

Tracking the Future



Jim Carroll keeps his finger on the pulse of the world around him, particularly its future. He is, after all, a futurist who identifies business and cultural trends ranging from technology and business model changes to innovation, global challenges, and growth. Carroll's client list includes Northrop Grumman, Visa, Rockwell Collins, Lincoln Financial, and the Walt Disney Corp.

In advance of his April 28 keynote speech at the Multi-Unit Franchising Conference, we asked Carroll for his take on the fast-evolving consumer, technology, and franchise business environment. He outlined five key areas for multi-unit franchisees considering new brands to add to their organization's portfolio.

1) Paying attention. Consumers today face more stimuli competing for their attention than at any previous time in history—computers, the Internet, cell phones, video games, etc. Carroll says today's interactive world demands franchisees be engaged in all media. "Marketers must work harder than ever to capture the attention of the consumer and make a connection. Brands must keep up with the pace of consumer change in order to stay relevant," he says.

2) Changing family dynamics. There's a new definition of family in the United States and it's no longer nuclear. Successful franchise brands must respond to today's changed marketplace. "Hyper-nicheing is the new brand reality as the market becomes more specialized and fragmented. Marketers can no longer rely on preconceived segmentation strategies, but rather need to think differently about who they are trying to reach and how to reach them."

3) Under the influence. Celebrities and peers are influencing consumers more than ever in this age of social networking, and are looked to increasingly for advice and brand recommendations. "Social networks are the new brand influencers, and marketers must find ways to connect with consumers who are highly influential in their peer groups."

4) Shifting behavior. Socioeconomic shifts are affecting consumer behavior as tastes and preferences continue to evolve. "Faster-paced preference change is the new reality, and brands must be nimble to keep up with consumer demand."

5) Rapid deployment. New products and innovation are being brought to market ever more rapidly, often with the help of "crowd-sourcing" from their customers. Brands, products, and services must keep up or be left in the dust. "Time to market and corporate agility are the new capabilities to focus on," says Carroll.

Making your move

Multi-unit franchisees eager to pull the trigger on expansion and growth are likely in a good position to do so, the experts agree. Many have the capital to structure the financial ends of the deals, and they usually have the infrastructure to run a larger operation.

If they can self-fund, their options are a little more open, says Stites. Otherwise, "It's still a little tough to get money out there, which can explain why many new and established franchisees are looking for lower-investment franchise opportunities." If they don't have the capital needed to build new units or acquire additional units, many are considering a private equity partner (see page 56).

Beyond looking for brands that offer consumers good value, says Tristano, "Look for a concept that's not well-established in your area or territory." He says franchisees should be looking for strong sales

"It's still a little tough to get money out there, which can explain why many new and established franchisees are looking for lower-investment franchise opportunities."

—Eric Stites

performance by sector, "and, more importantly, unit growth that will indicate niche opportunity in smaller sectors like better burgers, fast-casual Italian, and bakery-cafe."

Rose says that today's consumers want open, honest communications, and he emphasizes the importance of transparency. "Take Domino's, for example," he says. "They've used their latest marketing efforts to show consumers exactly what they're doing. What you see is what you get. Look for brands that have this appeal."

Says Stites, "When you're considering other brands, you want to know how the existing franchisees are doing and how the franchisor treats the existing franchisees." Is there a cooperative and supportive culture among the franchisor and its franchisees? Critical food for thought, he says.

It's important to keep your finger on the pulse of trends through trade publications, industry and financial news sources, and demographics experts, says Tristano. But as Stites reminds us, "It's just as important to find something you enjoy doing, that you're passionate about." 