



# Franchise Council of Australia Media Release

## Optimism in franchising sector sets the pace for Australian small business recovery

3 March 2021

After reporting a recovery in revenues in the December 2020 quarter, franchise business networks are far more positive about 2021, according to the latest Australian Franchise Sector “Pulse Check”.

This is backed by today’s release of the Australian Bureau of Statistics December quarter figures showing economic growth increased by 3.1%.

The Pulse Check survey (including responses from 68 Australian franchise systems covering 14,596 outlets) showed that a third of respondents (33%) reported December 2020 quarterly revenue increases exceeding 10% compared to the December 2019 quarter, reflecting the agility and performance of franchises in resilient industries.

Positive trading was concentrated across the quick service restaurant, maintenance, health, courier and freight industries.

Sit-down restaurants and cafes, fitness clubs and accommodation businesses proved less resilient with state border issues remaining significant.

While 53% reported some level of loss making within their franchise system, 47% of respondents indicated that none of their franchisees would record a trading loss in the December quarter (up from 24% in the September quarter).

A total of 157 new units were opened across 35 brands, predominantly in the categories of retail stores, pet services and home maintenance services. A total of 62 franchised units were permanently closed across 18 systems, predominantly cafés.

There was positive sentiment for the March 2021 quarter, with 51% of respondents anticipating a moderate (37%) or significant (14%) increase in revenue.

75% of respondents indicated they were optimistic about business conditions in the next six months and 15% indicated they were neutral.

The percentage of respondents pessimistic about business conditions for the next six months halved from 20% to 10% in the December quarter.

The greatest concerns or challenges reported by Australian franchise systems were:

1. Financial performance of franchisees 38%
2. Landlord and commercial leasing issues 35%
3. Franchisee recruitment 32%
4. Wellness of franchisees and support staff 25%
5. Engagement and satisfaction of franchisees 25%

*Editor's notes:*

- *The "Pulse Check" survey is undertaken for the Franchise Council of Australia by FRANData to provide insights on the status and experiences of the Australian franchise sector during each quarter.*
- *FRANdata provides Brand Ratings, Finance Access Reports and Benchmarking services on participating Australian franchise systems. FRANdata also operates The Australian Franchise Registry™ which holds information on more than 200 brands covering 30% of the Australian franchise sector.*
- *The report of findings from the December Quarter 2020 Australian Franchise Sector "Pulse Check" survey is attached. For further information, please contact Darryn McAuliffe on 0412 789027 or [dmcauliffe@frandata.com.au](mailto:dmcauliffe@frandata.com.au).*

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