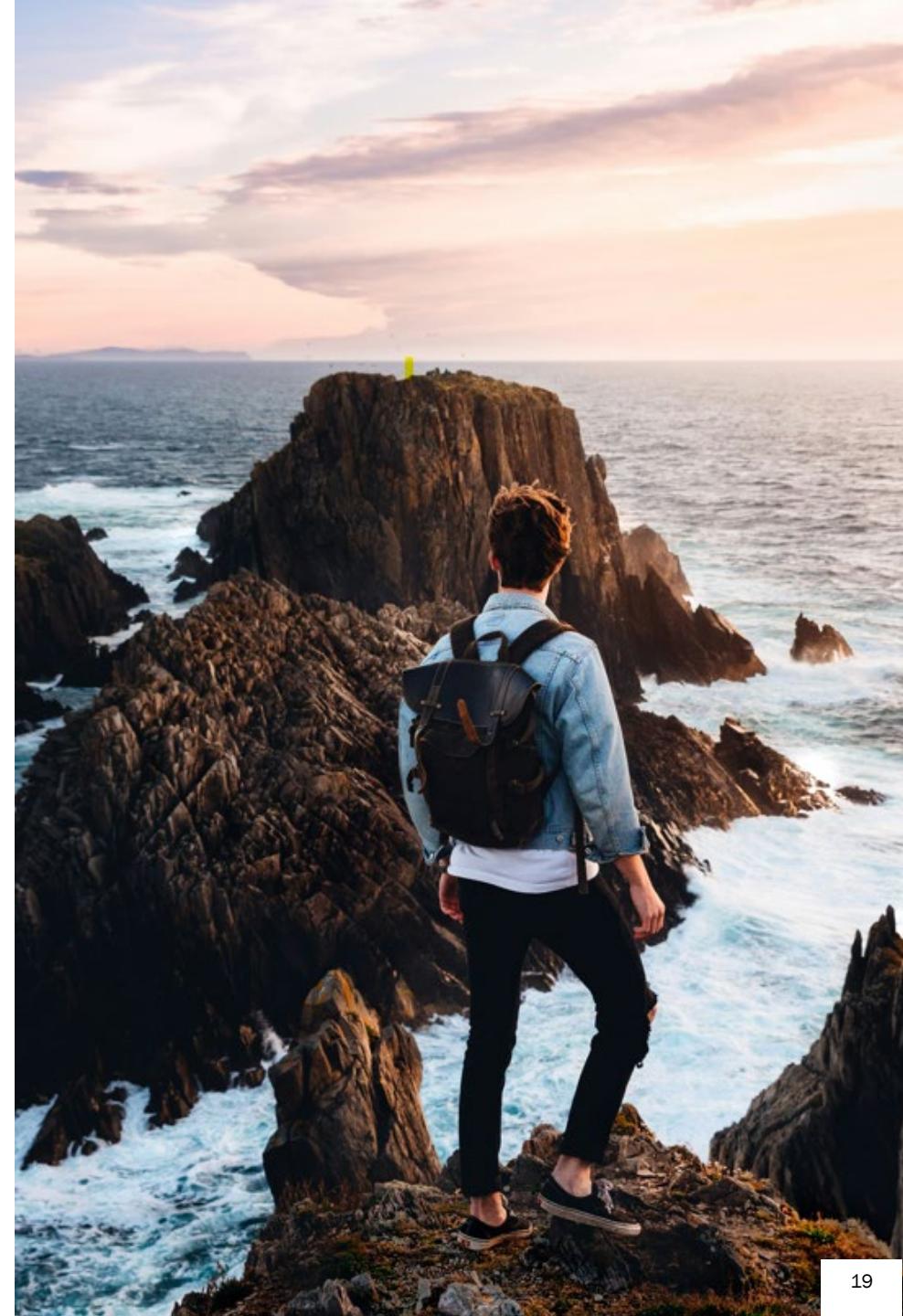
Greatest Challenges for the Franchising Business Model

Franchisor respondents in 2024 expressed concerns across several areas, with economic challenges at the forefront. Rising labour, rent, and operational costs are squeezing profitability, compounded by economic uncertainty, inflation, and low consumer confidence. Labour and recruitment issues persist, with some franchisors struggling to attract franchisees and employees while rising wages inflate labour costs. Operationally, a few of our surveyed franchisors are concerned about the capacity of head office teams to support the network, maintain quality control, and manage franchisee demands for more flexibility. Other challenges include market saturation, competition from international e-commerce, and resistance from franchisees to adopting digital tools.

Greatest Opportunities

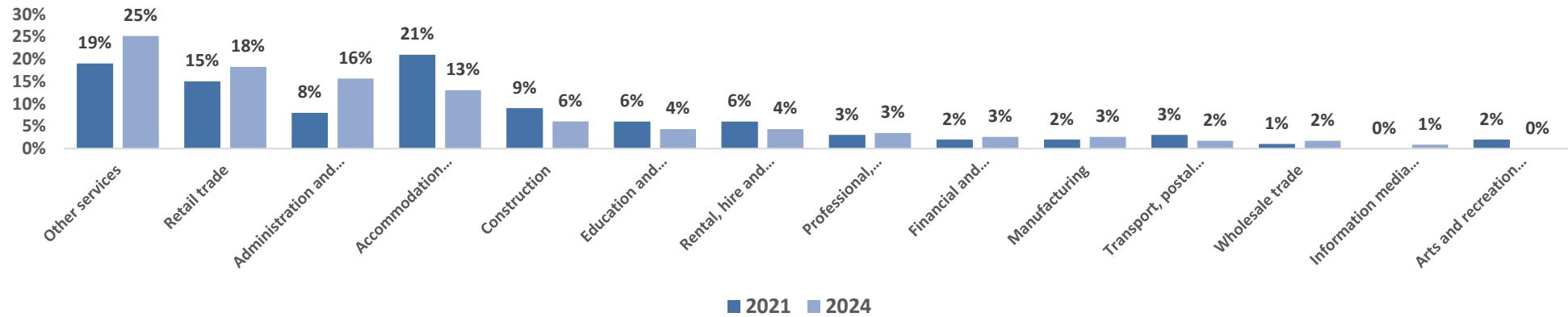
Despite the current challenges, franchisors in 2024 are embracing exciting opportunities for expansion and growth, with plans to broaden their reach into regional New Zealand, the South Island, and Australia. Product and service diversification is on the rise, showcasing the adaptability and resilience of franchise businesses. Many of our respondents are excited about the potential of AI and digital solutions as transformative tools to enhance customer service, marketing, and operational efficiencies, as well as improve online presence and e-commerce strategies.

With the economy on the mend, there's a renewed sense of optimism about rising consumer spending and lower interest rates. The prospect of increased interest in franchise ownership as a stable income source in light of rising unemployment adds another layer of positivity. Sustainability initiatives are flourishing, with many franchises exploring renewable technologies and prioritising environmental, social, and governance (ESG) concerns. Furthermore, the commitment to training and development presents a bright future for upskilling franchisees and staff, while intentions of innovation in product development signifies a dynamic and forward-thinking sector.

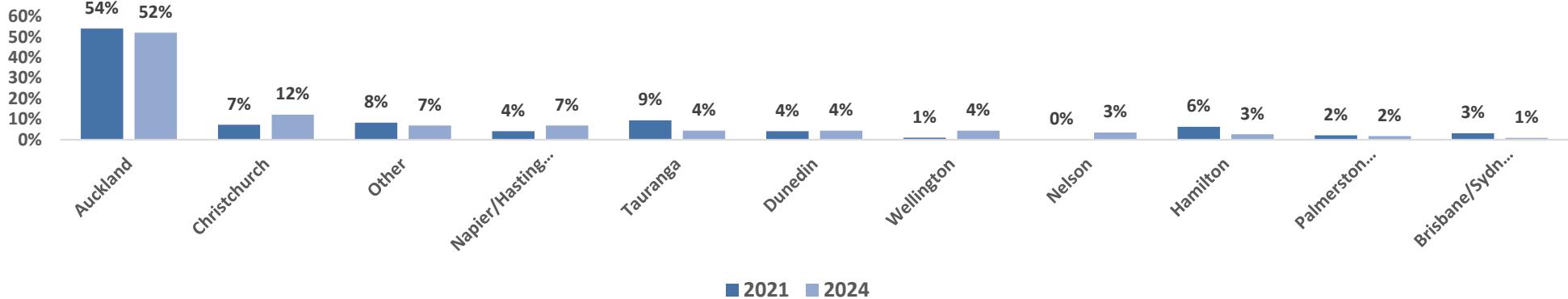


RESPONDENT COMPOSITION COMPARISON - 2021 VS 2024

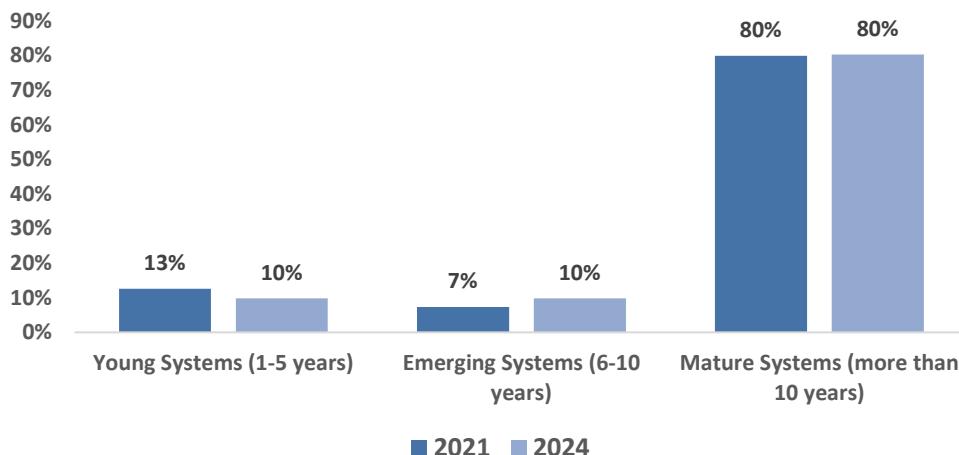
**Product or Service Category
2021 vs 2024 Respondents**



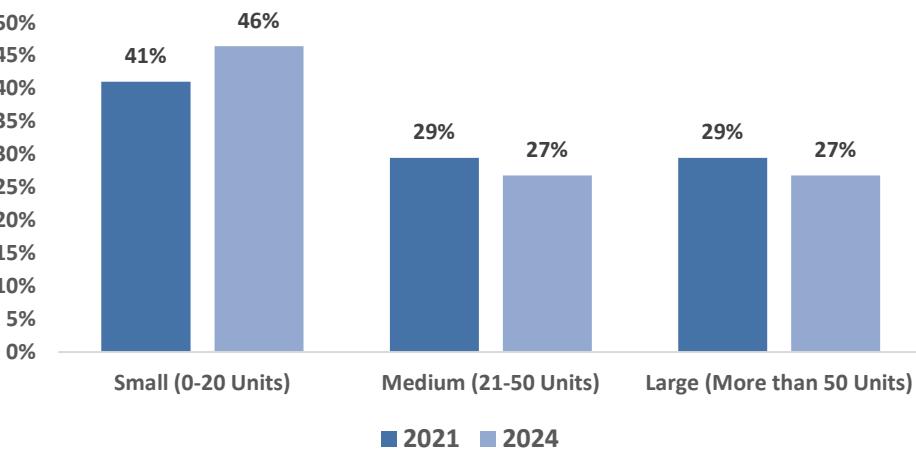
**Franchisee Support Office Location (Town/City)
2021 vs 2024 Respondents**



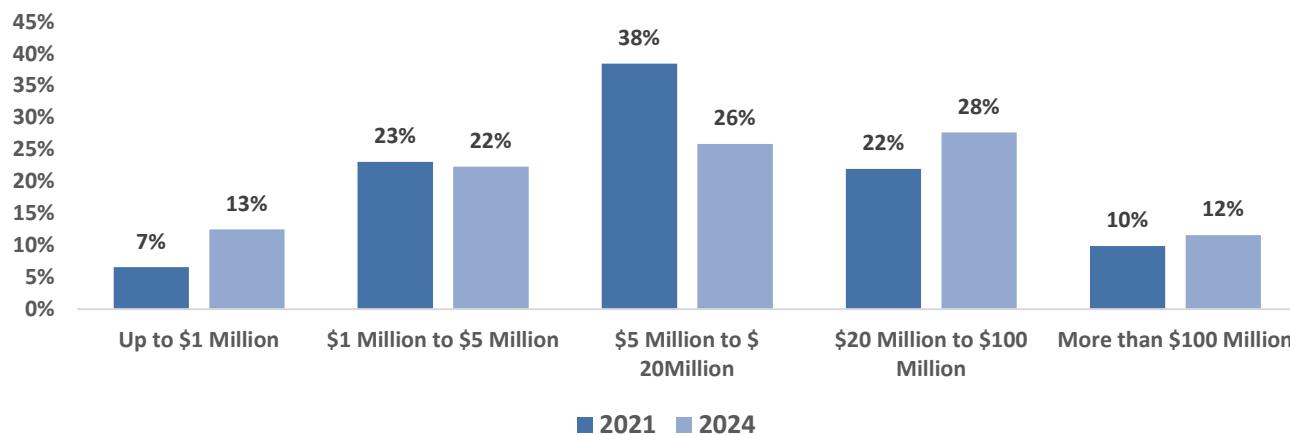
Level of Franchising Experience 2021 vs 2024 Respondents



System Size (Franchise + Company-Owned Units) 2021 vs 2024 Respondents

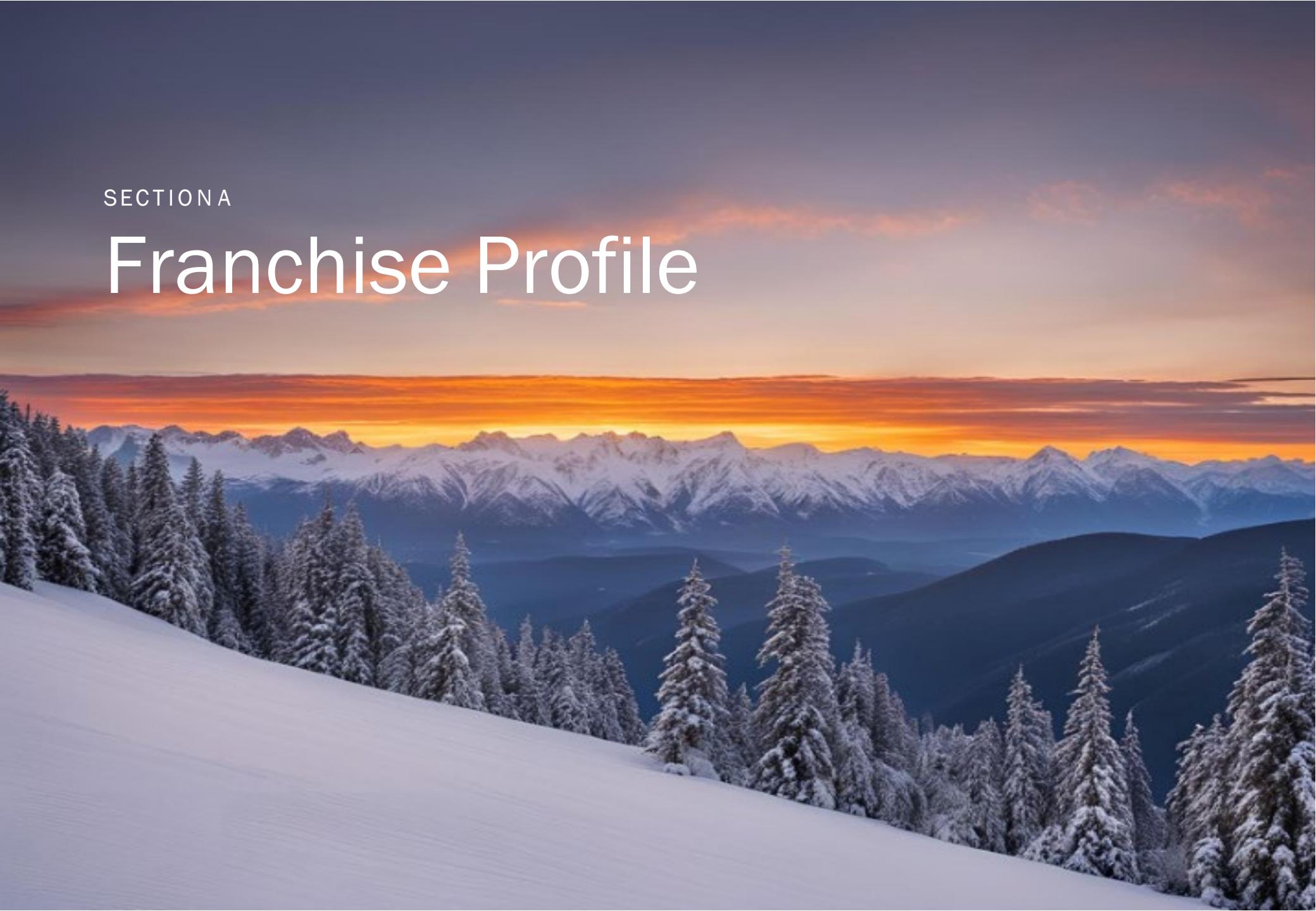


Brand Turnover Splits 2021 vs 2024 Respondents



SECTION A

Franchise Profile



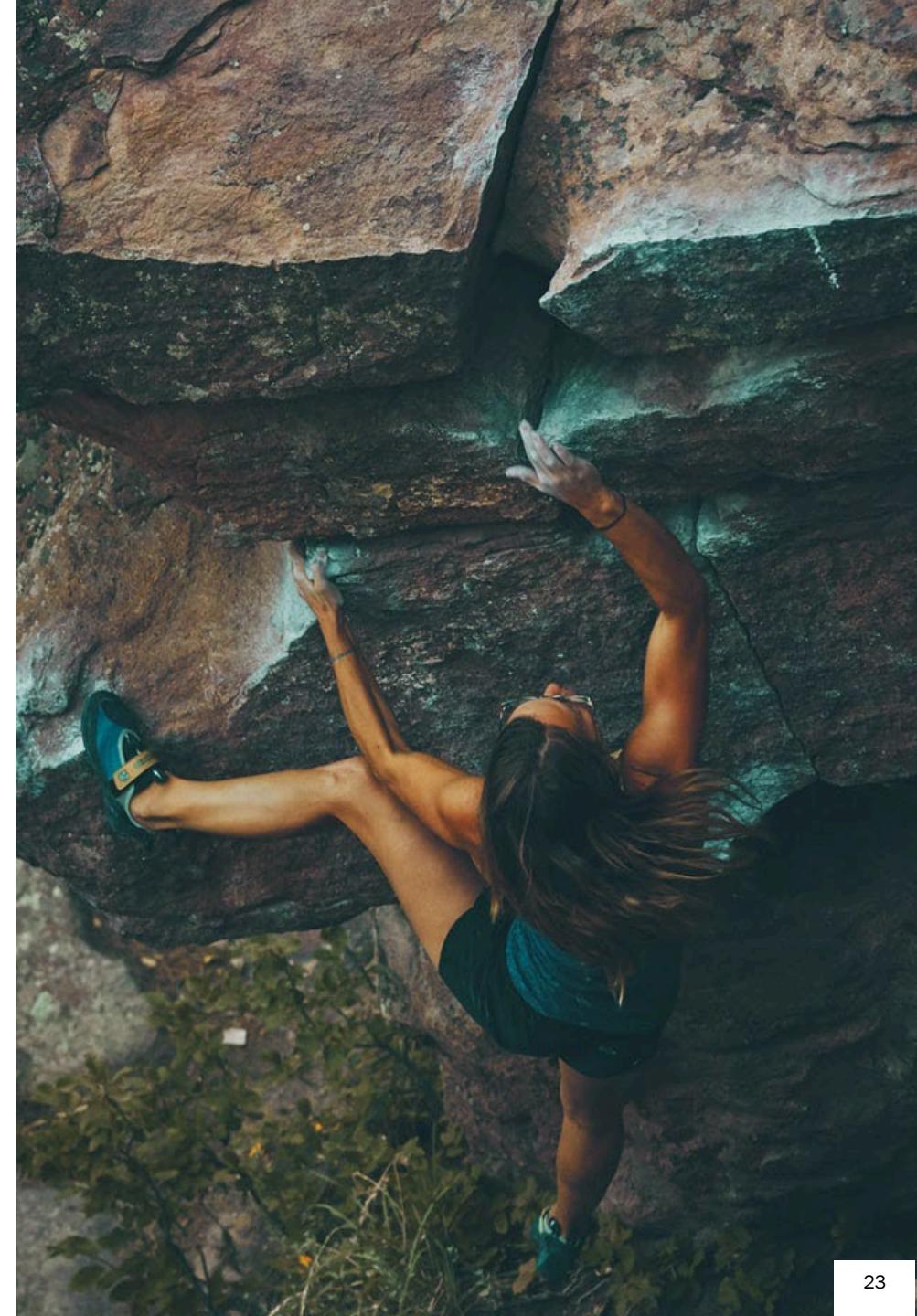
INDUSTRY KEY FACTS

Between 2021 and 2024, the number of identified franchise brands in New Zealand shifted from 590 to 546, reflecting a 7.46% adjustment. It's important to note that this figure is an estimate based on the brands identified, and part of the variation may be due to sampling differences between 2021 and 2024. Evolving market conditions, strategic business consolidations, or business transitions within the sector may also have influenced this change. Despite this, the franchise industry remains strong, with many brands continuing to thrive and adapt to new opportunities.

The respondent profile has shifted across various franchise categories from the 2021 – 2024 survey, with notable changes. Our administration and support service respondents saw an increase in their share of respondent franchise brands, growing from 8% in 2021 to 15.7% in 2024. The percentage of units also surged dramatically from 34% in 2021 to 49.2% in 2024. This could reflect the growing demand for outsourcing services, potentially driven by increased remote working arrangements and businesses seeking cost-efficient options.

One of the most striking changes within the 2024 respondent profile was seen in the accommodation and food services sector, which includes fast food and coffee shops. The share of franchise brands within our respondent base dropped from 21% in 2021 to 13% in 2024, while the units decreased from 11% to 7.4%. This might point to challenges within this franchise category, such as increased costs, labour shortages, or pandemic-related disruptions.

Despite a reduction in the number of identified franchise brands, the franchise model continues to demonstrate its resilience, with strong turnover figures over the same period, underscoring the sector's adaptability and enduring strength.



PROFILE OF RESPONDENTS

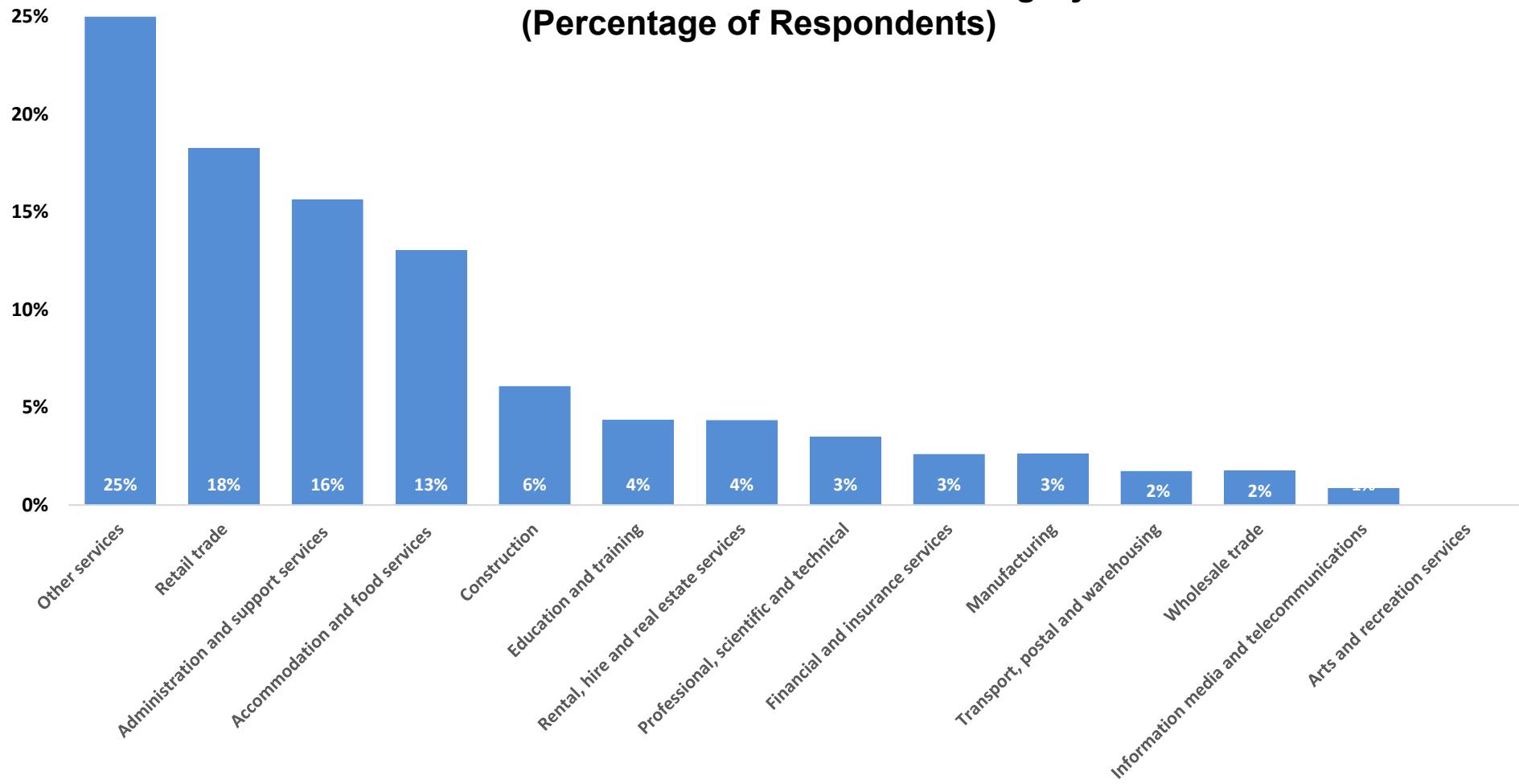
A1: In what product or service does this franchise brand predominantly deal?

Industry	2021 Respondents		2024 Respondents		Respondent units per Industry	
	Count	Percentage	Count	Percentage	Count	Percentage
Other services (including personal services, pet services, auto repairs and servicing, IT services, etc.)	18	10.2%	29	25.2%	947	16.8%
Retail trade (non-food)	15	15.4%	21	18.3%	737	13.1%
Administration and support services (including travel agencies, office services, domestic and industrial cleaning, gardening services, lawn mowing, etc.)	8	8.2%	18	15.7%	2776	49.2%
Accommodation and food services (including retail food, fast food, coffee shops, etc.)	20	20.6%	15	13.0%	419	7.4%
Construction	9	9.3%	7	6.1%	174	3.1%
Education and training	6	6.2%	5	4.3%	67	1.2%
Rental, hire and real estate services	6	6.2%	5	4.3%	44	0.8%
Professional, scientific and technical	3	3.1%	4	3.5%	101	1.8%
Financial and insurance services	2	2.1%	3	2.6%	117	2.1%
Manufacturing	2	2.1%	3	2.6%	69	1.2%
Transport, postal and warehousing	3	3.1%	2	1.7%	103	1.8%
Wholesale trade	1	1.0%	2	1.7%	63	1.1%
Information media and telecommunications	0	0.0%	1	0.9%	21	0.4%
Arts and recreation services	2	2.1%	0	0.0%	0	0.0%
Health care and social assistance	2	2.1%	0	0.0%	0	0.0%
Total	97		115		5638	

Note:

- 1) Franchisors were coded according to industry type using the major categories provided under the Australia and New Zealand Standard Industrial Classification (ANZSIC) coding system.
- 2) 115 respondents provided data.

Franchise Product and Service Category (Percentage of Respondents)

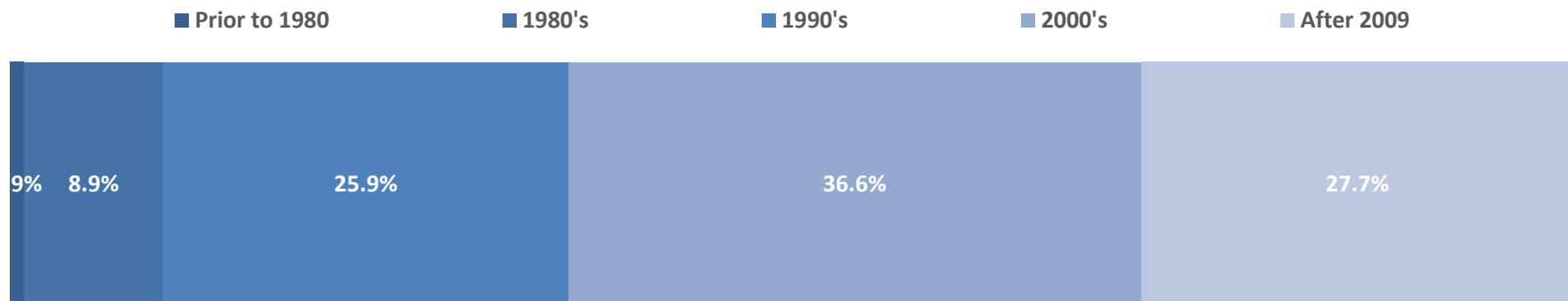


AGE OF FRANCHISE SYSTEMS KEY FACTS

On average, based on the responding base, franchises in New Zealand have been operating for 27.5 years, with the average possessing 20.5 years of franchising experience. On average, New Zealand franchises take about seven years to transition from starting to trade to initiating their franchising operations.

However, the median time gap is significantly shorter, at just one year, as 35% of franchises begin franchising immediately after commencing operations. Additionally, 10% of our survey participants have started franchising within the last five years, while 65% have been established as franchise systems in New Zealand since 2000.

COMMENCED FRANCHISING (YEAR)



A2: In which year did this brand commence operations?
A3: In which year did this brand commence franchising?

	Year commenced operations		Year commenced franchising	
	Number of responses	Percent	Number of responses	Percent
Prior to 1961	5	5%	0	0%
1961 to 1970	2	2%	0	0%
1971 to 1980	7	6%	3	3%
1981 to 1990	15	14%	9	8%
1991 to 2000	29	26%	33	29%
2001 to 2010	32	29%	40	36%
2011 to 2024	20	18%	27	24%
Total	111	100.0	112	100.0

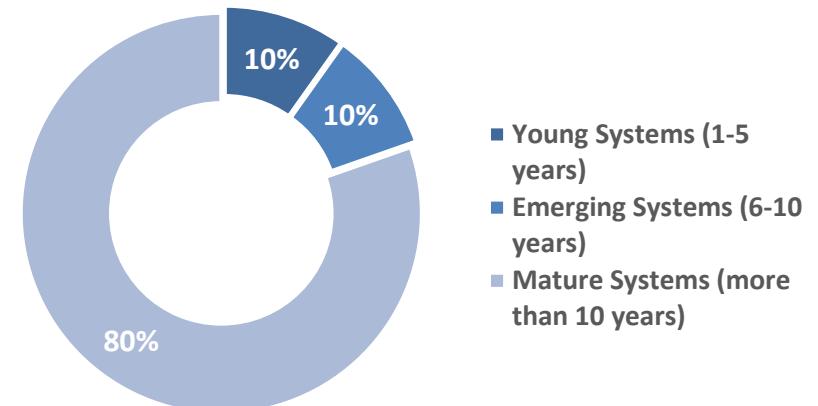
Notes:
A total of 111 respondents provided a response.

Level of franchising experience	Count	Percent
Young Systems (1-5 years)	11	10%
Emerging Systems (6-10 years)	11	10%
Mature Systems (more than 10 years)	90	80%
Total	112	100.0

Notes:
111 respondents to A3 were able to be classified.

The majority of franchise businesses in NZ have been operating for over a decade, accounting for 80% of our respondents. This highlights a strong presence of well-established franchises in the country, indicating stability and experience within the sector. The trend towards a more mature franchising landscape appears to be stabilising, with 67% of respondents in 2012 reporting more than ten years of experience, rising to 75% in 2017 and remaining steady at 80% in both 2021 and 2024.

Level of Franchising Experience



SIZE OF FRANCHISE SYSTEMS KEY FACTS

The median number of total units is 22.

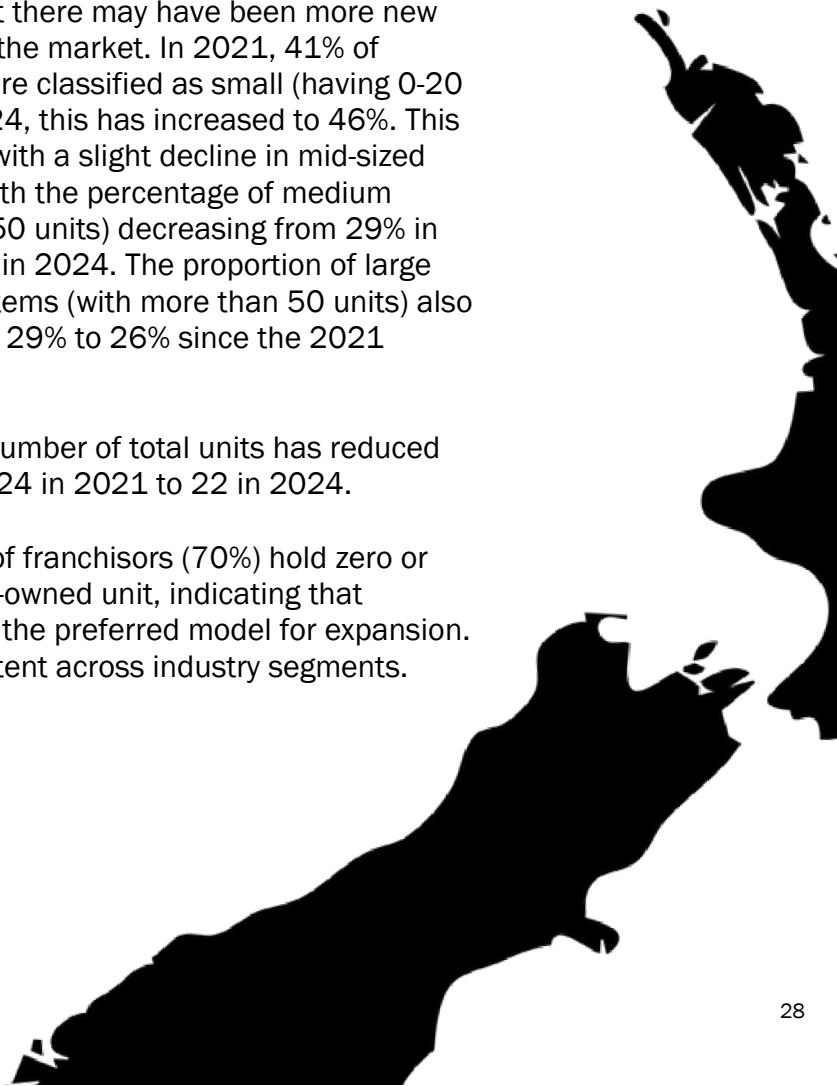
26 percent of franchise systems hold more than 50 franchise units.

The proportion of small systems reported is greater than in 2021, with 46% of franchises now having up to 20 total units.

Our results reflect a higher proportion of smaller franchise operations within New Zealand, signalling that there may have been more new entrants into the market. In 2021, 41% of franchises were classified as small (having 0-20 units). By 2024, this has increased to 46%. This corresponds with a slight decline in mid-sized franchises, with the percentage of medium systems (21-50 units) decreasing from 29% in 2021 to 27% in 2024. The proportion of large franchise systems (with more than 50 units) also dropped from 29% to 26% since the 2021 survey.

The median number of total units has reduced slightly, from 24 in 2021 to 22 in 2024.

The majority of franchisors (70%) hold zero or one company-owned unit, indicating that franchising is the preferred model for expansion. This is consistent across industry segments.



A4: How many franchised units were operating within your franchise brand in NZ in the financial year ending 31 March 2024?

Franchised units

	Count	Percent
0 to 10 franchised units	33	29.7
11 to 50 franchised units	54	48.6
51 to 100 franchised units	15	13.5
101 to 500 franchised units	7	6.3
More than 500 franchised units	2	1.8
Total	111	100.0

Notes:

111 respondents provided data.

The median number of franchised units was 19.

Response ranged from 1 to 747 franchised units.

A5: How many company-owned units were operating within your franchise brand in NZ in the financial year ending 31 March 2024?

Company-owned units

	Count	Percent
0 (zero) company units	58	51.8
1 company unit	20	17.9
2 to 5 company units	19	17.0
More than 5 company units	14	12.5
Total	111	100.0

Notes:

111 respondents provided a response.

The median number of company-owned units was 0 across the sample.

Responses ranged from zero to 108 company-owned units.

Total Units

	Number of responses	Percent
Up to 10 total units	28	25.0
11 to 50 total units	54	48.2
51 to 100 total units	18	16.1
101 to 500 total units	9	8.0
More than 500 total units	2	1.8
Total	111	100.0

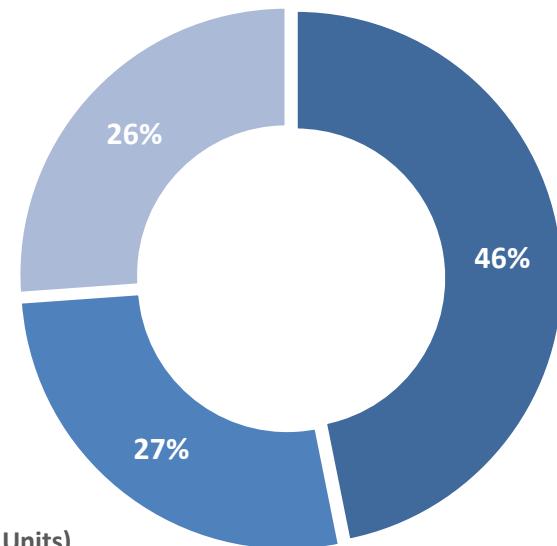
Notes:
A total of 95 respondents provided a response
The median number of total units was 24.
Responses ranged from 2 to 655 total units.

System Size

	Number of responses	Percent
Small (up to 20 total units)	52	46.4
Medium (21 to 50 total units)	30	26.8
Large (More than 50 total units)	29	25.9
Total	111	100.0

Notes:
111 responses were able to be classified.

System Size



- Small (0-20 Total Units)
- Medium 21-50 Total Units
- Large (More than 50 Total Units)

Franchisee Operations

Physical branding and storefronts are still a major part of franchising in New Zealand. Branded locations are the most common operational base, with 63.2% of respondents at least partially operating their businesses from this type of location. As expected, retail, accommodation, and food-service brands are driving this percentage up.

Sign-written vehicles are a close second (52.6%), largely because the majority (68.4%) of non-retail/non-food service businesses operate in this way at least partially. Home offices are significant but less common (27.2%) and slightly more popular than in 2021, potentially reflecting the rise in flexible or remote working models.

Overall, retail brands tend to have a more physical, branded presence, while non-retail/non-accommodation businesses heavily use mobile and flexible options like sign-written vehicles and home offices.

Location of Franchise Units	All Respondents		Retail		Accommodation & Food Service		Non-Retail OR	
	Count	Percentage	Count	Percentage	Count	Percentage	Count	Percentage
A branded location only	44	38.6%	16	80.0%	12	80.0%	16	20.3%
Branded location & sign-written vehicles	23	20.2%	2	10.0%	2	13.3%	19	24.1%
Branded location & sign-written vehicles & home office	5	4.4%	1	5.0%	0	0.0%	4	5.1%
Home office only	7	6.1%	0	0.0%	0	0.0%	7	8.9%
Sign-written vehicles only	13	11.4%	0	0.0%	0	0.0%	13	16.5%
Sign-written vehicles & home office	19	16.7%	0	0.0%	1	6.7%	18	22.8%
None of the above	3	2.6%	1	5.0%	0	0.0%	2	2.5%
Total	114	100%	20	100%	15	100%	79	100%

Notes:

114 respondents provided data.

SALES TURNOVER

KEY FACTS

Retail franchises reported median systemwide sales turnover of \$27.4 million for the 2023-2024 financial year.

Non-retail franchises reported a median sales turnover of \$7.8 million in the same period.

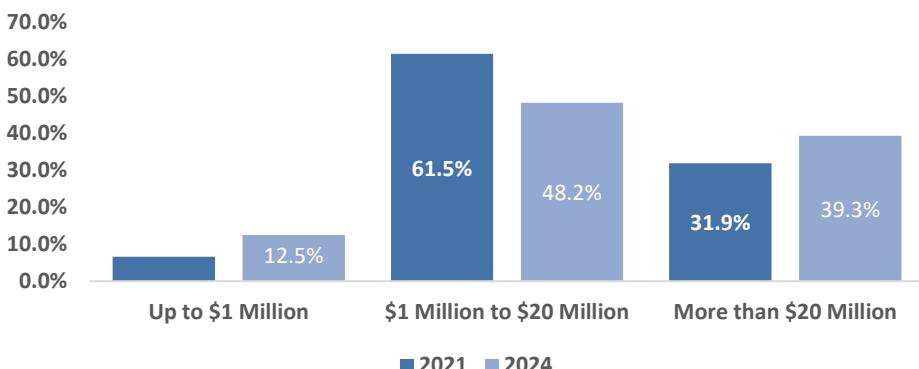
A7: What was the total brand turnover (i.e., annual sales) for all NZ units (i.e., franchised and company-owned units combined) for the financial year ending 31 March 2024?

Brand Turnover	Count	Percent
Up to \$1 Million	14	12.5%
\$1 million to \$5 million	25	22.3%
\$5 million to \$20 million	29	25.9%
\$20 million to \$100 million	31	27.7%
More than \$100 million	13	11.6%
Total	112	100%

The median income across our respondents increased from \$10 million in the 2020-2021 financial year to \$10.5 million in the 2023-2024 financial year. While the overall growth is not dramatic, it indicates stability and steady performance across the franchise sector over this period. Based on our respondent base, the proportion of mid-sized franchises with annual turnovers between \$1 million and \$20 million decreased significantly from 61.5 % to 48.2% from 2021 to 2024. In contrast, franchises in the small turnover range (up to \$1 million) and those in the upper range (more than \$20 million) increased from 6.6% to 12.5% and 31.9% to 39.3%, respectively, over the last three years. This indicates growth in smaller or emerging franchise businesses and expansion at the top end of the industry.

It therefore appears, based on the respondent profile, that the New Zealand franchise sector has experienced shifts in turnover distribution, with growth at both the smaller and larger ends of the spectrum while the mid-sized range narrowed. Retail respondents, in particular, saw significant income growth, while non-retail franchises faced challenges, reflected in a decline in their median income. The modest increase in overall median income suggests steady, though not extraordinary, growth across the sector.

Brand Turnover Distribution



EMPLOYMENT KEY FACTS

Over the past three years, permanent full-time and part-time employment reported by participating franchising companies has decreased, with full-time roles being 54% compared to 58% and part-time roles 21% compared to 29%. In contrast, the percentage of contractor employment reported has risen from 3% to 12%, while casual employment increased from 10% to 13%, indicating a potential shift towards more flexible staffing models.

Permanent full-time employees still play a dominant role in company-owned units, constituting 76.4% of our respondents' workforce. However, franchise units, in particular, are increasingly relying on contractors and casual labour. Together, contractors (full-time and part-time) and casual employees now represent approximately 27% of the workforce within franchise units, a significant increase from 13.4% in 2021.

Despite these changes, permanent employment remains the predominant form of employment across the franchise sector, accounting for 75.3% of franchise employees. Additionally, it constitutes the majority of staff in head offices, representing 87.1% of employees.

A8: How many staff are employed in your franchise brand?

Employees

	Head Office		Franchisee Units		Company Units	
	Count	Percentage	Count	Percentage	Count	Percentage
Permanent full-time	1007	78.5%	10418	50.6%	1531	76.4%
Permanent part-time	110	8.6%	4605	22.4%	314	15.7%
Contractor full-time	35	2.7%	1529	7.4%	47	2.3%
Contractor part-time	99	7.7%	1173	5.7%	6	0.3%
Casual	31.5	2.5%	2861	13.9%	107	5.3%
Total	1282	100.0%	20586	100.0%	2005	100.0%

FRANCHISEE SUPPORT KEY FACTS

Over half (53%) of respondent's support offices are located in the Auckland region, making it the primary hub for franchise operations in New Zealand. Canterbury is the second most popular location, housing 13% of the franchise support offices. Hawke's Bay and Otago each account for 7% of the support offices, with Bay of Plenty (BOP) and Wellington being home to 5% of the offices each.

The majority of support offices are concentrated in the North Island, with Auckland being the standout location, followed by Wellington, BOP, Waikato, and smaller shares in other North Island regions. Besides Canterbury's significant share, other South Island regions like Otago and Tasman also feature prominently, although their presence is smaller in comparison.

This geographic distribution identified within our survey data suggests a centralisation of franchise support in larger metropolitan areas, particularly Auckland and Canterbury, with a smaller spread across regional centres.

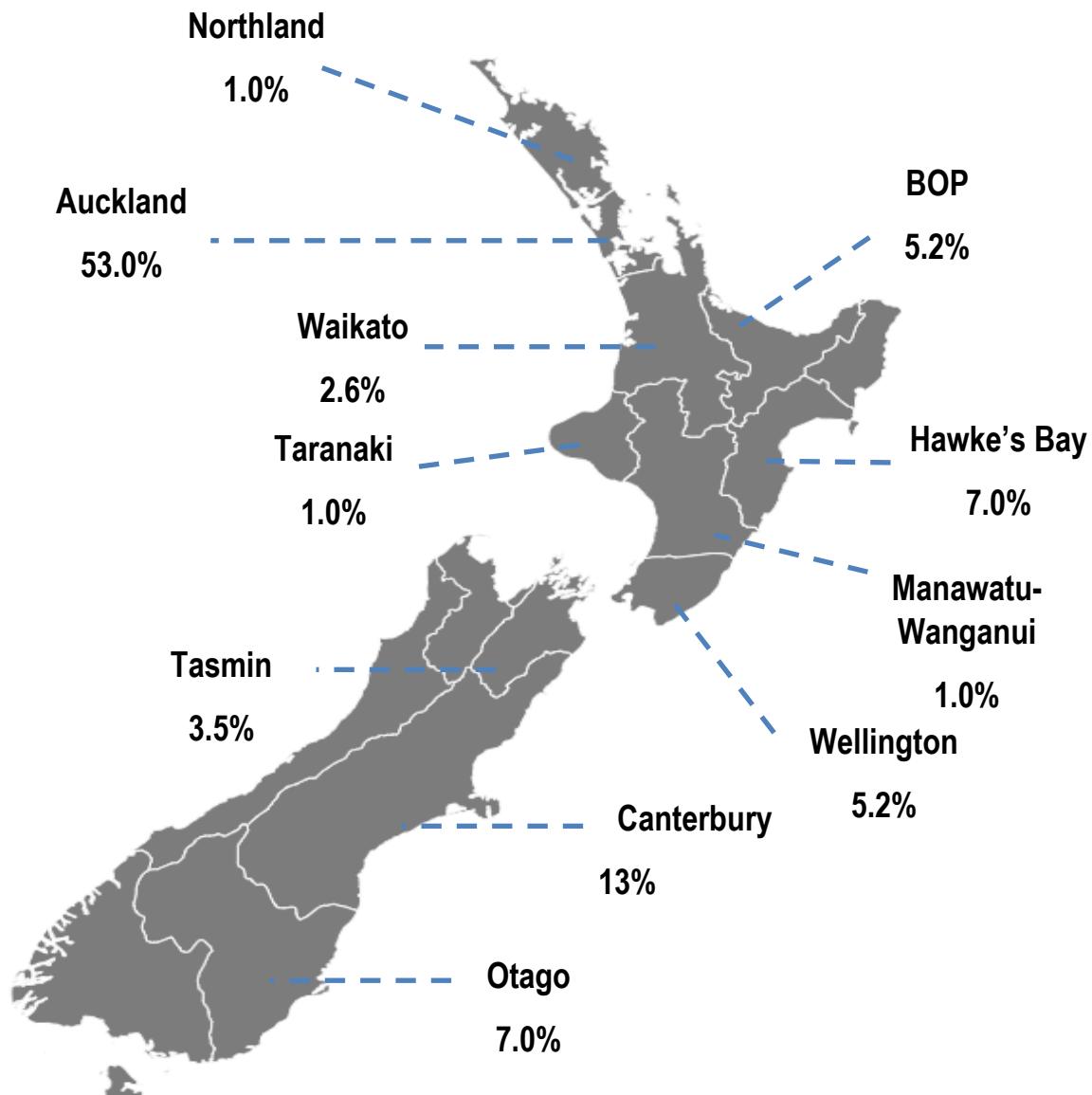
A9: In which town or city is your main NZ Franchisee Support Office based?

Franchise Support Office (town/city)

	Count	Percentage
Auckland	60	52.2%
Christchurch	14	12.2%
Other	9	7.8%
Napier/Hastings/Havelock North	8	7.0%
Tauranga	5	4.3%
Dunedin	5	4.3%
Wellington	5	4.3%
Nelson	4	3.5%
Hamilton	3	2.6%
Palmerston North	2	1.7%
Total	115	100%



LOCATION
(REGION) OF
FRANCHISE
SUPPORT OFFICE

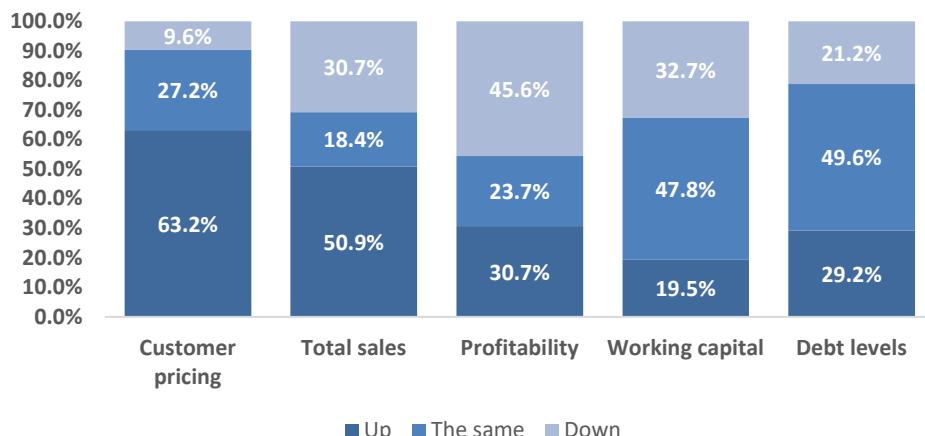


The past vs next 12 months

Past 12 months: The majority of franchisors (63.2%) reported that franchisee customer pricing has increased. While 50.9% of franchisors reported an increase in franchisee total sales, profitability has been a challenge, with a substantial 45.6% noting a decline. Franchisee working capital and debt levels have remained largely stable, with about half of all franchisors reporting no change.

A10 - Generally, over the last 12 months, have your franchisees been up, down, or the same in the following areas

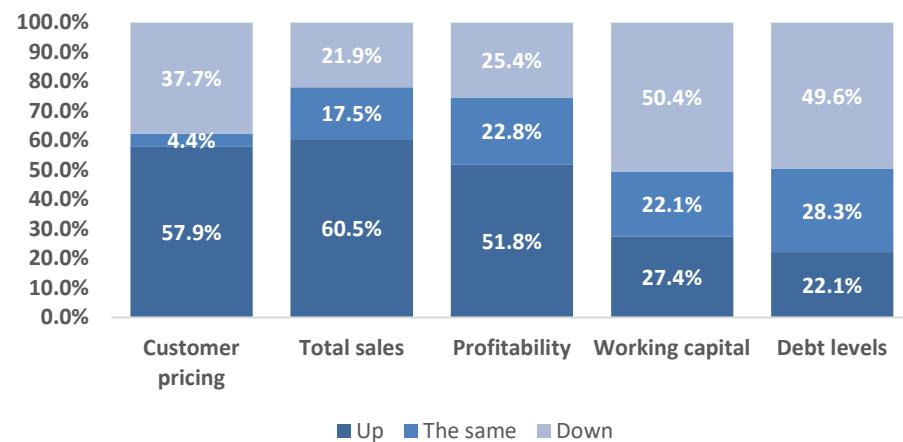
Franchisees over the last 12 months



Next 12 months: A similar trend is expected with franchisee customer pricing over the next 12 months, with 57.9% of our respondents predicting pricing will go up. Expectations for sales and profitability are positive, with 60.5% and 51.8% forecasting an increase in franchisee total sales and profitability, respectively. Franchisors are more optimistic about franchisee debt levels, with half of our respondents expecting debt levels to decrease over the next 12 months.

A11 - Over the next 12 months, do you expect franchisees to be up, down, or the same in the following areas

Franchisees over the next 12 months



Comparison: Franchisors, according to our survey participants, are generally more optimistic about the next 12 months for their franchisees compared to the past year, especially in areas like total sales, profitability and debt levels. There is a consistent expectation that customer pricing will continue to rise and a higher degree of volatility in working capital projected moving forward.

A12: What do you think will be the biggest challenges for franchisee performance in the year ahead?

1. Economic Challenges

- **Cost of Living & Inflation:** Many respondents cited rising living costs, inflation, and increased expenses (fuel, goods, and wages) as issues. Some respondents say consumers are becoming more price-sensitive, leading to decreased discretionary spending.
- **Interest Rates:** Increased interest rates are another challenge, making borrowing more expensive for businesses.
- **Recession:** Some respondents are concerned that an economic downturn or recession and an unpredictable economic climate could negatively impact consumer demand and make future planning difficult.

2. Consumer Behavior

- **Consumer Confidence and decreased spending:** Reduced discretionary spending is a common theme, with respondents noting that customers are prioritising essential purchases over luxury items, leading to concerns about declining consumer confidence and its impact on purchasing willingness.
- **Competitiveness:** Competition within markets is increasing, with some respondents stating that consumers are more likely to shop around for the best deal.

3. Business Operations

- **Cash Flow Issues:** Some franchisors anticipate franchisee cash flow challenges due to decreased sales and increased costs.
- **Staffing Challenges:** The difficulty in attracting and retaining skilled staff is a recurring theme. Increased wage costs and shortages of qualified employees in some sectors are seen as operational hurdles.

4. Market and Sales Pressures

- **Market Saturation:** There is concern that some markets are becoming oversaturated with competitors, making it harder for businesses to grow or maintain their customer base.
- **Franchisee Performance:** Some respondents expressed worry that franchisees are not engaging in enough local marketing or efforts to grow their individual businesses.

5. Regulatory and Environmental Factors

- **Legislative Changes:** Changes in regulations, such as labour laws and trade restrictions, are recognised as additional challenges.

6. Adaptation and Resilience

- **Need for Business Adaptation:** Some respondents highlighted the need for franchisees to adapt to the changing market environment. Adjusting pricing, managing rising costs, and shifting business structures are seen as essential for survival over the next year.

Given the overall business conditions in New Zealand, the challenges reported by our responding franchises are not unexpected.

ONLINE SALES KEY FACTS

73% of respondents report that 1-25% of their total customer sales come from online purchases. This suggests that most franchises have a relatively small portion of sales driven by online transactions, indicating that physical stores or other channels are still dominant for many.

A minority of franchise businesses are leveraging online platforms more extensively, showing a range of digital engagement across the sector.

A13: If you have online sales, what percentage of your total customer sales is ordered and paid for directly as an online purchase?

Percentage of total sales through online channel

	Count	Percentage
1 to 25 percent	37	72.5
26 to 50 percent	7	13.7
51 to 100 percent	7	13.7
Total	51	100.0

Notes:
A total of 51 respondents provided a response.

While most franchises reported some level of online sales growth, the majority have experienced moderate increases, with a smaller group who have achieved substantial gains. This suggests a steady shift toward e-commerce within the sector, though the pace of growth varies widely among franchises.

A14: If you have online sales, how much value have your total online customer sales grown in the last year? -

Increase in direct online product sales in the last year

	Count	Percentage
Zero	8	21.6
1 to 25 percent	26	70.3
26 to 50 percent	9	24.3
51 to 100 percent	2	5.4
Total	37	100.0

Notes:
A total of 37 respondents provided a response.
The median percentage of sales conducted online was 10%.

SECTION B

Sector Issues



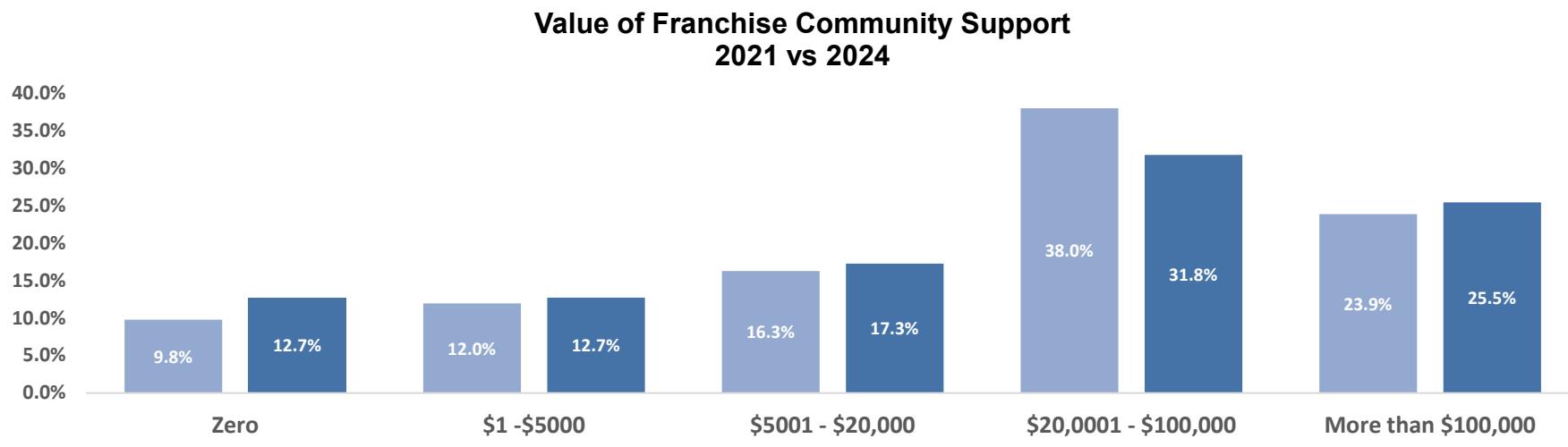
COMMUNITY SUPPORT KEY FACTS

NZ franchise businesses continue to make significant contributions to their communities.

The majority of franchises—nearly 90% of respondents—still contribute to local communities in various ways, such as financial donations, sponsorships, or other means. The proportion of businesses investing \$1 to \$20,000 remained stable, increasing slightly to 28% to 30%, indicating consistent engagement even at the smaller investment levels. While contributions between \$20,001 to \$100,000 dipped from 38.0% to 31.8%, this still represents a substantial level of engagement of franchises making significant investments in their communities. Notably, the percentage of franchises contributing more than \$100,000 has risen to 25.5%, highlighting the impressive commitment from a growing number of franchises willing to make large-scale, impactful contributions.

Overall, the data reflects a strong commitment by franchise brands to supporting their communities. This reinforces the vital role that franchises play in community support and local development within New Zealand.

B1: Please estimate the \$ investment (you might also factor in a value attributed to time and product) that your total franchise brand (both franchisee and franchisor) returns to the community (please include sponsorship)



Notes:

A total of 110 respondents provided a response.

The median value was \$30,000.

PROSPECTIVE FRANCHISEE FINANCE ISSUES KEY FACTS

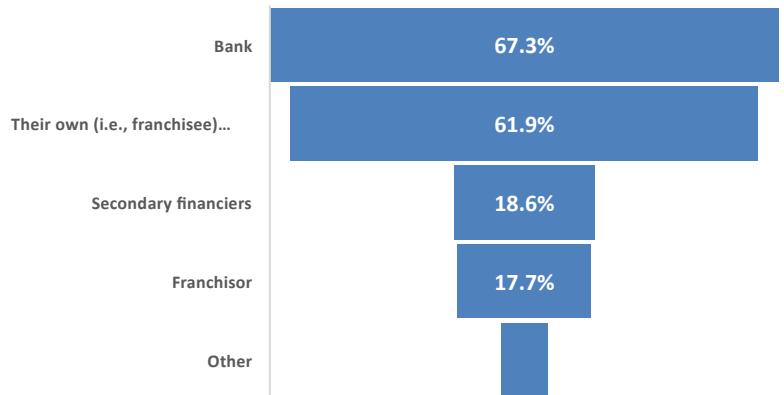
The survey data indicates that while many potential franchisees are enthusiastic in franchising, some may face challenges in securing the necessary capital. Consequently, franchisors report a lack of equity as a common obstacle for prospective franchisees seeking financing.

However, access to specialised franchising banking knowledge has become less of a concern since 2021, with respondents suggesting that funders' understanding of franchise models has significantly improved.

Traditional bank financing remains the dominant source for new franchisees, supplemented by personal resources. While alternative financing options and franchisor support also play roles, they are less significant compared to traditional sources.

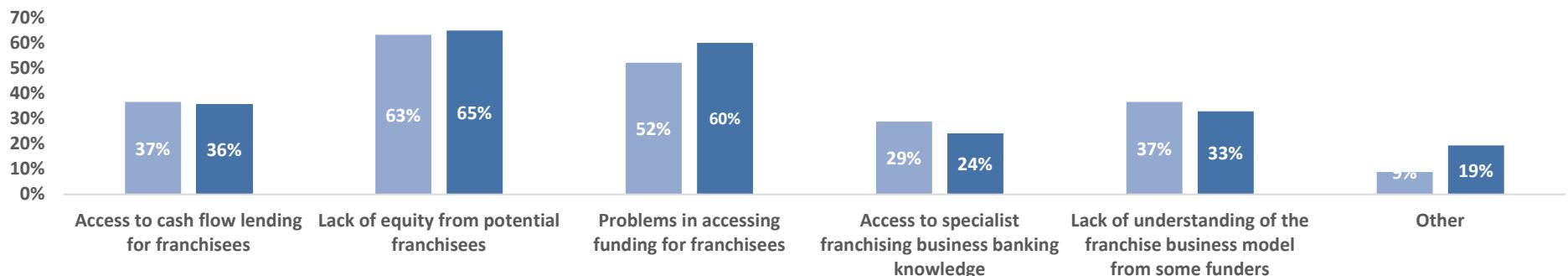
B2: Which of the following, if any, issues did you experience when obtaining finance for new franchisees?

Primary Source of Funding for New Franchisees



B3 - Where are your new franchisees primarily sourcing their funding from?

Issues Obtaining Finance for New Franchisee 2021 vs 2024



Notes:

A total of 113 respondents provided a response.
The median value was \$30,000.

■ 2021 ■ 2024

DISPUTES

KEY FACTS

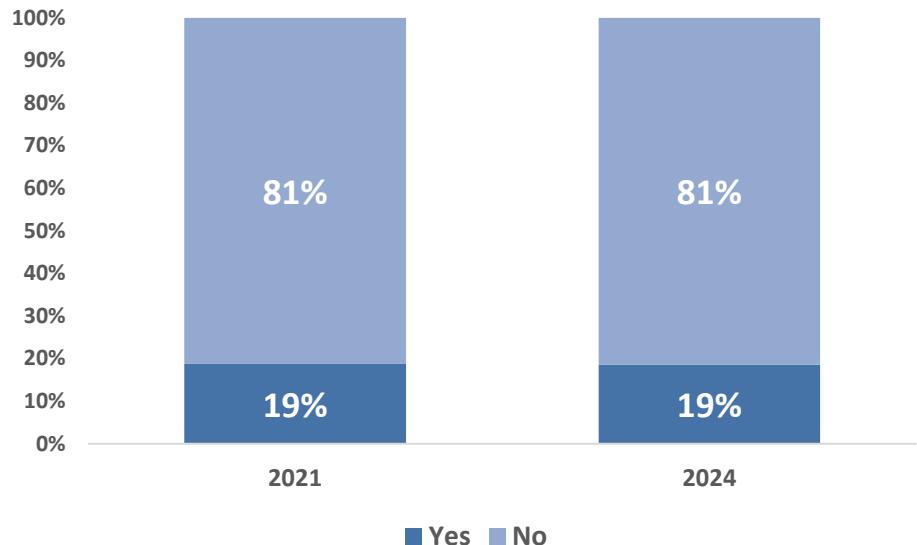
The survey results reflect encouraging stability in the franchising sector in terms of franchisor-franchisee relations. Only 1.5% of our respondents' franchisees were involved in a dispute over the last 12 months.

81% of respondents in both 2021 and 2024 reported no disputes with franchisees that required external advisory support, highlighting a largely harmonious franchising environment.



B4: In the past 12 months, has your brand been involved in any dispute with a franchisee that involved professional, external advisory assistance?

**Franchisee Dispute Frequency
2021 vs 2024**



Notes: A total of 113 respondents provided a response.

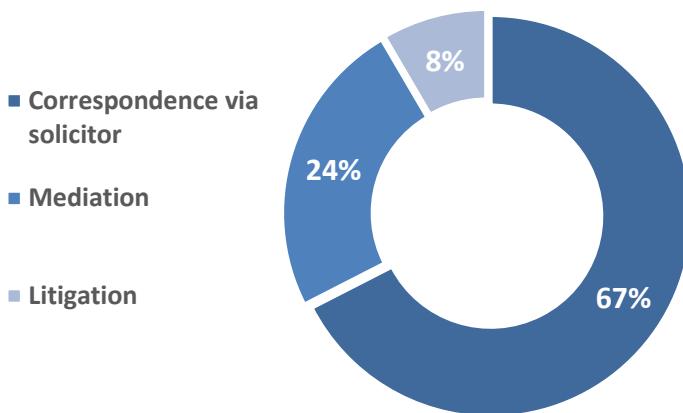
B5: Please indicate the number of franchisees in these disputes:

The percentage of disputes handled through correspondence via solicitors has decreased significantly from 80% in 2021 to 67% in 2024.

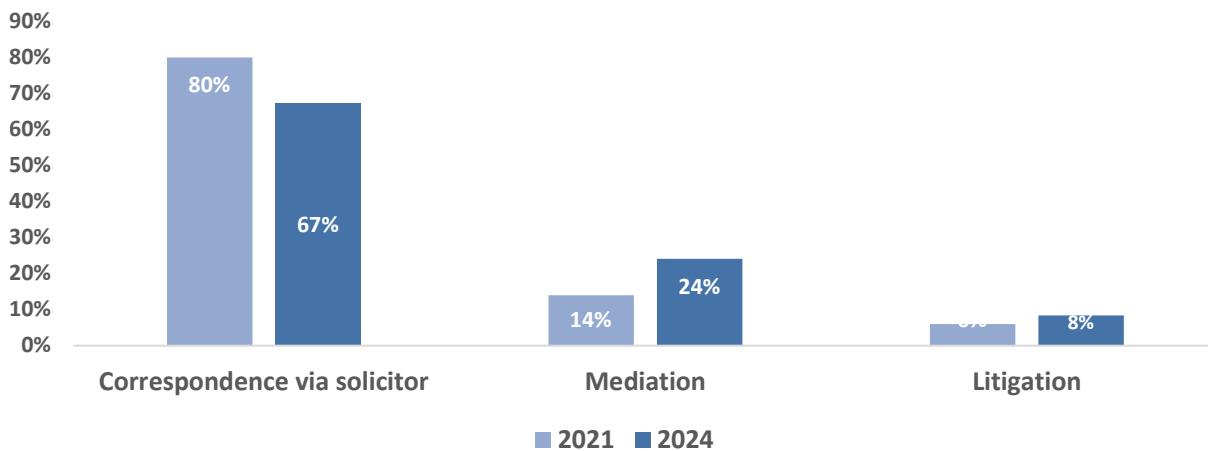
Mediation has emerged from the data as a prominent alternative resolution method, rising from 14% in 2021 to 24% in 2024. This reflects a trend toward more collaborative, less adversarial means of resolving disputes.

Litigation accounted for 8% of the respondents' disputes, suggesting that most franchises prioritise other methods of resolution before resorting to formal legal proceedings. This low percentage indicates a preference for resolving conflicts in a manner that avoids the costs and complexities of litigation.

Franchisee Disputes Type - 2024

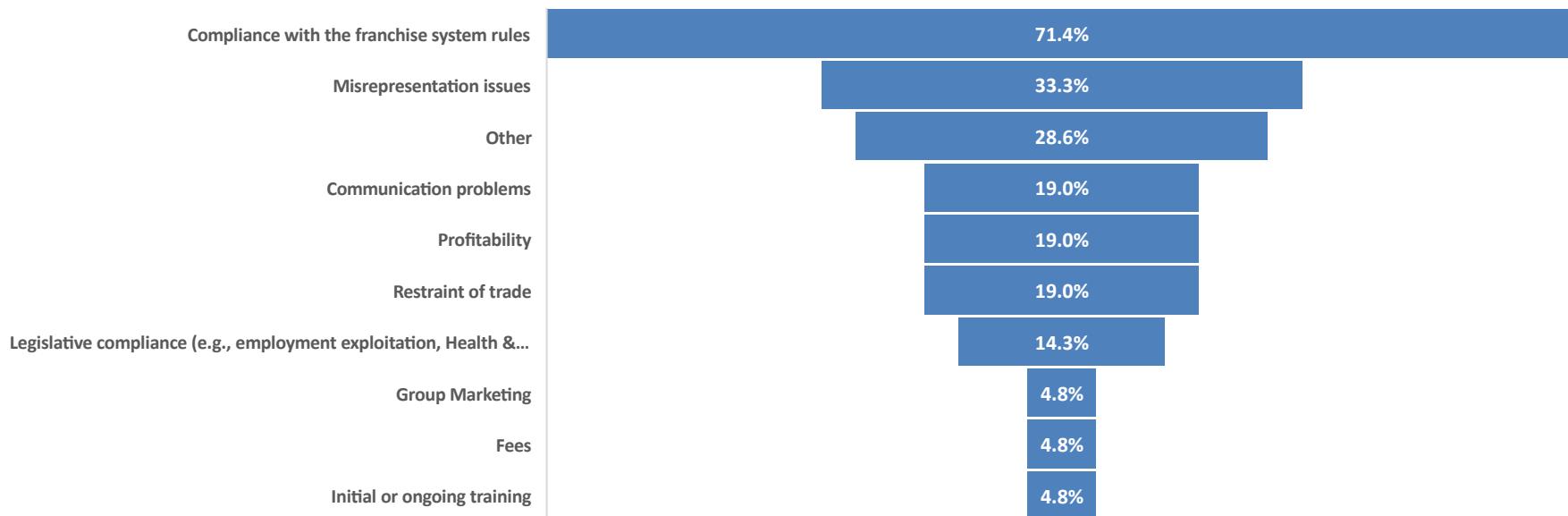


Franchisee Dispute Types 2021 vs 2024



B6: Which of the following do you consider to be the main causes (whether franchisor or franchisee generated) of these disputes?

Causes of Disputes



These survey results suggest that compliance with system rules is the dominant factor driving disputes in franchising, followed by issues related to misrepresentation and communication. This underscores the critical need for effective training, clear communication, and transparent practices in maintaining positive franchise relationships.

ENVIRONMENTAL SUSTAINABILITY AND ETHICAL SUPPLY CHAINS

Many of our respondents actively implement environmental sustainability and ethical measures within their operations. The most common environmental sustainability measures implemented by the responding New Zealand franchises include:

1. Energy & Resource Efficiency:

- Use of solar energy, electric vehicles, hybrid policies, and battery-powered equipment.
- Adoption of paperless environments and reduction of single-use plastics.

2. Waste Reduction & Recycling:

- Compostable packaging, recycling initiatives, and elimination of plastic bags and straws.
- Food waste recycling and customer incentives for using reusable containers.
- Discounts on plant-based meals to promote sustainable diets.

3. Sustainable Sourcing:

- Local sourcing and sustainable supply chains, including ethically sourced eggs and materials.
- Regular checks to ensure environmental ethics among suppliers.

4. Certifications & Compliance:

- Many franchises hold certifications like Toitu, Environmental Choice, or are pursuing B Corp status.
- Adherence to ESG policies with formal reporting on environmental and ethical practices.

The most common ethics measures include:

1. Fair Labor & Anti-Slavery:

- Ensuring ethical supply chains with checks on labour practices and a commitment to the living wage.

2. Social Responsibility & ESG:

- Strong focus on social responsibility goals, local community support, and ESG compliance, with regular public reporting.



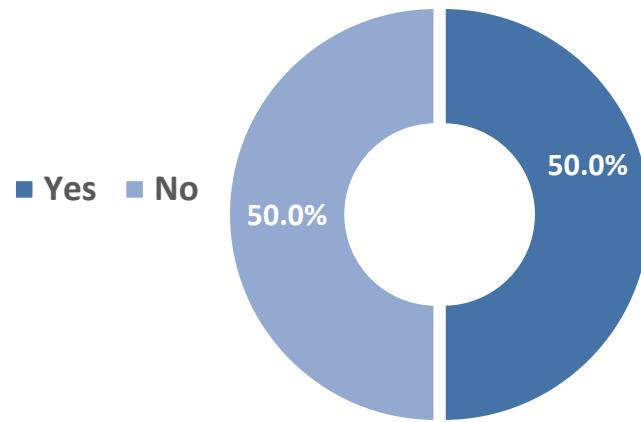
DIVERSITY, EQUITY AND INCLUSIVITY

B8: Does your franchise system have diversity, equity, and inclusivity policies for employees and franchisees?

50% of respondents have diversity, equity, and inclusivity policies for employees and franchisees within their operations. Such policies are implemented in the following ways:

1. **Non-discrimination:** Many franchisors have zero-tolerance policies for discrimination based on race, gender, or other personal attributes, with hiring based on merit and skills.
2. **Equal Opportunity:** Several respondents identify as Equal Employment Opportunity (EEO) employers, offering fair treatment to all candidates and specific diversity policies to ensure inclusivity.
3. **Cultural and Gender Diversity:** Most working environments are multicultural and multi-gender, with some respondents noting a 50% male-female ratio and a high ESOL presence.
4. **Respectful Workplace:** Emphasising respect, anti-bullying, and anti-harassment in the workplace, supported by published values or codes of conduct.
5. **Legal Compliance:** Many follow national employment laws and adhere to DEI policies from their head offices, ensuring compliance with non-discrimination regulations.
6. **Ongoing Development:** A few of our respondents are still refining their DEI efforts as their teams expand.

Diversity, Equity, and Inclusivity Policies

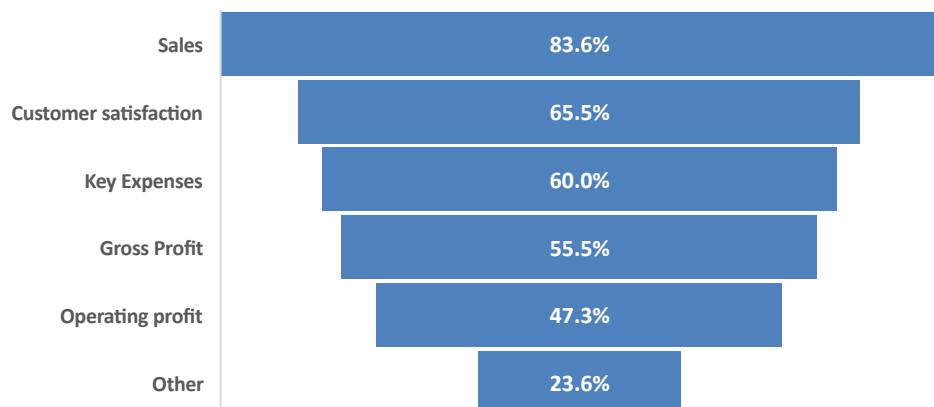


BENCHMARKING

B9: Do you currently collect and share (at least once per year) the following franchisee benchmarking information with your franchisees?

	Count	Percentage
Sales	92	83.6%
Customer satisfaction	61	55.5%
Key Expenses	66	60.0%
Gross Profit	52	47.3%
Operating profit	72	65.5%
Other	26	23.6%

Collecting and Sharing Benchmarking Information



Notes: 110 respondents provided a response. Multiple responses were recorded from some respondents.



Sales is the most commonly shared benchmarking metric among our respondents, with 83.6% of franchise businesses sharing this information with their franchisees. Customer satisfaction is also a frequently shared metric, reported by 65.5% of respondents, indicating that maintaining customer experience is a key priority. Key expenses are shared by 60.0% of franchises, reflecting the importance of managing operating costs.

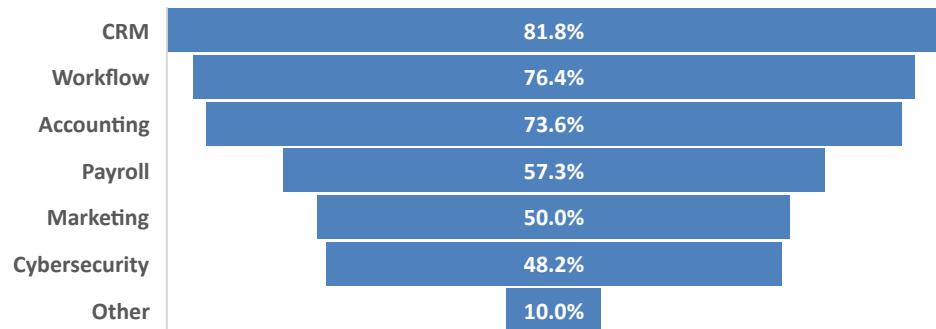
These insights indicate that while most franchises emphasise financial and performance data like sales, customer satisfaction, and expenses, fewer are sharing more detailed profit measures.

Those who share other forms of benchmarking information responses highlighted a strong focus on collecting other forms of customer behavior, operational efficiency, and financial information, with many franchises planning to enhance their data-sharing practices.

TECHNOLOGY ADOPTION

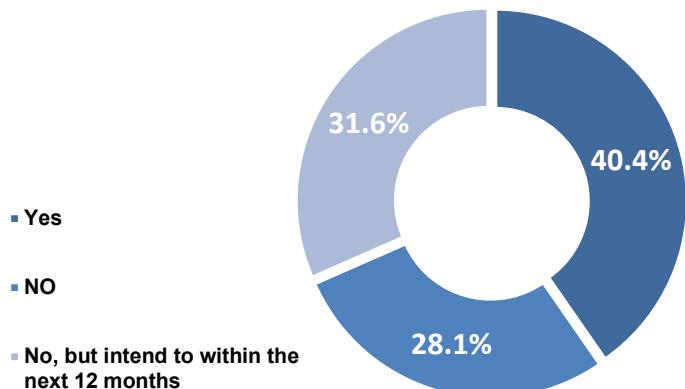
B10 - Has your franchise implemented technology solutions within the following areas?

Areas of Tech use within Franchise Systems



B11 - Does your franchise currently use AI technology within your franchise system?

AI use within franchise system



The majority (82%) of our respondents use CRM technology, highlighting the priority of managing customer relationships and optimising sales. The high adoption of workflow (76.4%) and accounting (73.6%) tech solutions shows a strong focus on reducing manual work, operational efficiency, and financial management. Payroll (57.3%) adoption is lower, indicating some reliance on traditional methods. Marketing (50.0%) and Cybersecurity (48.2%) technologies are relatively less common, signaling areas for potential growth in digital marketing and data protection.

Most respondents (72%) either already use or plan to integrate AI technology soon, highlighting a growing trend toward AI adoption in the sector. Our respondents indicated a diverse application of AI across various functions including:

- Content creation for marketing purposes
- Chatbots for customer service and lead generation
- Research and data analysis (consumer behaviour analysis, performance tracking, etc.)
- CRM
- Email communications

Many franchises are currently utilising AI tools, particularly ChatGPT, to enhance the efficiency and effectiveness of their operations.

A wide-angle photograph of a sunset over the ocean. The sky is filled with dramatic, orange and yellow clouds. The sun is low on the horizon, casting a warm glow over the water. Waves are crashing onto a sandy beach in the foreground, with white foam visible. The overall atmosphere is serene and beautiful.

SECTION C

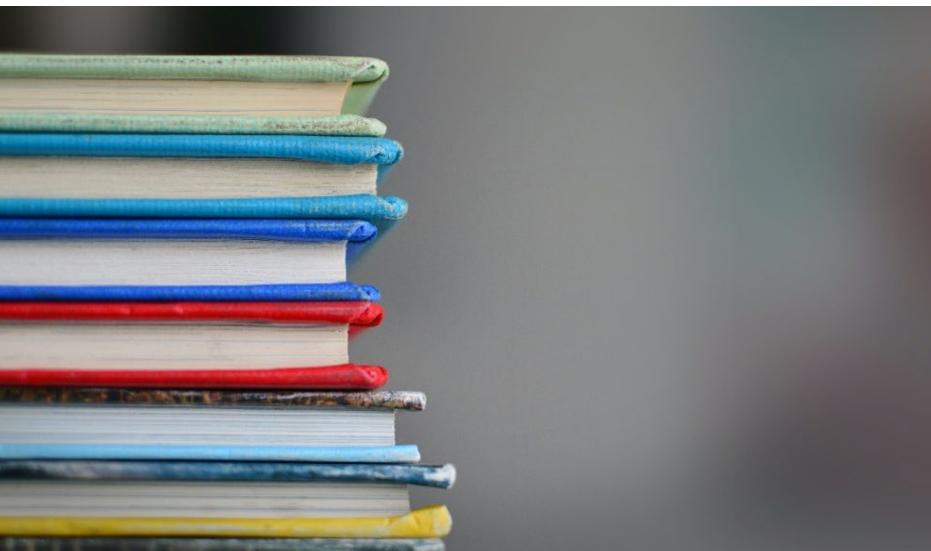
Franchise Operations

TRAINING & SUPPORT

The median training duration for new franchisees remains steady at 14 days, consistent with 2021, suggesting that two weeks has become the preferred standard.

The proportion of responding franchisors offering 1-10 days of formal training to new franchisees rose from 39% in 2021 to 48% in 2024. Meanwhile, the percentage of longer training programs (21+ days) dropped significantly from 33% to 19% over the same period, suggesting a trend toward optimising training efforts for efficiency.

This shift toward shorter or moderate-length training programs, rather than extended sessions for new franchisees in 2024 may be influenced by advancements in training methods and the growing use of digital tools and online resources.



C1: How many days of formal Franchise Training do you provide to a new franchisee when joining the franchise system?

Days of Initial Training for New Franchisees	Number of responses	Percentage
1 to 5 days	30	28.3%
6 to 10 days	21	19.8%
11-20 days	35	33.0%
21 to 30 days	17	16.0%
31 to 60 days	1	0.9%
More than 60	2	1.9%
Total	106	100.0

Notes A total of 106 franchisors provided a response. Training ranged from 1 to 90 days.

C2: Are you aware of MBIE's online training for new employers?

Awareness of MBIE's online training for new employers	Count	Percentage
Yes	23	20.5
No	89	79.5
Total	112	100.0

Notes: A total of 87 franchisors provided a response.

Similarly, the results also reveal a notable shift toward shorter and more concise training programs for established franchisees.

The proportion of franchises offering 1-10 hours of training annually has risen from 23.2% in 2021 to 36.2% in 2024. Conversely, the percentage of franchises providing more than 21 hours of training has decreased from 49.5% to 34.3% during the same period.

This trend is reflected in the decline of median training hours for established franchisees, which fell from 16 hours in 2021 to 12 hours in 2024.

Nevertheless, an impressive 92% of franchisors continue to offer regular training for their franchisees, emphasising best practices and compliance.

C3: On average, how many hours of Direct Franchise Training do you provide to an already established franchisee annually?

Hours of Initial Training for Established Franchisees	Number of responses	Percent
No training	9	8.6%
1 to 10 hours	38	36.2%
11 to 20 hours	22	21.0%
21 to 50 hours	24	22.9%
51 to 100 hours	11	10.5%
More than 100 hours	1	1.0%
Total	105	100.0

Notes:

A total of 105 franchisors provided a response.



The shifting landscape of franchise training also applies to formal initial training for new franchisee employees in their first year. The percentage of responding franchises who provide no training to new franchisees increased from 1.1% in 2021 to 8% in 2024. While there is a slight rise in minimal training (1-10 hours) vs the 2021 respondent base, overall stability is seen in the 51-100 hours category. Conversely, there is a decrease in training of more than 100 hours, suggesting a trend toward optimising training efforts for efficiency.

C4: On average, how many hours of Formal Initial Training are provided to a new franchisee employee in his/her first year? (whether provided by the franchisee or the franchisor)?

Hours of Initial Training for New Franchisee Employees in the First Year

	Number of responses	Percent
No training	8	8.2%
1 to 10 hours	18	18.6%
11 to 20 hours	16	16.5%
21 to 50 hours	22	22.7%
51 to 100 hours	21	21.6%
More than 100 hours	12	12.4%
Total	97	100.0

Notes:

A total of 97 franchisors provided a response.

The median duration of initial training for new franchisee employees was 32 hours.

The data suggests trends in ongoing training for established franchise employees, with the percentage of respondents providing no ongoing training increasing from 6.1% in 2021 to 17% in 2024. While the proportion offering 1-10 hours of training remains stable, a notable decrease in higher training levels (51-100 hours) indicates a shift toward more efficient training practices.

C5: On average, how many hours of direct ongoing training are provided (whether by franchisor and/or franchisee) to an already established employee of franchisees annually?

Hours of Ongoing Training for Established Employees Annually

	Number of responses	Percent
No training	9	17.0%
1 to 10 hours	16	30.2%
11 to 20 hours	10	18.9%
21 to 50 hours	16	30.2%
51 to 100 hours	2	3.8%
More than 100 hours	0	0.0%
Total	53	100.0

Notes:

A total of 53 franchisors provided a response.

The median duration of ongoing training for established employees was 15 hours per year.

The number of hours training ranged from 0 to 100 hours per year.



The data reveals positive trends in ongoing support for franchisees, with no businesses reporting zero support in both 2021 and 2024. In line with other training metrics, the percentage of franchises providing 1-10 days of support increased from 46% to 51.9%, reflecting a stronger commitment to foundational assistance. Conversely, there was a slight decline in the proportion of franchises providing 51-100 days and a significant drop in those offering more than 100 days, again suggesting a shift toward more efficient support strategies.

C6: On average how many days of general ongoing support including field support, phone support, meetings and conferences do you provide to your franchisees during the course of a year?

**Days of ongoing support
for Franchises per year**

	Count	Percentage
Zero	0	0.0
1 to 10 days	55	51.9%
11 to 20 days	17	16.0%
21 to 50 days	19	17.9%
51 to 100 days	3	2.8%
More than 100 days	12	11.3%
Total	106	100.0

Notes:

A total of 106 franchisors provided a response.

TOTAL START-UP COSTS

KEY FACTS

The median start-up cost of our 2024 respondent base was \$120,000 compared to \$150,000 in 2024. At the same time, the range of start-up costs expanded, growing from \$1 to \$1,000,000 in 2021 to \$280 to \$1,500,000 in 2024. This expansion indicates a broader variety of franchise opportunities, potentially reflecting trends toward affordability, with many franchises clustering at lower or moderate investment levels such as \$50,000, \$100,000, and \$200,000. The wide range of investment options highlights the accessibility of franchising for a diverse set of potential investors, from budget-friendly small-scale operations to high-investment opportunities for those with substantial capital.

Our retail franchise respondents saw the most significant decrease in start-up costs, while non-retail franchises remained more stable at the median level. Historically, retail franchises have been more expensive to start, but the gap between the cost of the retail and non-retail survey participants narrowed in 2024. The difference in median start-up costs dropped from \$190,000 in 2021 to \$100,000 in 2024, indicating a relative increase in affordability for retail franchises.



C7: What is the total start-up cost of a new franchise unit (excluding GST)?

Total Start-up Costs - New Franchise Unit

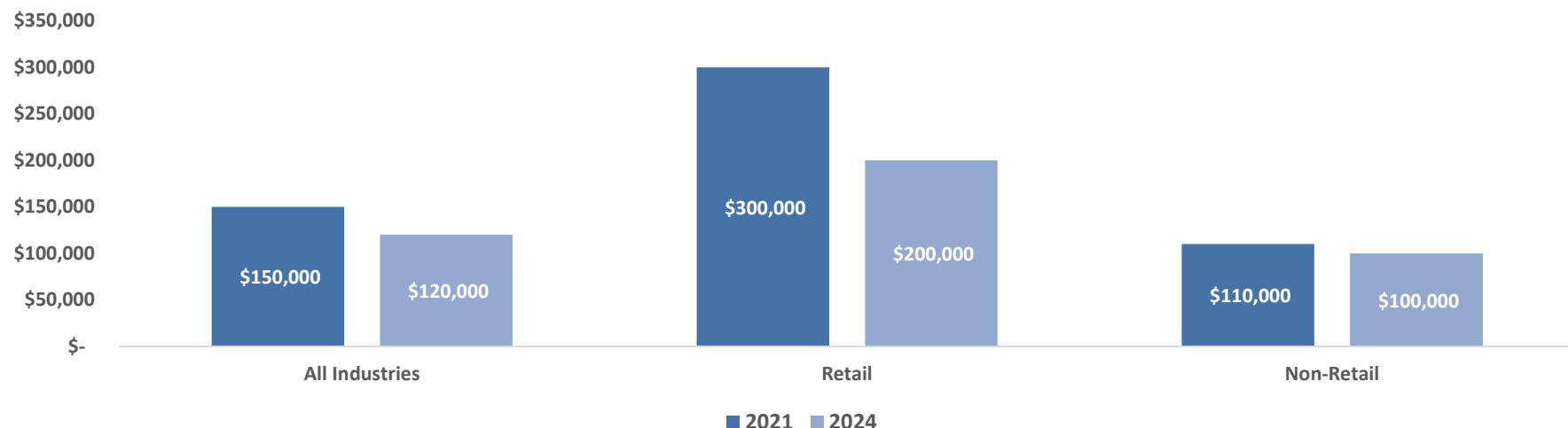
	Median	Range
All Industries	\$120,000	\$1.00 - \$1,000,000
Retail	\$200,000	\$150,000 - \$1,000,000
Non-Retail	\$100,000	\$1.00 - \$900,000

Notes:

A total of 109 franchisors provided a response.



Median Total Start-up Costs - New Unit 2021 vs 2024



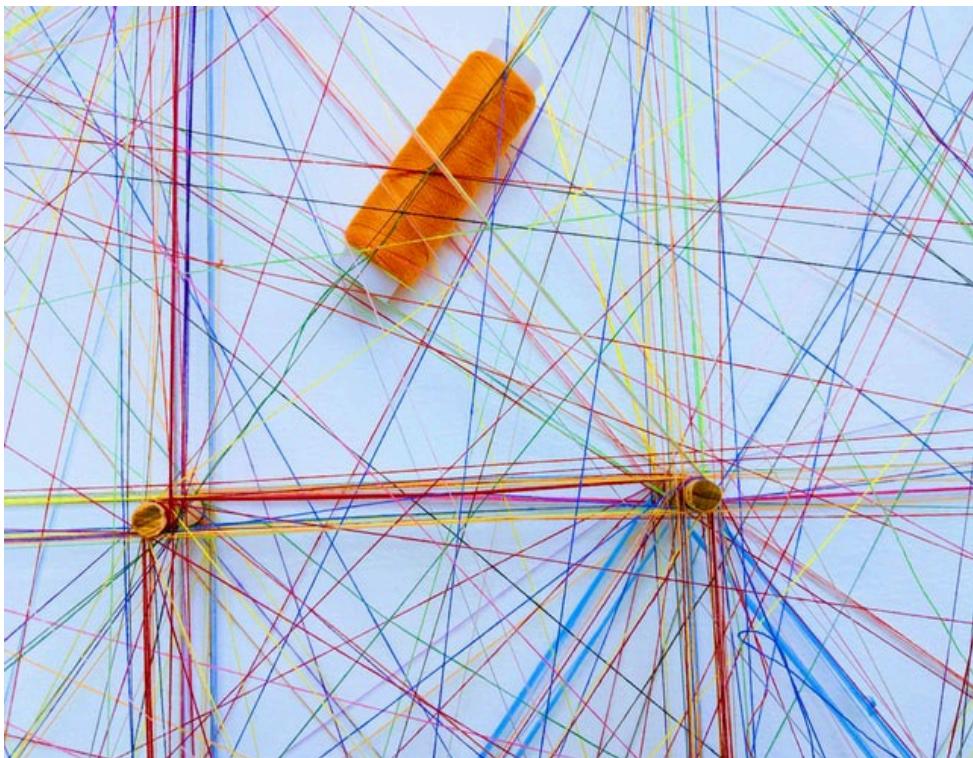
MULTIPLE UNIT FRANCHISING KEY FACTS

Seventy percent of franchisors have multiple-unit franchisees.

Franchise systems have a median of 2 multi-unit franchisees that operate an average of 2 units each.

Most multiple-unit franchising occurs in larger and more experienced franchise systems.

56% of franchisors who submitted a response have up to 5 franchisees operating multiple units. This compares to 51% in 2021, implying an increasing inclination toward small-scale multi-unit ownership. Conversely, the proportion of systems reporting 11-20 multi-unit franchisees dropped from 6% to 2%, suggesting a drop in medium-sized multi-unit operations. The share of systems with no multi-unit franchisees remains around 30%.



C8: How many of your current franchisees operate more than one unit in your system?

Number of Multi-Unit Franchisees	Number of responses	Percent
None	33	29.7
Up to 5 franchisees	62	55.9
6 to 10 franchisees	11	9.9
11 to 20 franchisees	2	1.8
More than 20 franchisees	3	2.7
Total	111	100.0

Notes:

A total of 111 franchisors provided a response.
The median number of franchisees holding multiple units was 2.

INTERNATIONAL FRANCHISING KEY FACTS

Seventy-three percent of franchise systems were founded in New Zealand.

Seventeen percent of NZ-based franchisors are currently operating overseas.

There has been a slight reduction in planned overseas expansions compared with 2021.

According to the data provided by participating franchisors, the percentage of New Zealand franchises not franchising overseas increased from 79% in 2021 to 83% in 2024.

Moreover, the data suggests that in the past eight years, the franchise sector has seen a shift in ambitions for international expansion. In 2017, 48% of responding New Zealand systems not yet franchising overseas expressed an intention to do so within a two-year period. In 2021, this number more than halved, with only 19% signalling this intent. This has continued in a more stable manner over the last four years, with 17.6% of NZ-based domestic-only systems now reporting an intention to franchise their concepts overseas by 2026. This suggests more inclination toward maintaining operations within the country with fewer respondents looking at international growth as a strategic priority for the near future.



C9 Are you:

- a) A New Zealand founded franchise system
- b) A Master Franchisee/Licensee of an international brand
- c) A Subsidiary of an International brand
- d) Other

Domestic / International Franchise Brand

	Number of responses	Percent
A New Zealand founded franchise system	82	72.6
Master Franchise/ Licensee of an International brand	21	18.6
Subsidiary of International brand	8	7.1
Other	2	1.8
Total	113	100.0

Notes:

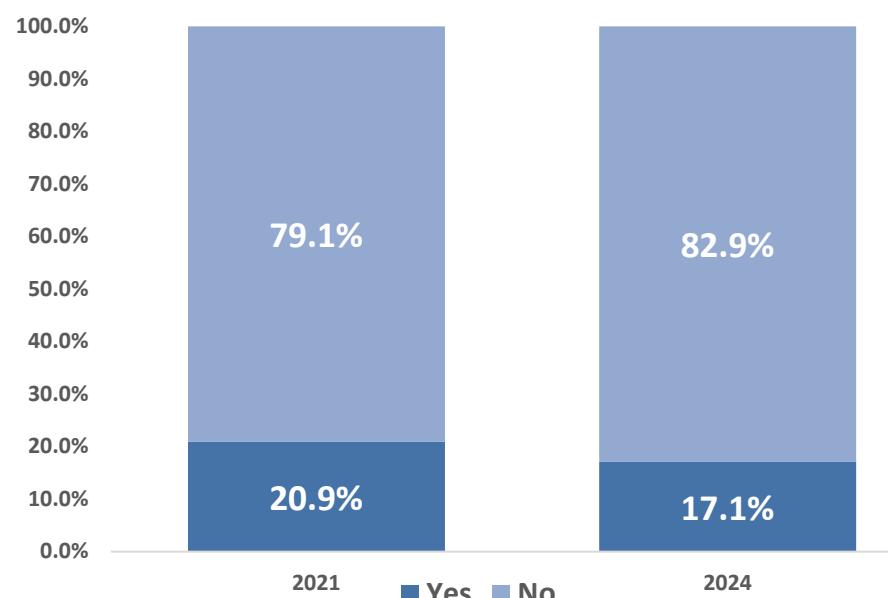
A total of 113 franchisors provided a response.

C10 Are you (NZ systems) currently franchising overseas as well?
Franchising Overseas

	Number of responses	Percent
Yes	14	17.1
No	68	82.9
Total	82	100.0

Notes:

The expected number of 114 respondents provided answers to this question.

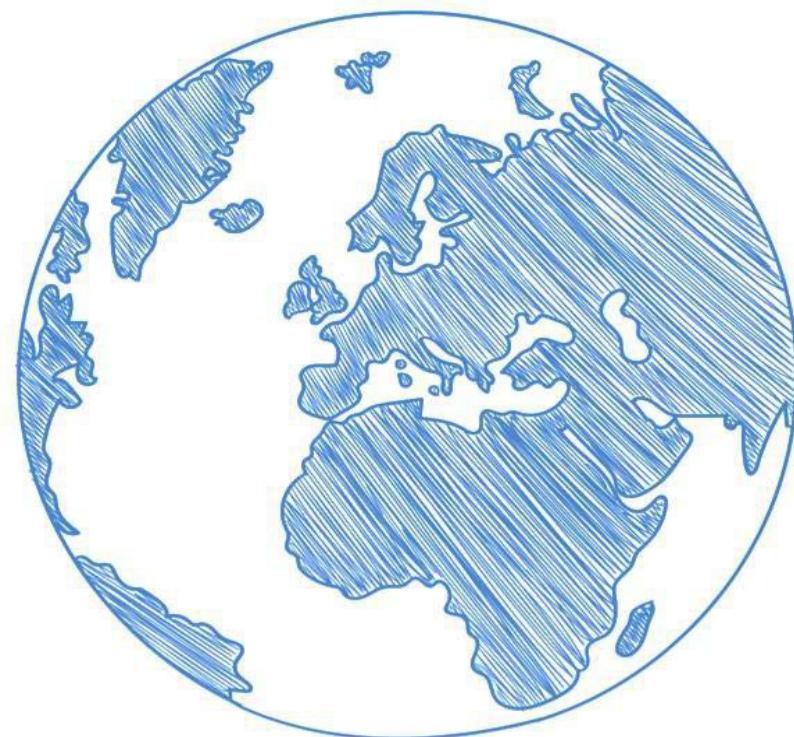
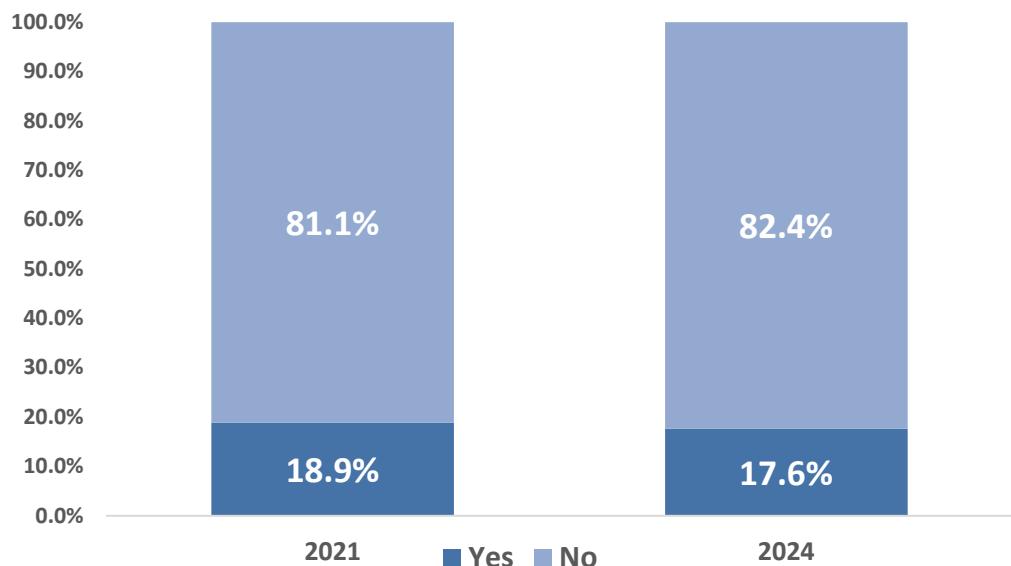
NZ Systems Franchising Overseas 2021 vs 2024


C11: Are you (NZ systems currently not franchising overseas) planning to expand overseas within the next two years?

Planned Overseas Expansion

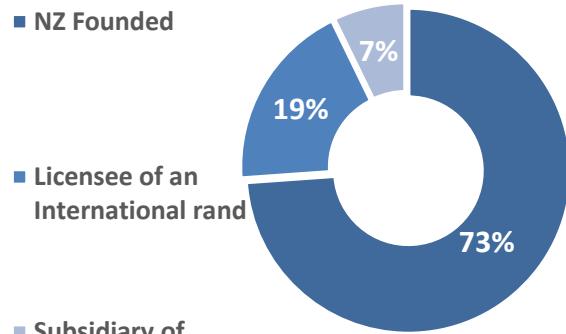
	Count	Percentage
Yes	12	17.6
No	56	82.4
Total	68	100.0

NZ Systems Planning to Franchise Overseas Next Two Years 2021 vs 2024

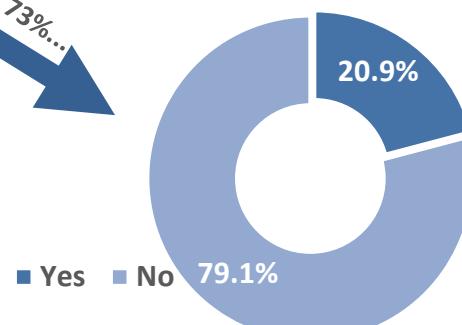


INTERNATIONAL FRANCHISING OVERVIEW

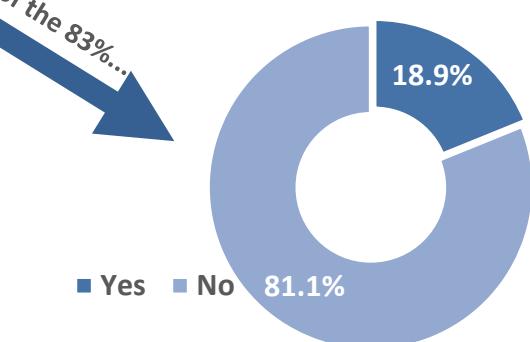
Domestic vs International Franchise Brand



NZ Systems Currently Franchising Overseas



NZ Systems Planning to Franchising Overseas - Next Two Years



MIGRANT FRANCHISEES

KEY FACTS

Immigration remains a focus topic within New Zealand's business and political environment, especially as the country navigates immigration policy and its impact on many businesses. The proportion of participating franchisors not actively recruiting migrants or new Kiwis rose from 61.5% in 2021 to 67.9% in 2024. Despite this, the percentage of respondents planning to recruit migrants or new Kiwis in the future rose from 2.1% in 2021 to 4.5% in 2024.

C12: As franchisor, do you actively recruit migrants or new Kiwis ('new' means arrived within the past 5 years) as franchisees?

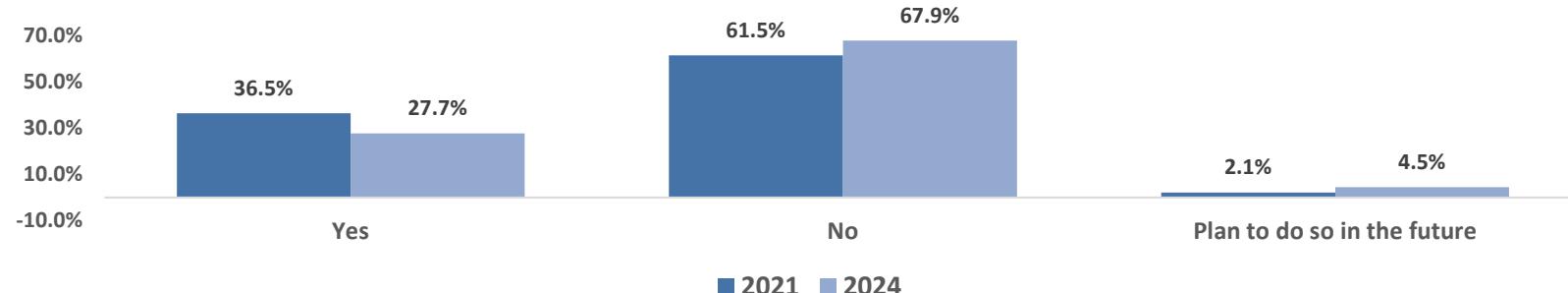
Recruit Migrant Franchisees	Number of responses	Percent
Yes	31	27.7
No	76	67.9
Plan to do so in the future	5	4.5
Total	112	100.0

The percentage of franchises reporting no migrant or new Kiwi franchisees has increased from 14% in 2021 to 24% in 2024. A larger proportion of our respondent base now have either no migrant franchisees or a larger proportion (51-75%), with declines in the middle ranges (1-50%) compared with the 2021 survey responses.

C13: What percentage of your current franchisees are migrants or new Kiwis?

Percentage of Franchisees who are migrants	Number of responses	Percent
None	21	23.6
1 to 25%	35	39.3
26 to 50%	11	12.4
51 to 75%	12	13.5
76 to 100%	10	11.2
Total	89	100.0

**Actively Recruiting Migrants or New Kiwis
2021 vs 2024**



FRANCHISEE OWNERSHIP

DEMOGRAPHICS BREAKDOWN

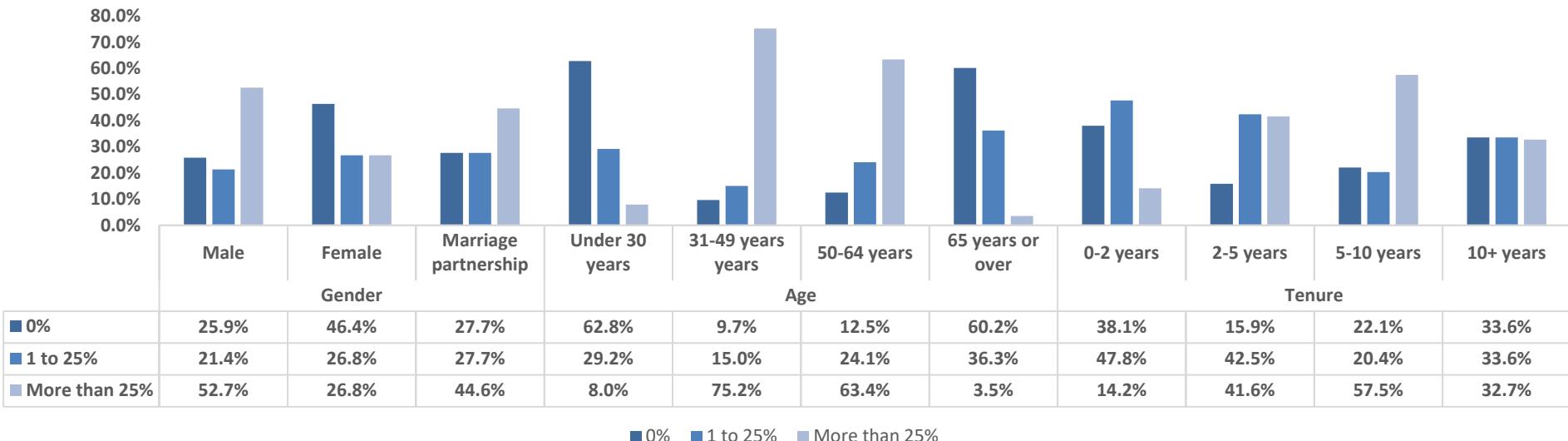
Gender Distribution of Ownership: Franchise ownership remains skewed towards male and marriage partnership ownership structures. The median percentage of respondents that are solely owned or primarily managed by males stands at 31.5%, compared to just 5% owned by females and 25% by married partnerships. This trend reflects a broader pattern, as 25.9% of franchises report having no male ownership, 46.4% lack any female ownership, and 27.7% indicate no ownership by married couples. Additionally, 53% of respondents have males solely owning or managing more than 25% of their franchisees, while 45% report the same for married couples. In contrast, only 27% of franchises indicate that females solely own or manage over a quarter of their franchisees.

Age Distribution of Ownership: The age of reporting franchise owners is notably concentrated in the 31-49-year age group, with 75% of franchises having more than half of their franchisees predominantly managed by individuals in this demographic. In contrast, ownership by individuals under 30 and over 65 is comparatively rare, with roughly 60% of our participants reporting 0% ownership within these age groups, compared to only 10% for the 31-49-year-olds. Franchise owners aged 50-64 also hold a prominent role. 63% of franchises have people of this age group owning or managing more than 25% of their franchisees.

Tenure Distribution of Ownership: The tenure of franchise owners reveals interesting patterns in ownership share. 58% of participating franchisees have people with 5-10 years of experience managing more than a quarter of their franchises. The 2-5 years also range represents a large proportion of franchisee ownership, with 42% of franchises having people within this tenure category solely owning or managing more than a quarter of their franchisees, while only 14% and 33% of franchise report the same for 0-2 and 10+ year range respectively.

C14 Approximately what percentage of your franchises are owned by the following groups?

Franchisee Ownership - Demographic Breakdown





SECTION D

The Big Questions...

CHALLENGES FOR THE FRANCHISING BUSINESS MODEL

Notes A total of 92 franchisors provided a response.
Open-ended question

D1 – What challenges, if any, do you see for the franchising business model generally going forward?

1. Economic Challenges

- **Profitability Concerns:** Rising costs, particularly labour, rent, and operational expenses, are squeezing the margins of some respondents. Respondents also noted that economic uncertainty and low consumer confidence make profitability harder to achieve across their franchise networks.
- **Inflation and Recession Fears:** Inflation and the risk of recession are reducing the confidence of some respondents.
- **Changing Consumer Sentiment:** Some franchisors noted that the current economic climate is impacting consumer behaviour, which may result in reduced spending.

2. Labor and Recruitment Issues

- **Recruitment of Franchisees and Employees:** Attracting both qualified franchisees and employees is becoming increasingly difficult for some respondents, with concerns about finding the right candidates who have industry knowledge and the necessary skills.
- **Wage Increases and Labor Costs:** The rising minimum wage and other labour-related expenses are putting additional pressure on profitability, especially in industries that require a large workforce.

3. Operational and Strategic Concerns

- **Support and Capacity at Head Office:** Several franchisors are concerned about the capacity of their head office teams to offer full operational support as opposed to compliance monitoring.
- **Quality Control:** Maintaining standards across the franchise network, ensuring quality control.
- **Franchisee Flexibility:** Some respondents noted that franchisees are increasingly asking for more flexibility, which could affect franchisors' ability to manage and develop the system.

4. Other concerns

- **Saturation and Competition:** Oversaturation in some markets was highlighted as a concern, reducing franchisees' profitability. Respondents also mentioned competition from international e-commerce and smaller operators with lower costs.
- **Reluctance to Invest in Digital Tools:** Some respondents mentioned franchisees' resistance to adopting digital tools and initiatives due to concerns over return on ROI, even though these tools could enhance operational efficiency.

GREATEST OPPORTUNITIES

D2 – What are the greatest opportunities that your franchise has over the next 12 months?

Notes A total of 96 franchisors provided a response.
Open-ended question

1. Expansion & Growth

- **Geographic Expansion:** Some franchises aim to expand, both locally and internationally, into regions such as regional NZ, the South Island, and Australia. Several businesses also mentioned offshore expansion.
- **Franchise Network Growth:** Consistent themes include growing the number of franchises, onboarding new franchisees, and expanding store networks. Some businesses see opportunities to acquire struggling competitors and convert them to their brand.
- **Product and Service Diversification:** Expanding product lines is an important area of focus.

2. Leveraging Technology

- **AI and Digital Solutions:** Our respondents are aware of the potential for digital transformation. Many businesses see AI as a game-changer in enhancing customer service, marketing, and operational efficiencies. Technology is also seen as a tool for streamlining processes, improving decision-making, and amplifying team capabilities.
- **Online Presence and E-Commerce:** Franchises want to leverage key growth strategies by optimising websites, using online platforms for marketing, and utilising data to improve customer management.

3. Market Conditions & Economic Recovery

- **Economic Revival:** Some franchises see opportunities in a recovering economy, with hopes that improving conditions will boost consumer spending, lending, and sales. Lower interest rates and government spending are expected to create a more favourable business environment.

- **Competitor Weaknesses:** Several franchises view the failures or unsustainable pricing models of competitors as an opportunity to capture market share and attract former customers.
- **Recession and Unemployment:** A few responses indicate that higher unemployment may drive interest in franchise ownership, positioning franchises as stable income sources.
- Several businesses acknowledge the **challenging economic climate** but see this as an opportunity to grow market share, adapt their services, and become more efficient.

4. Sustainability & ESG Initiatives

- Some businesses are focusing on **sustainability and environmental** concerns, looking into renewable technologies (e.g., solar energy, electric vehicles) and differentiating their services through environmental, social, and governance (ESG) initiatives.

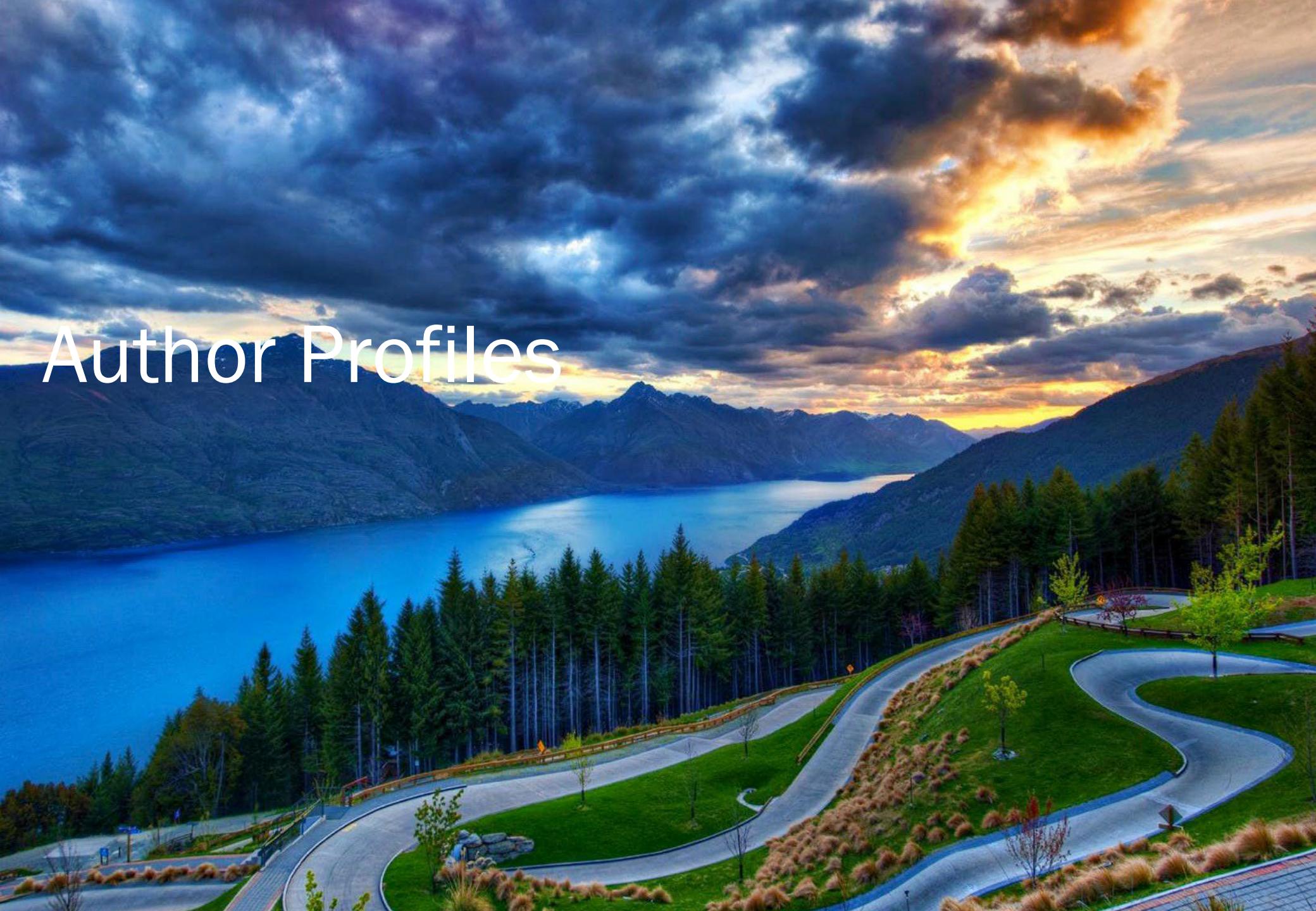
5. Training & Development

- **Upskilling** franchisees and staff are seen as an opportunity to provide higher-value services. Training and improving internal processes during quieter periods was also mentioned.

6. Innovation & Product Development

- **New Product Development:** There's interest in developing new service offerings. Innovation in technology and processes is also noted as an area of growth.

Author Profiles

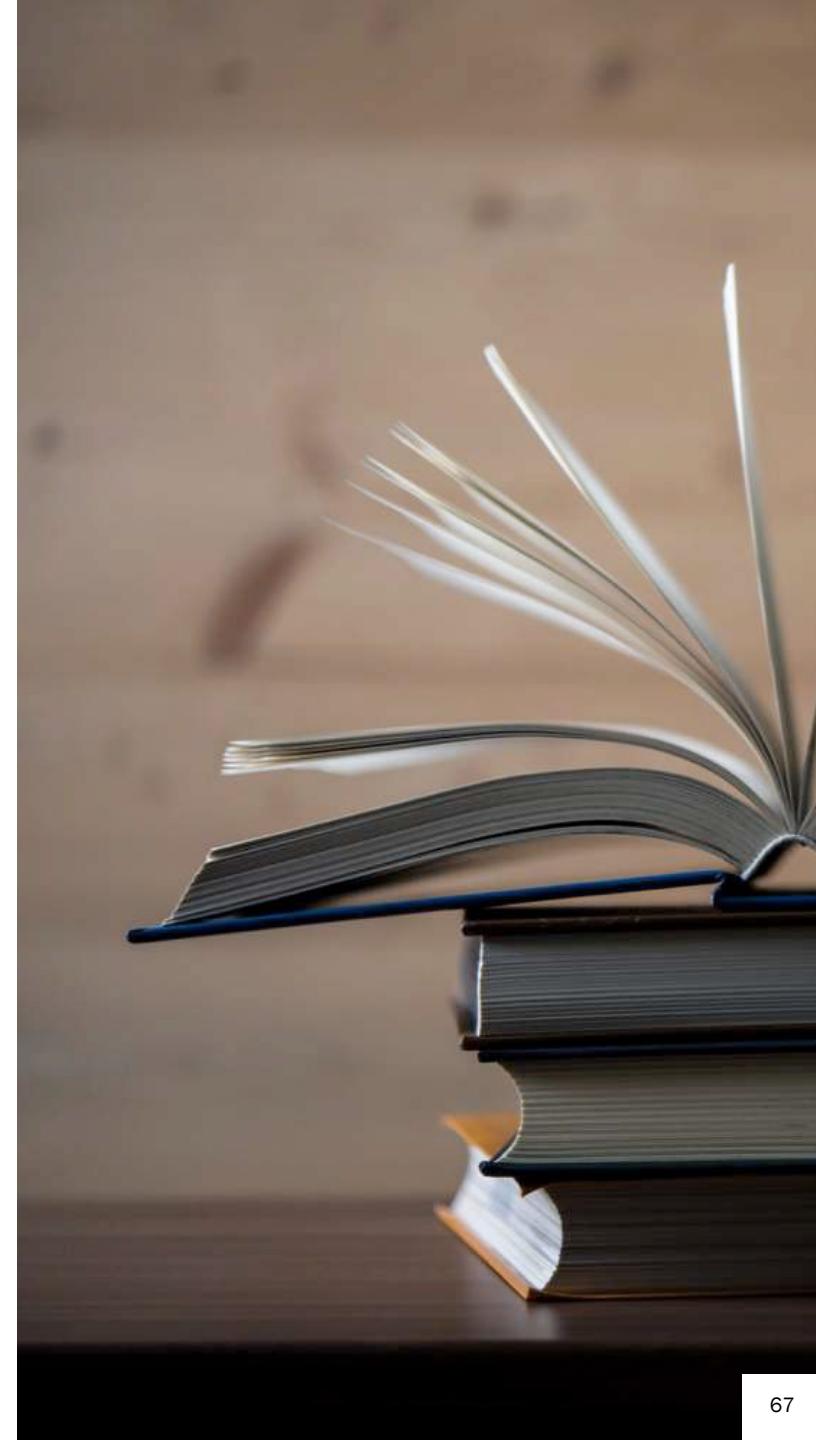


Dr Simon Moore

Simon Moore is the Massey Business School Research Manager. He completed his PhD in 2024 where he conducted research on the social implications of Artificial Intelligence on consumers' in-store experiences and shopping practices. Prior to his role at Massey, Simon built extensive experience in the market research industry, working with several agencies and developing expertise in both quantitative and qualitative research methodologies. Simon also worked on the analysis and reporting of the 2021 Franchising New Zealand survey.

Prof Jonathan Elms

Jonathan Elms is the Pro Vice-Chancellor of the Massey Business School. He is also the Sir Stephen Tindall Chair Professor in Retail Management and the founding Director of the Centre for Advanced Retail Studies (CARS). Prior to joining Massey in 2015, Jonathan spent several years at the Institute for Retail Studies, at the University of Stirling, Scotland. He holds a BSc (Hons) in Marketing, a MSc in Management, and PhD in Marketing from Lancaster University, UK. Jonathan's research interests include geographical and sociological approaches to market-based behaviours and practices. His work is widely published in international academic journals. A recognised authority in his field, he frequently provides expert commentary on retail and service management issues to national and global media. Jonathan is a sought-after speaker at both academic and industry conferences worldwide.





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