

Q4 2023

# Franchise Growth Benchmarks



AVERAGE CONSUMER AND FRANCHISE DEVELOPMENT  
CPL AND CPA ACROSS FRANCHISE VERTICALS

# BACKGROUND

The Franchise Growth Benchmark Report aims to offer comprehensive industry insights into the pivotal metrics that drive the expansion of our brands. Whether at the local level or in the domain of franchise development, understanding quantitative benchmarks is crucial for the success of our franchise industry.

Within this report, you will immerse yourself in key metrics derived from a survey encompassing 75+ brands across various industries and sizes. It delves into average cost-per-lead and cost-per-acquisition, addressing both franchise development and consumer marketing.

The survey aspires to furnish precise industry benchmarks, empowering franchisors to expand their brand footprints and enhance Average Unit Volume (AUV).

A handwritten signature in black ink that reads "Madeleine Zook". The signature is fluid and cursive, with the first letters of "Madeleine" and "Zook" being capitalized and prominent.

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## METHODOLOGY

- Anonymous Survey Across 75+ Brands
- Brand Size Spans Emerging (0-5 locations) to Legacy (500+ locations)
- Industries: Home Services, Retails, Business / Commercial Services,
- Food & Beverage, Youth Enrichment, Health & Wellness
- Some data points have been left blank if there were not enough responses to calculate an accurate average.

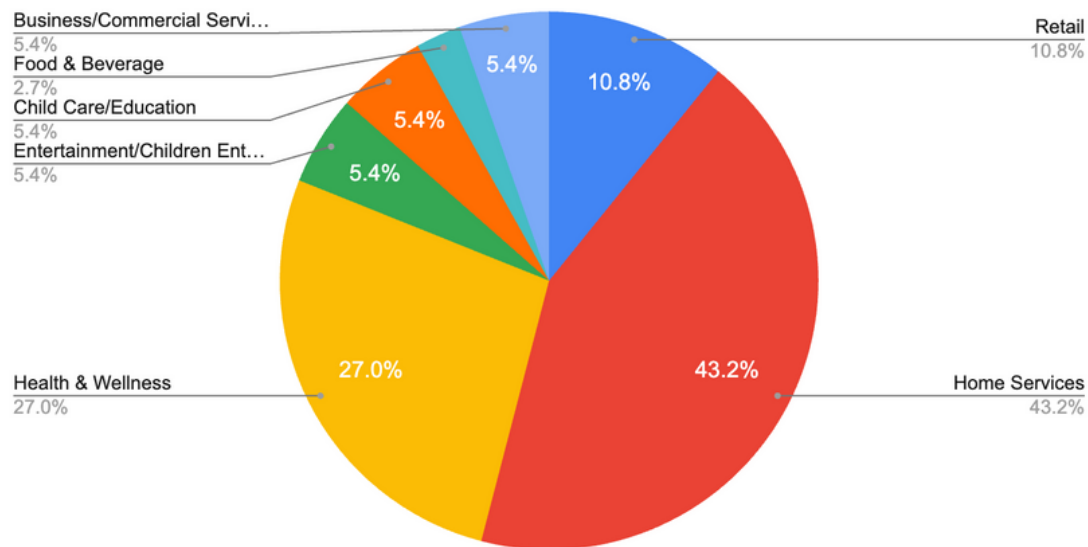
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# Consumer Marketing Growth Benchmarks

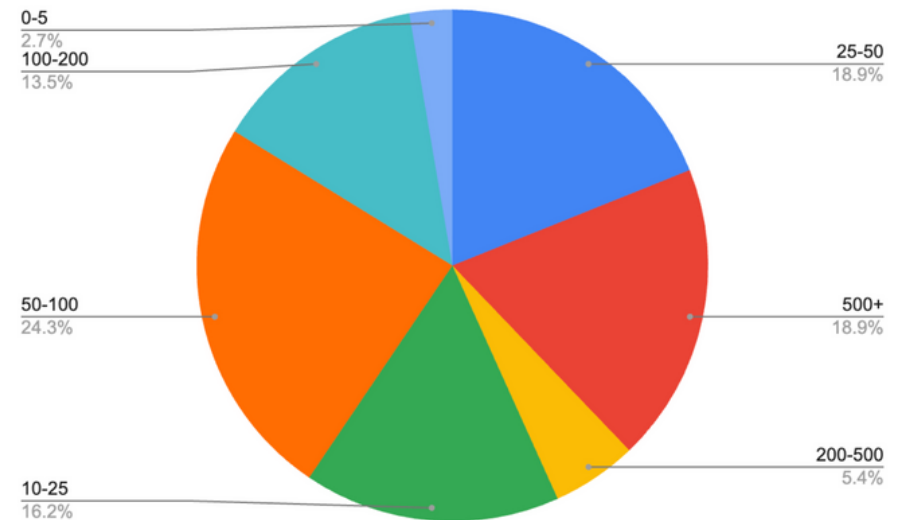


# SURVEY RESPONDENTS

WHAT INDUSTRY ARE YOU IN?

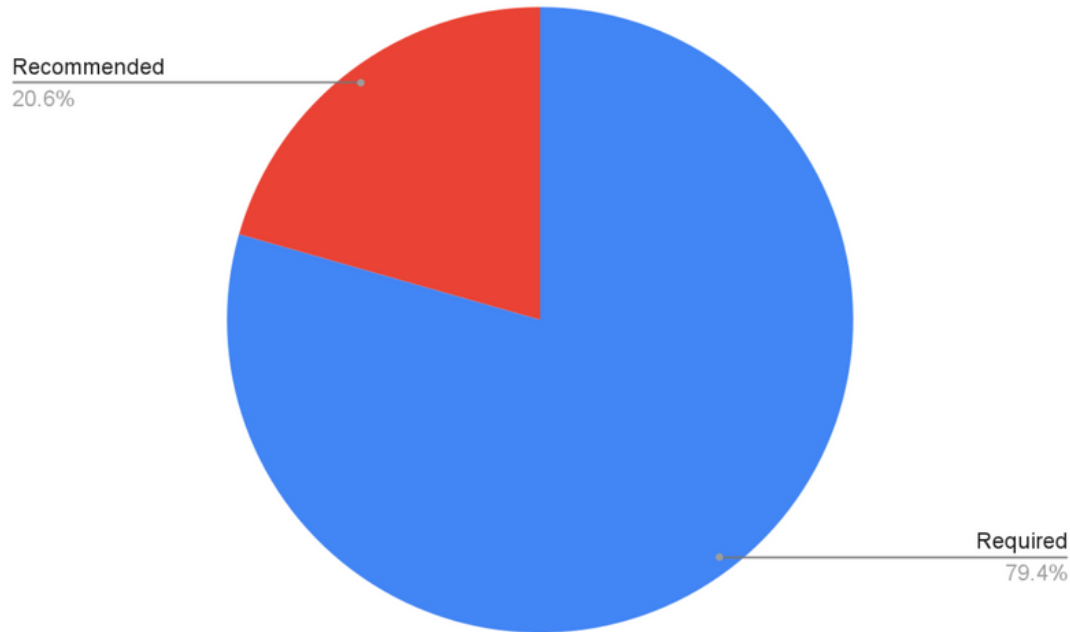


HOW MANY UNITS DO YOU HAVE OPEN?



# CONSUMER MARKETING BENCHMARKS

WHAT IS YOUR MONTHLY MARKETING SPEND STRUCTURE?

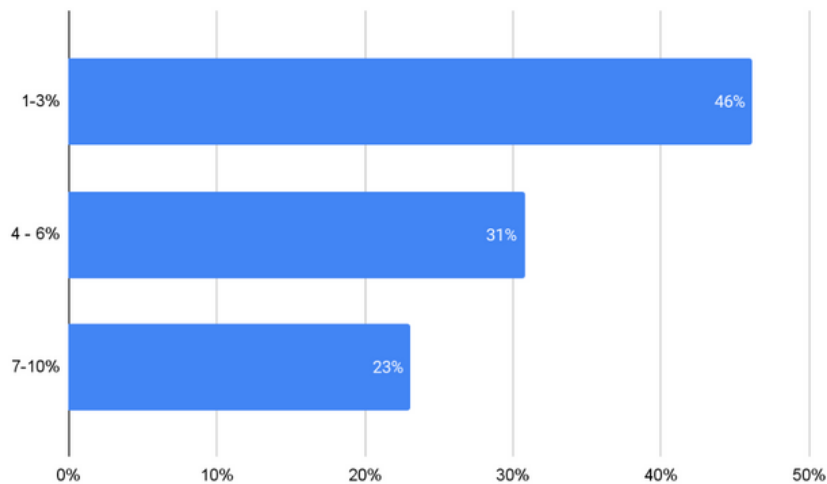


This data is crucial because when franchisees have a set monthly spending requirement, it helps us calculate overall benchmarks for CPC, CPL, and CPA more effectively. Without a consistent spending level among franchisees, it becomes challenging to identify specific factors affecting cost variations.

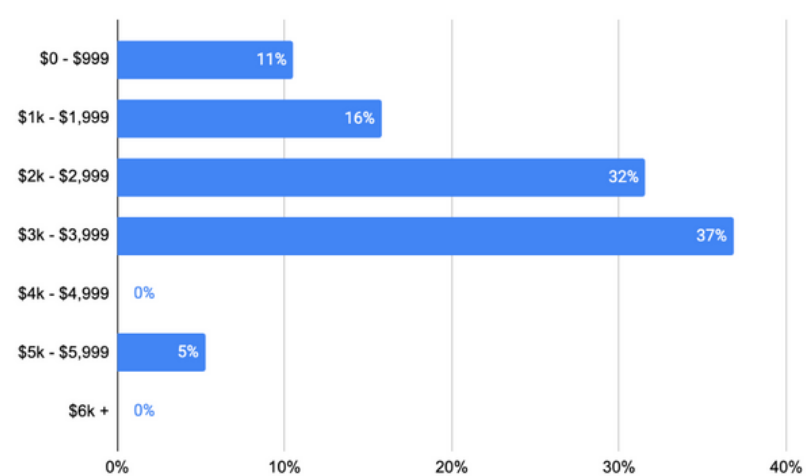
# CONSUMER MARKETING BENCHMARKS

WHAT IS THE REQUIRED OR RECOMMENDED MONTHLY MARKETING SPEND?

Percent Gross Revenue



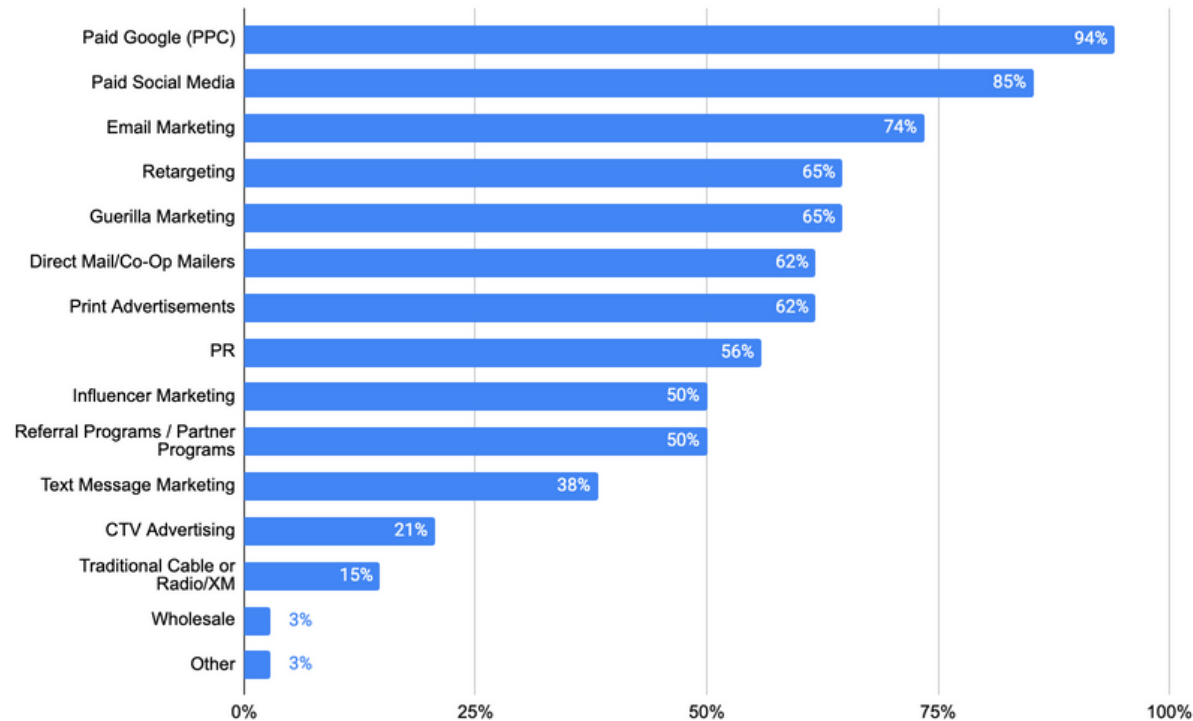
Hard Dollars



Expenditures will differ based on industry, location, and franchise maturity. For a meaningful impact on impressions and growth through digital marketing, we advise allocating a minimum of \$2,000-\$3,000 per month per location. Establishing brand awareness, the crucial first step and requires 11-15 exposures before securing the initial "yes."

# CONSUMER MARKETING BENCHMARKS

## MARKETING CHANNELS THAT FRANCHISEES USE TO ATTRACT NEW CUSTOMERS



### DIGITAL MARKETING BEST PRACTICES

Drill down into your brands keywords, both positive, negative, and competitor keywords.

The majority of your marketing dollars need to go to Google PPC and Meta.

If you're not on Paid Google, your competitor is and when someone searches for you, they will come up instead.

\*These numbers do not include agency fees.



# CONSUMER MARKETING BENCHMARKS

WHAT IS THE ANNUAL VALUE OF A CLIENT / CUSTOMER?

Industry	Average Annual Value
Business / Commercial Services	\$2,000
Child Care / Education	\$900
Entertainment / Children Entertainment	\$8,100
Food and Beverage	
Health and Wellness	\$1,942
Home Services	\$1,895
Retail	\$832

\$2,500 average annual value of a customer across these verticals.

\*Not enough responses to include F&B

# CONSUMER MARKETING BENCHMARKS

WHAT IS YOUR AVERAGE COST-PER-LEAD (CPL)?

Industry	Average CPL
Business / Commercial Services	
Child Care / Education	\$34
Entertainment / Children Entertainment	\$25
Food and Beverage	
Health and Wellness	\$201
Home Services	\$93
Retail	\$55

\$110 average  
CPL across  
these industries.

\*Not enough responses to include F&B

# CONSUMER MARKETING BENCHMARKS

WHAT IS YOUR AVERAGE COST-PER-NEW-CLIENT (CPA)?

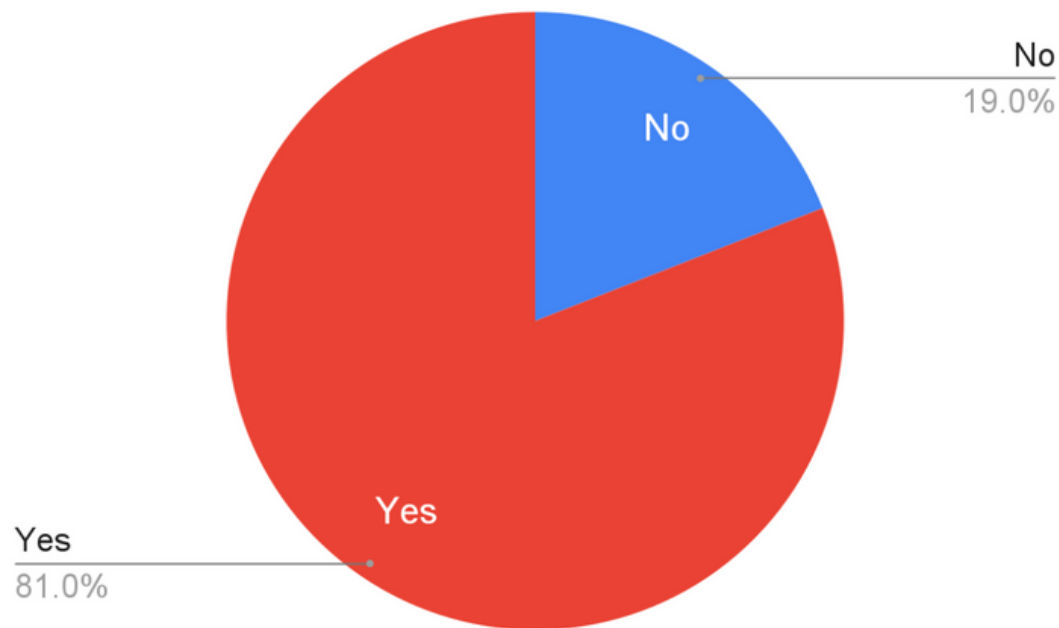
Industry	Average CPA
Business / Commercial Services	
Child Care / Education	\$28
Entertainment / Children Entertainment	
Food and Beverage	
Health and Wellness	\$72
Home Services	\$430
Retail	\$53

\$237 average cost-per-new-client (CPA) across these industries.

\*Not enough responses to include Business / Commercial Services, Entertainment/Children Entertainment, or F&B

# CONSUMER MARKETING BENCHMARKS

HAVE THESE NUMBERS INCREASED IN THE PAST 12 MONTHS?



In the dynamic realm of consumer trends, expanding marketing technology, and the intensifying competition in digital advertising, it comes as no surprise that the acquisition of leads and new customers is incurring higher costs for brands.

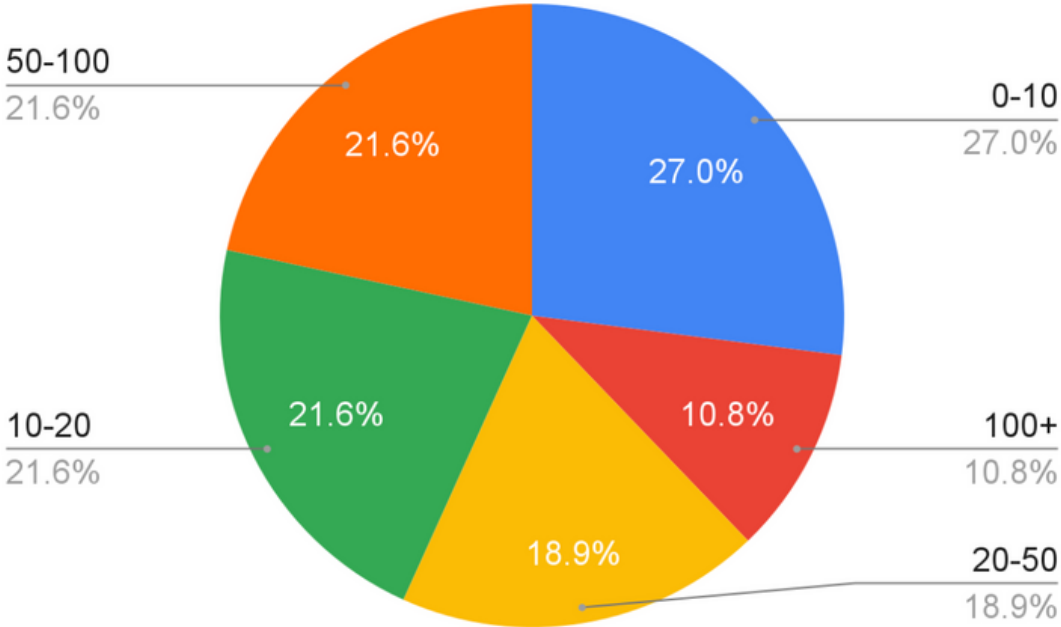
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# Franchise Development Growth Benchmarks



# FRANCHISE DEVELOPMENT BENCHMARKS

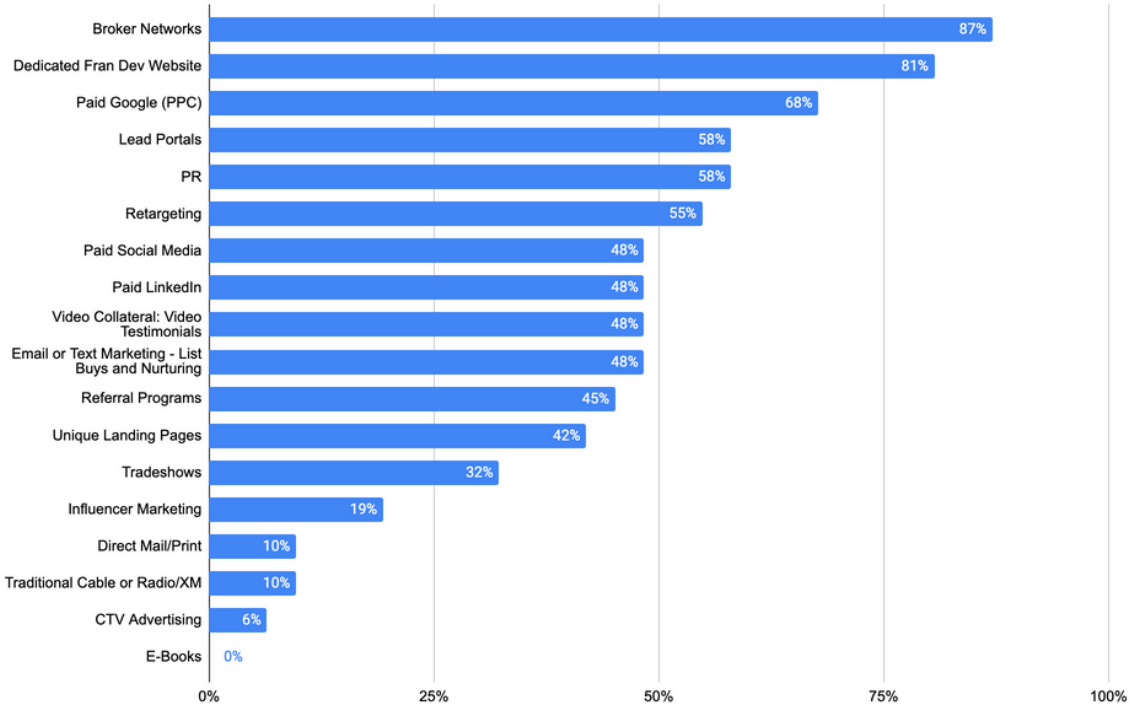
HOW MANY NEW LOCATIONS ARE YOU LOOKING TO SIGN IN THE NEXT 12 MONTHS?



When establishing goals for expanding to new locations, it's essential to fully understand your brand's onboarding, operations, and culture. Growing too quickly can have negative effects on all of the above.

# FRANCHISE DEVELOPMENT BENCHMARKS

## MARKETING CHANNELS THAT YOU USE TO ATTRACT NEW CANDIDATES



### BEST PRACTICES

Before spending any money on franchise development marketing, you need to ensure your FDD, Fran Dev Website, and Sales team are buttoned up.

For PPC, use targeted keywords with less volume. Keywords like Top Franchises to Own are expensive and waste ad budget.

Lead portals are key for increasing organic traffic.

# FRANCHISE DEVELOPMENT BENCHMARKS

## REQUIRED INITIAL INVESTMENT LEVEL INCLUDING THE FRANCHISE FEE

Industry	Average Fee
Business / Commercial Services	\$183,500
Child Care / Education	\$200,000
Entertainment / Children Entertainment	\$200,00
Food and Beverage	\$600,000
Health and Wellness	\$428,333
Home Services	\$172,246
Retail	\$373,333

\$286k Average Initial Investment across all industries.



# FRANCHISE DEVELOPMENT BENCHMARKS

## REQUIRED INITIAL INVESTMENT LEVEL INCLUDING THE FRANCHISE FEE

Industry	Average Initial Investment Level
Business / Commercial Services	\$500,000
Child Care / Education	\$60,000
Entertainment / Children Entertainment	\$30,000
Food and Beverage	\$200,000
Health and Wellness	\$736,429
Home Services	\$1,090,556
Retail	\$333,333

\$700k Average Franchise Development Marketing Budget.

\*These figures are influenced by legacy brands and platform brands that incorporate the total franchise development marketing spend across all their brand portfolios.

# FRANCHISE DEVELOPMENT BENCHMARKS

WHAT IS YOUR COST-PER-LEAD (CPL)?

Industry	Average CPL
Business / Commercial Services	\$200
Child Care / Education	\$120
Entertainment / Children Entertainment	\$250
Food and Beverage	
Health and Wellness	\$339
Home Services	\$207
Retail	\$750

\$284  
Average CPL

\*Not enough responses to include F&B

# FRANCHISE DEVELOPMENT BENCHMARKS

WHAT IS YOUR COST-PER-QUALIFIED-LEAD (CPQL)?

Industry	Average CPQL
Business / Commercial Services	\$1,000
Child Care / Education	
Entertainment / Children Entertainment	\$2,000
Food and Beverage	
Health and Wellness	\$588
Home Services	\$1,029
Retail	\$2,000

\$1,029  
Average CPQL

\*Not enough responses to include Child Care/Education or F&B.

# FRANCHISE DEVELOPMENT BENCHMARKS

WHAT IS YOUR COST-PER-ACQUISITION (CPA)?

Industry	AVERAGE CPA
Business / Commercial Services	\$42,000
Child Care / Education	\$10,000
Entertainment / Children Entertainment	\$10,000
Food and Beverage	
Health and Wellness	\$13,213
Home Services	\$15,646
Retail	\$9,500

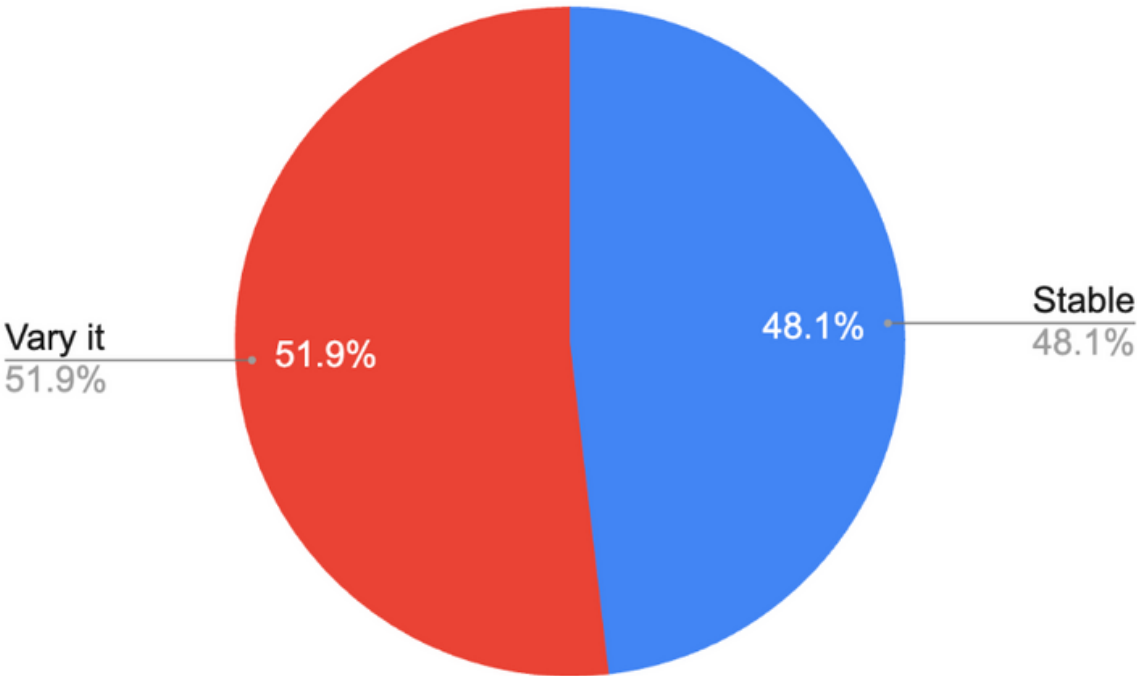
\$15,930  
Average CPA

\*Not including Broker Commissions

\*Not enough responses to include F&B

# FRANCHISE DEVELOPMENT BENCHMARKS

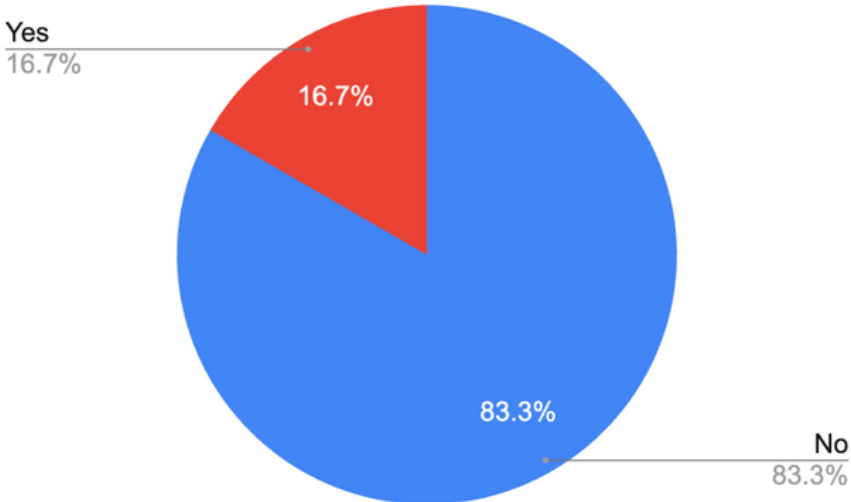
DO YOU VARY YOUR SPENDING BASED ON SEASONALITY OR LEAD TRENDS OR KEEP THE SAME SPEND EACH MONTH?



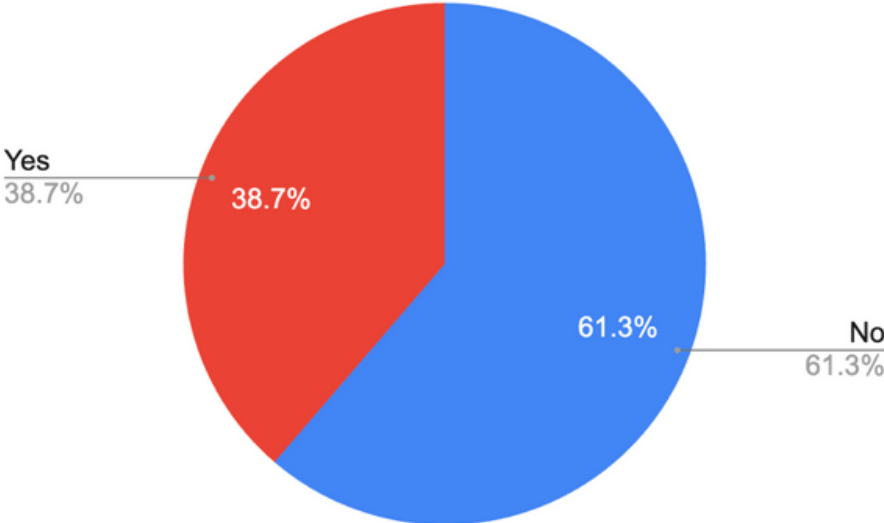
EVEN SPLIT  
ACROSS ALL  
INDUSTRIES

# FRANCHISE DEVELOPMENT BENCHMARKS

DO YOU USE AREA DEVELOPERS?

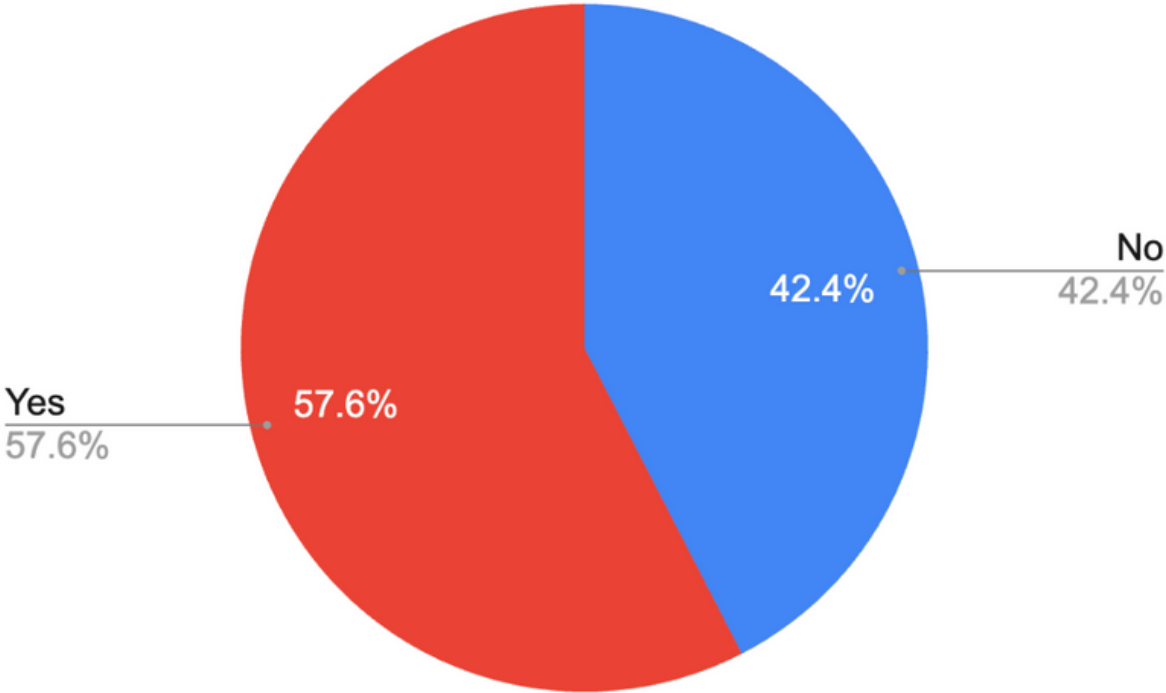


DO YOU HAVE A DEDICATED MARKETING PERSON FOR SOLELY FRANDEV?



# FRANCHISE DEVELOPMENT BENCHMARKS

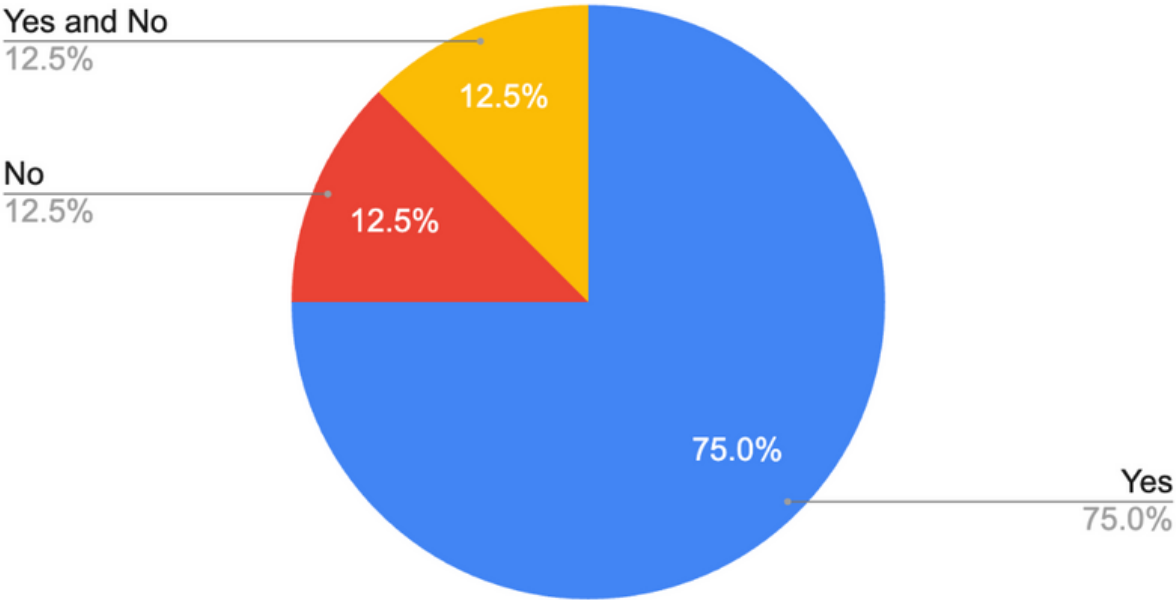
DO YOU USE AN ANNUAL OUTSIDE SURVEY TO MONITOR FRANCHISEE SATISFACTION?



It is imperative to consistently monitor and engage with your franchisees through surveys, as this aids in assessing performance and fostering innovation. Understanding their needs is key to encouraging positive validations.

# FRANCHISE DEVELOPMENT BENCHMARKS

DOES YOUR BRAND VALIDATE WELL AND OFTEN?

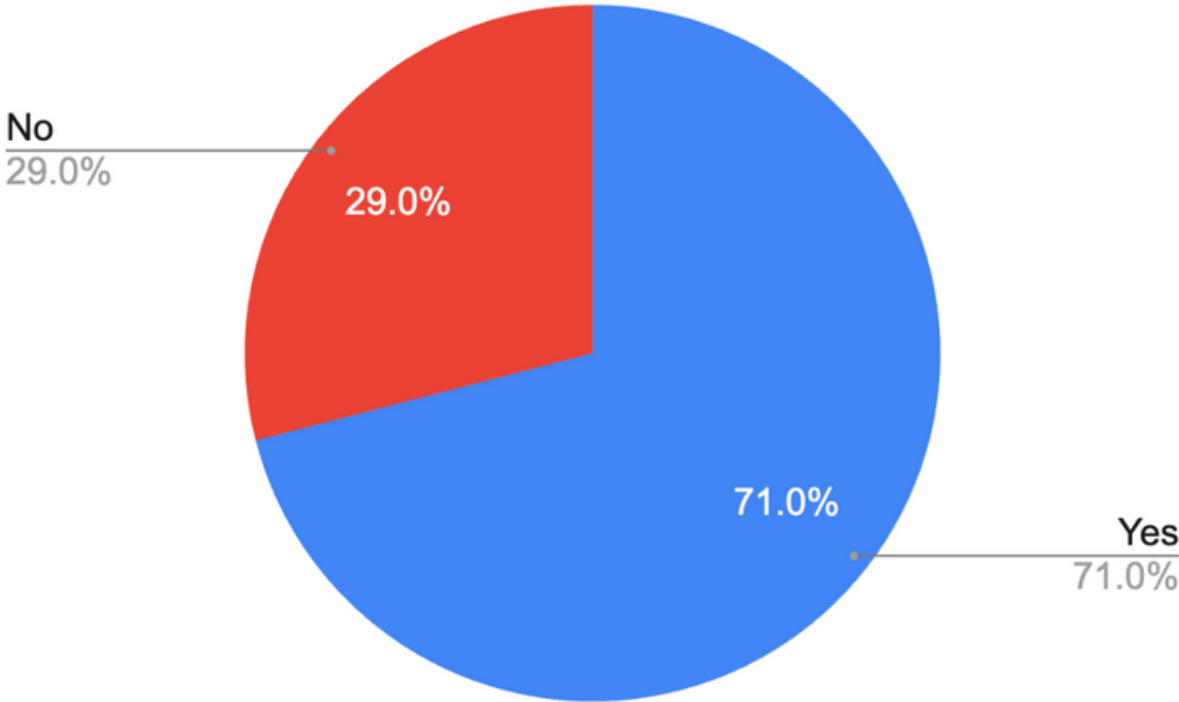


If your brand doesn't consistently validate, it's essential to pause franchise development to address operational issues. Without validations, sales may not convert in a cost-effective manner, if they do at all.



# FRANCHISE DEVELOPMENT BENCHMARKS

HAVE THESE COSTS INCREASED IN THE PAST 12 MONTHS?



The rising trends in spending align with similar trends we observe in consumer marketing. This correlation is influenced by the competitive landscape, consumer buying patterns, and advancements in marketing technology.

# CONCLUSION

In conclusion, the consumer marketing trends within the franchise industry are on a consistent upward trajectory. To navigate this evolving digital landscape successfully, it is imperative to delve deep into the data, ensuring a thorough understanding of the dynamics at play. This depth of analysis enables the optimization of franchisee spends, aligning them with the ever-changing digital landscape.

Simultaneously, franchise development exhibits similar trends, underscoring the costly nature of marketing in this domain. Prior to embarking on any marketing initiatives, a well-thought-out plan is essential. Execution and continuous monitoring are key components for achieving optimal results in the franchise development world.

Above all, foundational to successful growth efforts is the soundness of your franchisees and operations. Validations play a pivotal role in this regard, offering valuable insights that can significantly contribute to your overall growth strategy. In this dynamic landscape, a holistic approach that prioritizes a well-crafted plan, execution, monitoring, and the strength of your franchisees and operations is paramount for sustained success.

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