

QFA

REPORT ON THE IMPACT OF THE COVID-19 PANDEMIC ON THE FRANCHISING SECTOR

Line Chart



Area Chart



Bar Chart



Sparkline Charts

Line Chart



Bar Chart



Easy Pie Charts



1. Foreword

The Covid-19 pandemic was an unexpected and unwelcome challenge to both the country and especially for UK businesses. The extent and speed at which economy activity declined was unprecedented and tested the very core of the economy. With a contribution of £17 billion to the UK economy, the franchise industry has been at the heart of the challenges posed by the pandemic.

As a Not-For-Profit franchise association in the UK, the Quality Franchise Association has supported its members throughout the pandemic with a several key initiatives to guide members through the challenges faced by the franchise sector. However, as we move away from the restrictions to which businesses have been subject over the last 18 months, at the Quality Franchise Association we felt it important to take stock of events.

It has always been our view the franchise sector displayed a resilience to economic challenges which was not present in other areas of the economy. The pandemic has provided the ideal testing ground to explore the extent of that resilience.

Whilst some of the results were unexpected what shone through was that the franchise sector deserves its place at the heart of the UK economy, displaying a flexibility and strength that is impressive.

Joel Bissitt
Chief Operating Officer

2. About the Quality Franchise Association

The QFA is a Not-For-Profit franchise association for the franchising sector in the UK. The QFA is a not-for-profit association that assists both franchise businesses & individuals that are interested in franchising to start their own business. Supporting franchisors & promoting franchising for all is at the heart of the QFA. Further details of the help and support we provide to members can be found [here](#).



3. Executive Summary

3.1

The impact of the Covid pandemic on UK economy has been significant, far reaching, and likely to remain an influencing factor on the economy and business for many years. However, unwelcome as the pandemic may have been, the response of businesses to this new and unexpected challenge has been phenomenal and, in many cases, brought out the very best of entrepreneurship in the United Kingdom.

3.2

Franchise businesses have found themselves at the centre of such challenges and the very core of the franchise model has been tested in a way never faced before. Whilst those businesses in the franchise sector have always believed the model was resilient and able to weather most economic downturns, the pandemic has stress tested the franchise as a business model to its limits. From home based to retail, care to hospitality and the service sector, franchise businesses have had to react and adopt to unprecedented changes to the economy.

3.3

This report explores and considers the resilience of the franchise business model to the challenges faced by franchise businesses to the Covid pandemic.

3.4

The Report provides details of the methodology applied in the survey, together with an overview of the prevailing economic conditions during the pandemic. The Report then assesses data obtained from the participating franchisors and franchisees before seeking to draw certain conclusions on the resilience of the franchise model.

4. Methodology

4.1

To assess the extent to which the franchise business model has withstood the challenges of the pandemic, a survey of franchisors and franchisees was conducted. To achieve data representative of the franchise sector in the UK, the franchisors and franchisees were chosen based on geographic location and size. Franchise businesses in a range of sectors were approached to ensure a fair and balanced representation of the different sectors within franchising.

4.2

The survey asked the recipients to comment on the certain aspects of their experience in the pandemic, including:-

- An assessment of the extent to which the pandemic had impacted the business.
- The impact of the pandemic on the financial position of the business.
- Variations made to the franchise business model to cater for the challenges presented by the pandemic.
- The implementation of IT in response to those challenges.
- An assessment of performance post pandemic.

4.3

The responders to the survey operated in a range of sectors:-

- Food and drink
- Education
- Hospitality
- Care
- Service sector
- Healthcare
- Business to business

- Homes based
- Children related

4.4

Geographically, those businesses completing the survey operated in the following regions:-

- South East
- South West
- Midlands
- North East
- Yorkshire
- Scotland
- Wales

4.5

To assist in providing a reflective balance of the cross section of the franchising sector, the annual turnover of those businesses who were surveyed were evenly balanced with 57% surveyed having a turnover in excess of £200,000 and 42.86% of those recipients having a turnover of between £0 - £200,000.

4.6

A copy of the data disclosed in the form of a graph is included at Appendix 1 of this Report.

5. Economic Context

5.1

As a direct result of the imposition of restrictions to society and the economy following the spread of Covid-19, from the second quarter of 2020 (April to June), the economy was in a technical recession with a record fall of 20.4% in the economic activity, this following a fall of 2.2% during the first quarter¹. The monthly GDP in June 2020 was 17.2% below the level of February 2020 and the output of service industries was 17.6% below the level of February 2020

5.2

There was a slight improvement in the economy up to June 2020, but overall economic activity remained down when compared to pre-Covid restrictions, in February 2020.

5.3

During the third quarter economic conditions saw a small improvement compared to June 2020, GDP having risen by 1.1%, but overall it remained down by 8.2% below compared to February 2020 levels. September 2020 saw the fifth monthly period of growth since February 2020. Whilst some improvements were seen in certain sectors, overall levels of activity remained below March 2020, and the rate of recovery had slowed each month since the initial peak of 9.1% in June 2020²

5.4

Further improvements were seen in the period to December 2020 with GDP increasing by 1.2%, however, this figure remained 6.3% down on February 2020 levels. The easing of restrictions prior to the Christmas period led to the service sector growing by 1.7%, although growth in other sectors was less positive.

¹ Section 1, Coronavirus and the impact on output in the UK economy: June 2020 – Source: Office for National Statistics.

5.5

Perhaps unsurprisingly the pandemic had a significant impact on the economy during 2020 and remains a key factor effecting economic activity into 2021. In 2020, GDP declined by 9.9% which is twice the fall following the 2009 recession. To this extent the economic conditions present during the period across which the survey was conducted provides one of the harshest testbeds against which to examine the resilience of the franchise business model.

6. Assessment of Data – Responses by Franchisors

6.1

This section encompasses two sections.

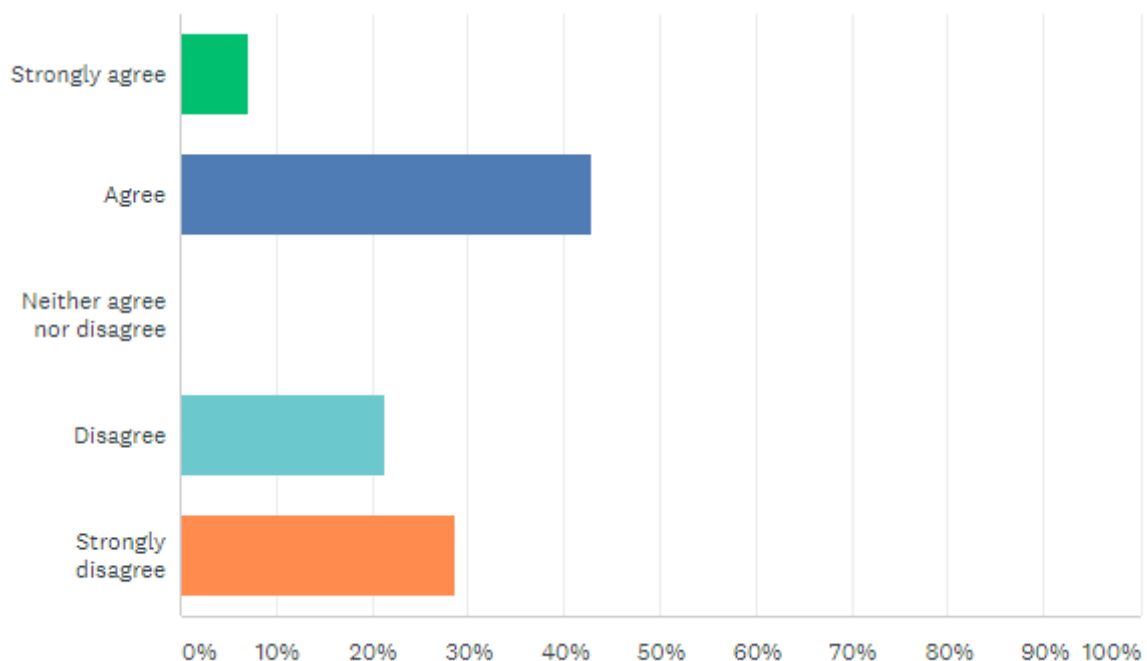
The first provides details of the data obtained from those franchise businesses surveyed, the second section includes several case studies derived from interviews with several franchise businesses.

The Effect of COVID on the Franchise Business

6.2

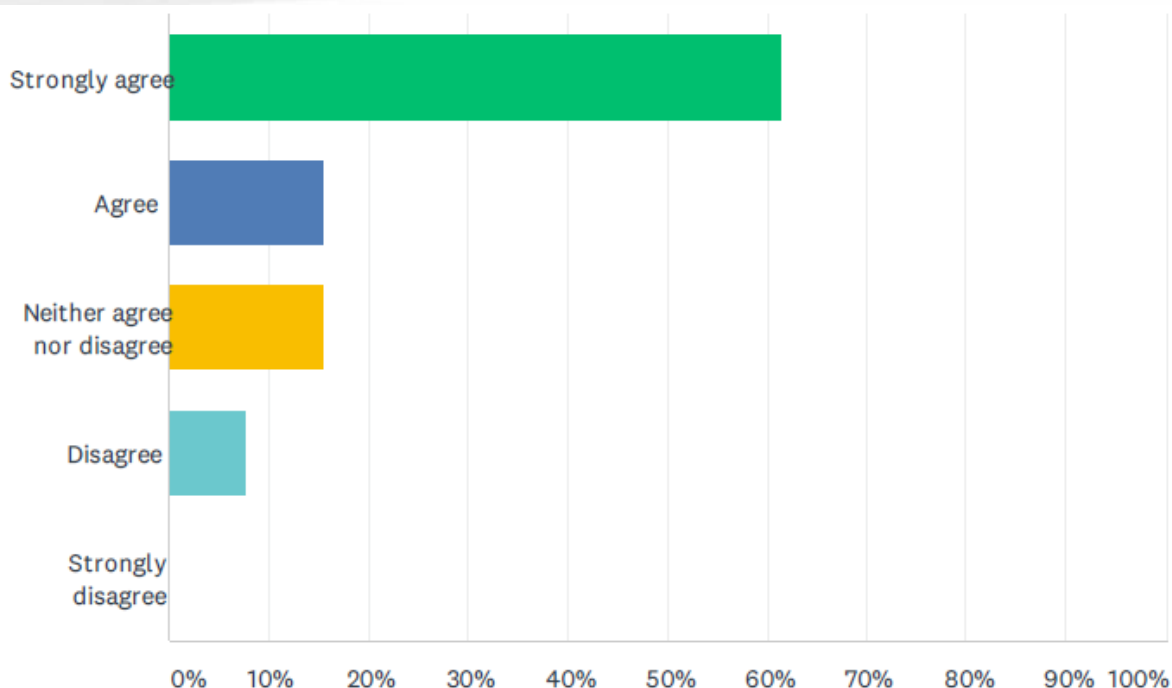
The sample of franchisors were asked whether they felt Covid-19 had a negative impact on their franchise business. Unsurprisingly 50% of those who responded agreed, or strongly agreed this was the case.

However unexpectedly, 50% of responders disagreed, or strongly disagreed with that statement.



6.3

Despite those responses, the participants overwhelmingly expected their business to return to pre-pandemic levels of performance within the next 12 months (92.86%).



6.4

In view of the purpose of the Report, the participants were asked to comment on the robustness of their franchise model during the pandemic, specifically whether they felt the model had remained robust during this period. Of those who responded, 92.86% either agreed or strongly agreed with that statement.

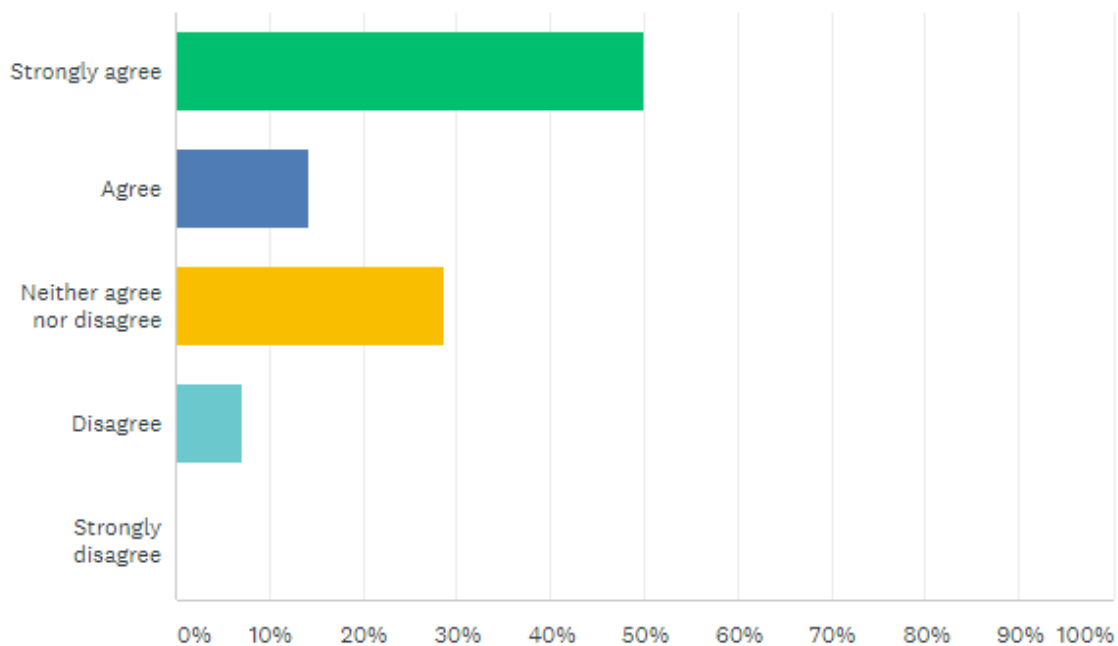


92.86% of participants believed that their franchise model had been robust during the pandemic.

6.5

After exploring the robustness of the model, participants were asked whether they felt the franchise business model had been instrumental in the survival of the business during the Covid pandemic:-

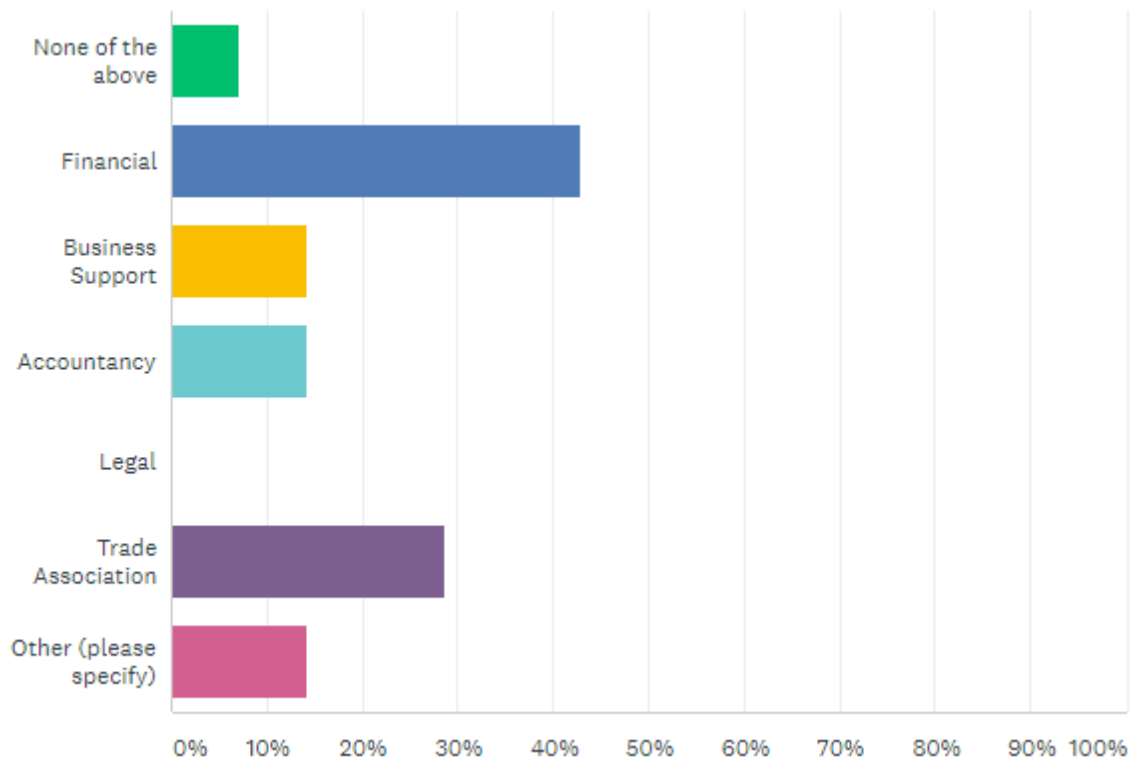
- 64.29% either agreed or strongly agreed the model was instrumental to the business's survival.
- 28.5% neither agreed, nor disagreed with that statement.
- 7.14% disagreed the franchise model was instrumental in its survival.



6.6

To assist in understanding why the franchise business model displayed a robustness during the pandemic, the participants were asked to explain what support they sought and the source of that assistance. The responses displayed mixed results:-

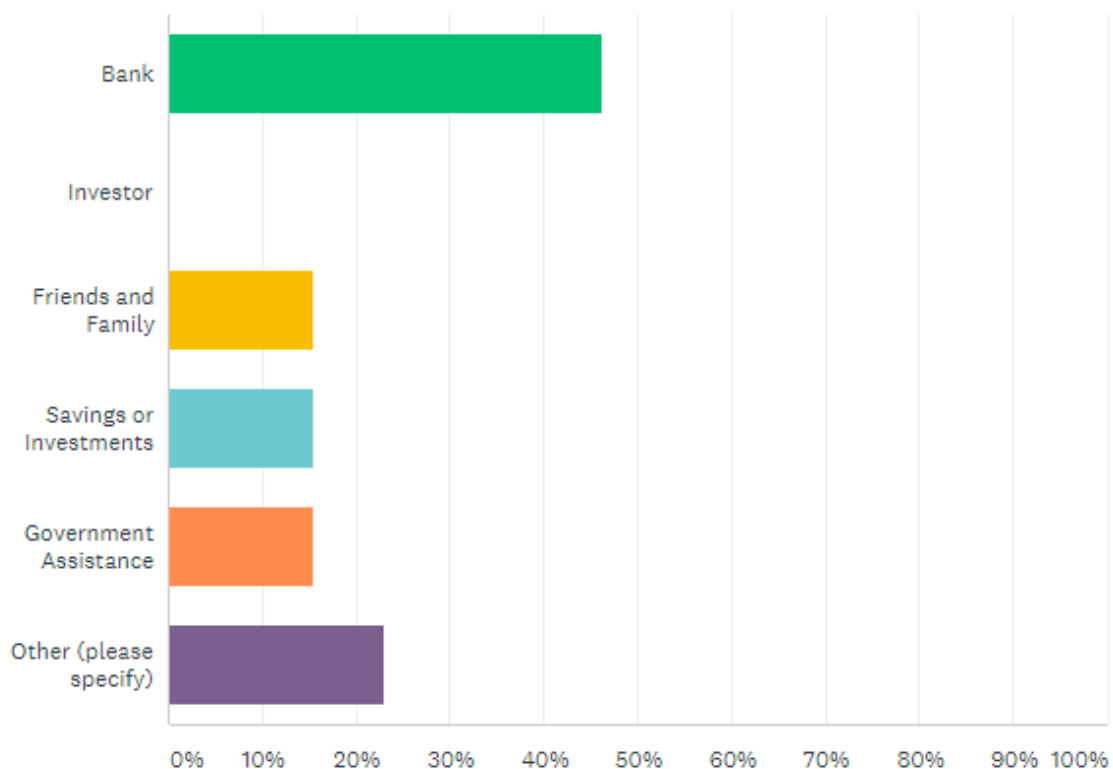
- 42.86% sought support of a financial nature.
- 14.29% obtained business support.
- 14.29% took advise from accountants.
- 28.57% obtained support from a trade association.
- 14.29% received support from franchise consultants.



6.7

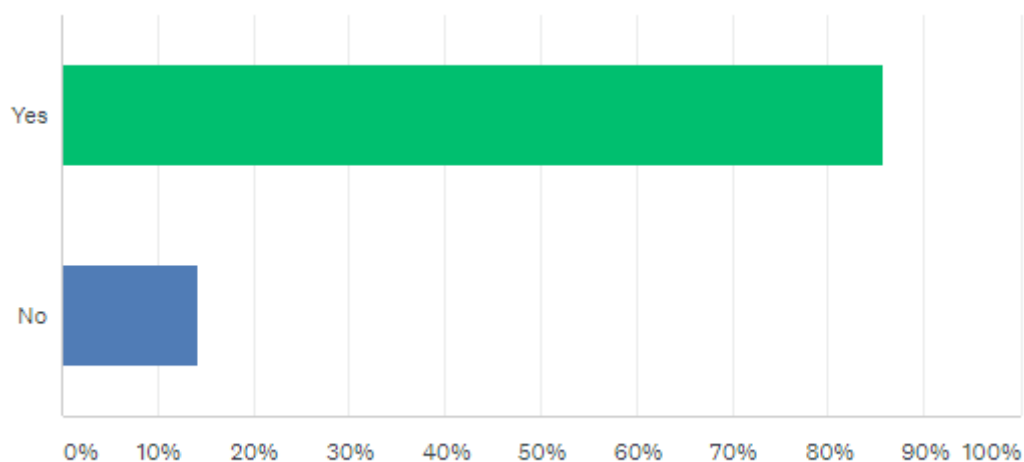
Where financial support was obtained, details were requested from the participants to confirm the source of those finances. The result identified a number of sources:-

- Financial support from a Bank (46.15%).
- Friends and family's (15.38%).
- Savings and investments (15.38%).
- Government assistance (15.38%).



6.8

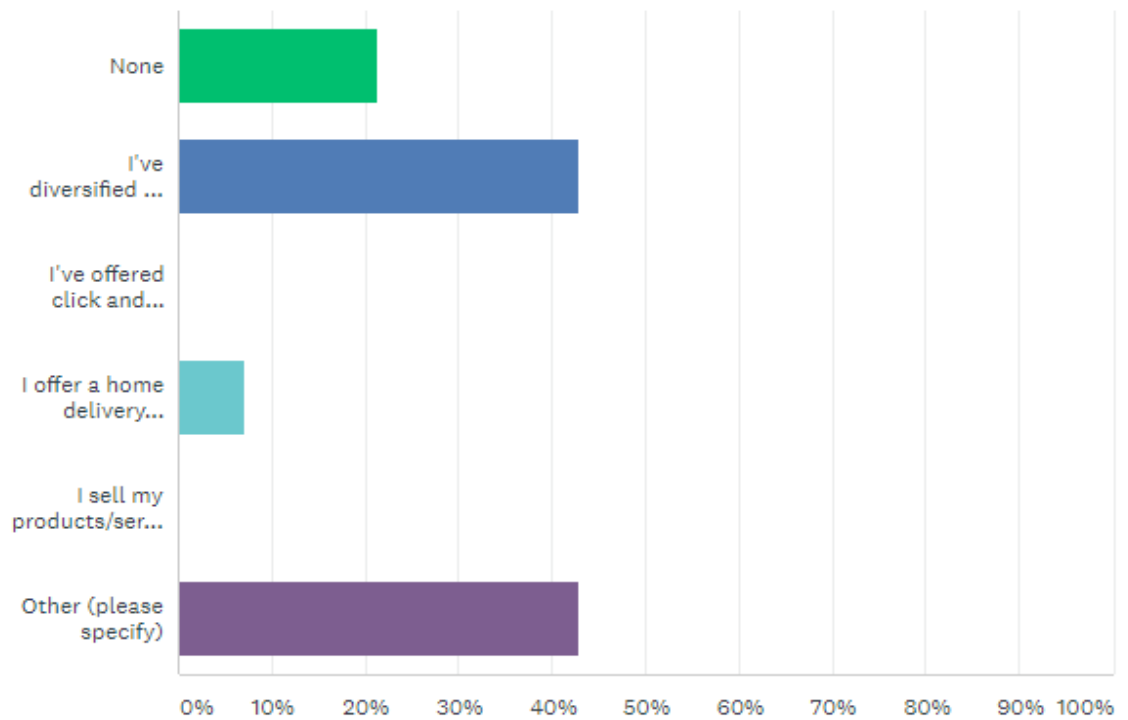
When asked to consider how the franchise business had responded to the economic challenges posed by the pandemic, 85.71% of those responding confirmed that they had implemented changes to the franchise business model to face the demands brought by the pandemic. Of those who had implemented changes, 85.71% advised that they intended to retain those changes to the business model once restrictions were lifted.



6.9

When asked to look at what changes had been made to the original franchise model, those responders provided a diverse range of replies:-

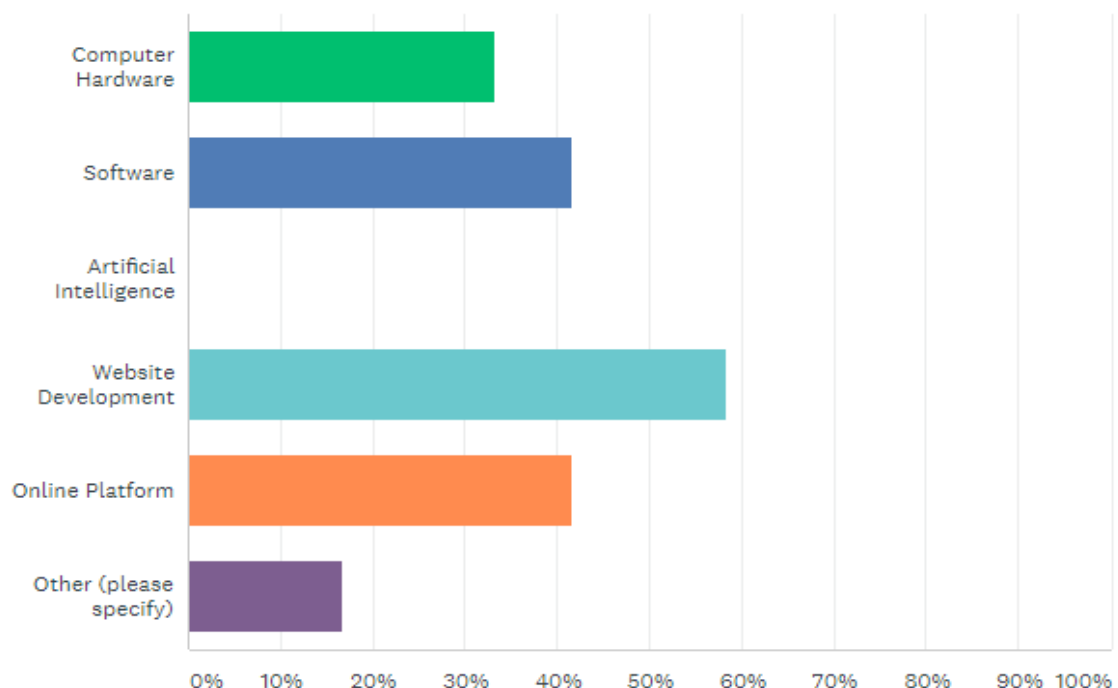
- 42.86% confirmed they had diversified their products and services which were offered to customers.
- 7.14% now offered a home delivery service.
- 42.86% identified several other areas in which changes had been made, including, increased staffing levels, driving sales and business development using Zoom meetings, online business development rather than face to face meetings.



6.10

An increased use of technology was a key component adopted by the franchise businesses to face the challenges of the pandemic. Whilst only 42.86% of businesses employed new technology within the business to enable them to trade through the pandemic, 78.57% of participants confirmed that they had embraced technology at a much quicker rate than they would have done within a normal year. The participants employed a range of technology during the last 12 months of the pandemic:-

- 33.33% employed computer hardware.
- 41.67% engaged the use of software.
- 58.33% sought to use website development.



6.11

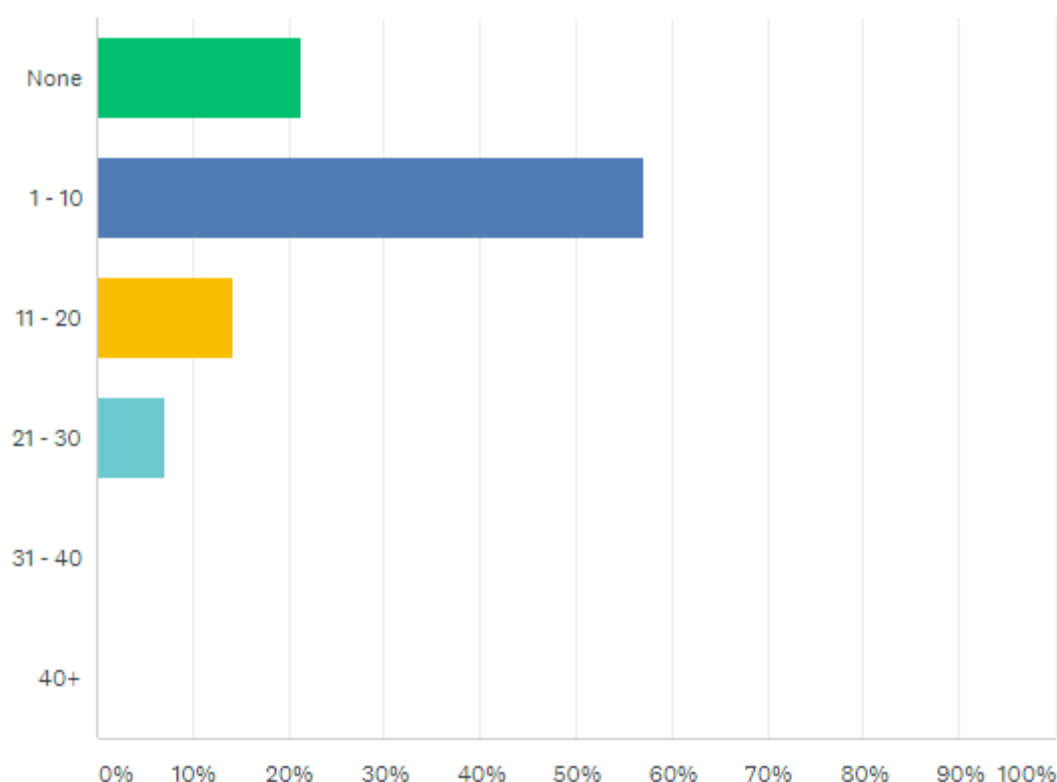
Many of the participants reported having moved towards a web or online based platform to deliver, or assist in the deliverance of the business and in response to the challenges posed by the pandemic

6.12

Despite the negative impact of Covid on the economy, the results from the survey indicated that franchisors had continued to recruit new franchisees during the pandemic. A staggering 57.14% confirmed they had sold up to 10 new franchises, with a further 21.39% advising that they had recruited up to 30 franchisees during the pandemic.

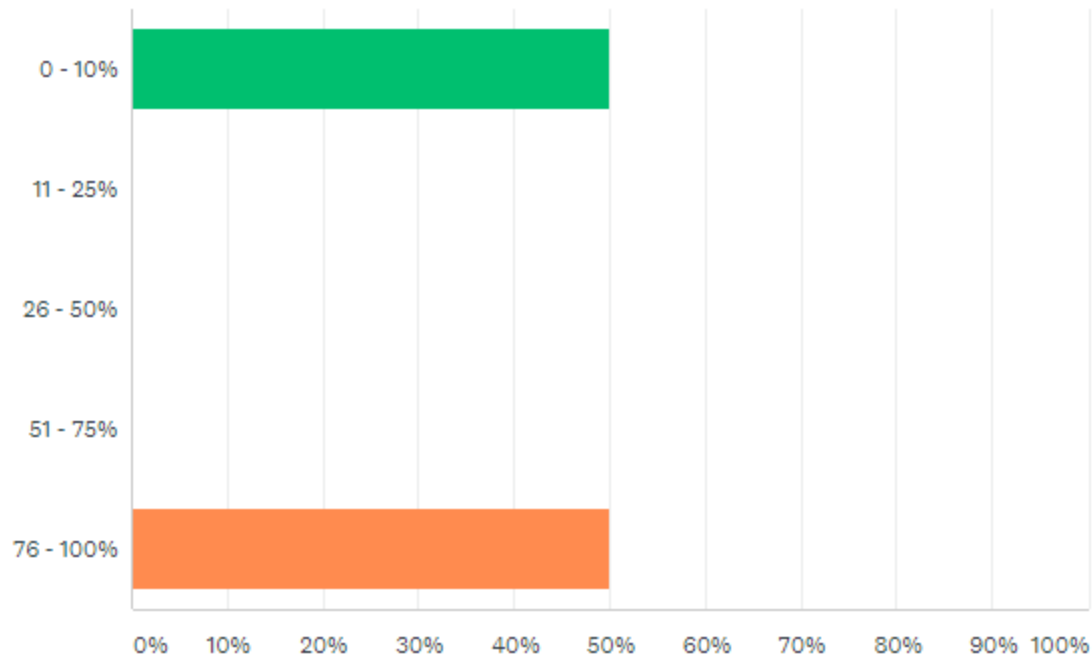


78.53% of participants reported continued and strong sales of franchises during the pandemic.



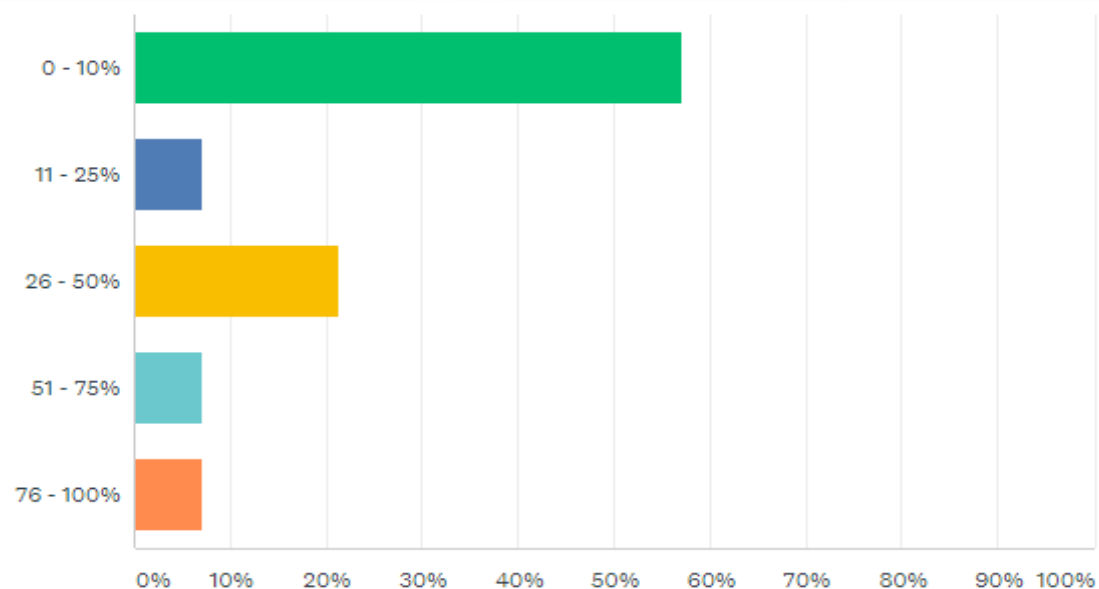
6.13

Of those new franchisees recruited into the franchise network half of those Franchisors surveyed confirmed one third of those recruited came from the sale of new territories, as opposed to resale of territories.



6.14

The sale of new territories translated into revenue received by franchise businesses during the pandemic with the majority of participants confirming that up to 10% of the revenue generated was derived from franchise fees paid by new franchisees, with 21.43% of participants reporting that up to 50% of such revenue was generated by the payment of franchise fees.

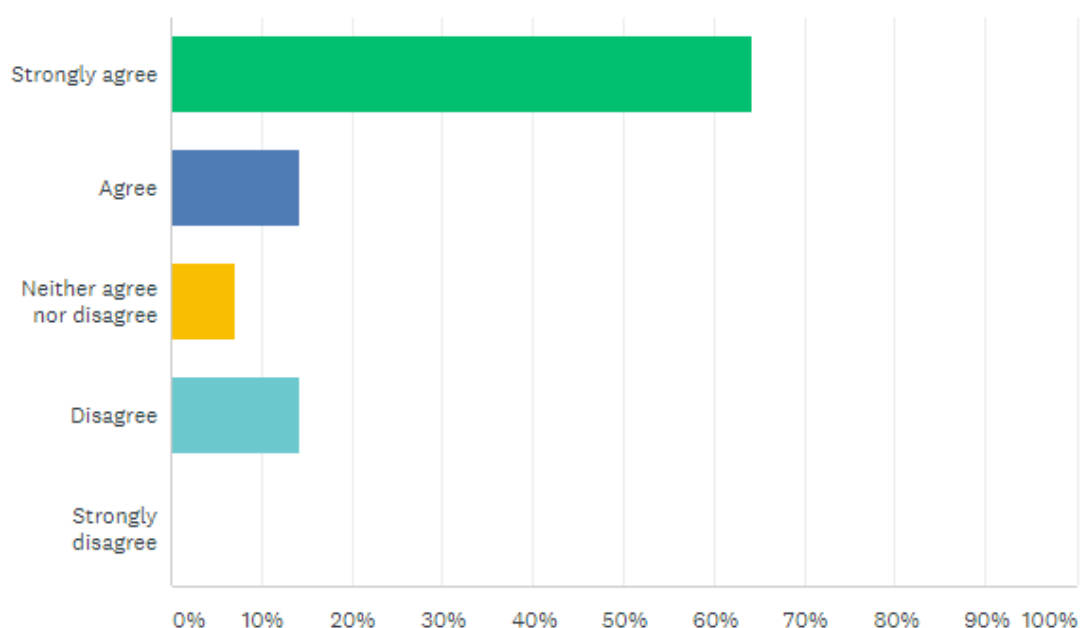


6.15

Despite the decline in revenue, when asked whether once lockdown restrictions are removed participants anticipated an increase in monthly revenue over the coming 12 months, a resounding 78.58% agreed, or strongly agreed with this statement.



Over two third of Franchisors anticipated an increase in monthly revenue after lockdown restrictions were removed.

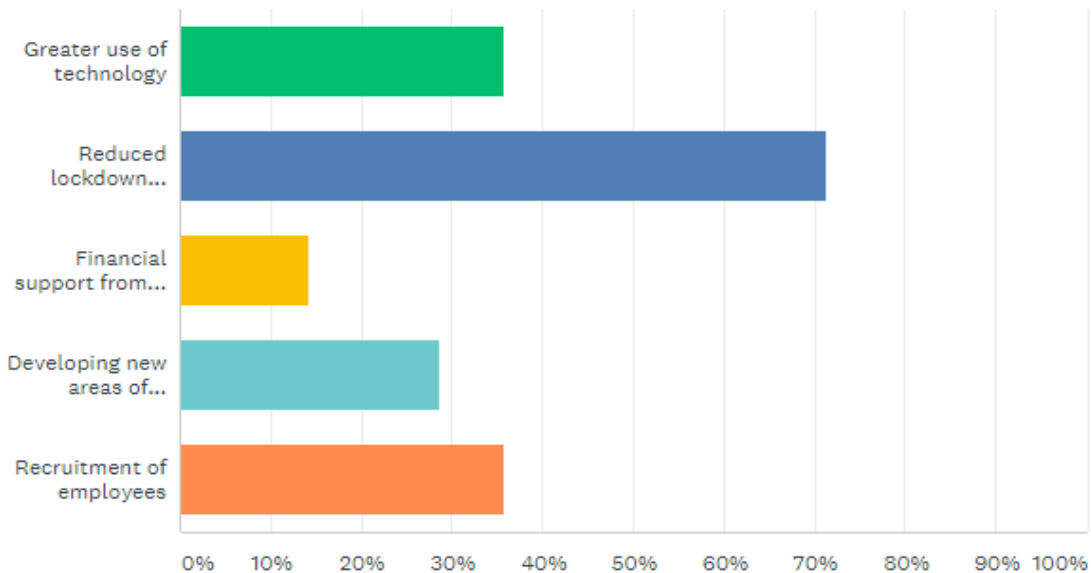


6.16

In addition to looking at historic matters, the survey also invited franchisors to identify those factors which they considered would support the growth of the franchise business. These questions produced a mixture of results. Unsurprisingly 71.43% of participants identified a reduction in lockdown restrictions as the key to the growth of the business moving forward. However participants also identified the following matters:-

- 35.71% identified a greater reliance on technology as a key element of growth.
- 14.29% confirmed that financial support from their Bank was important for growth.

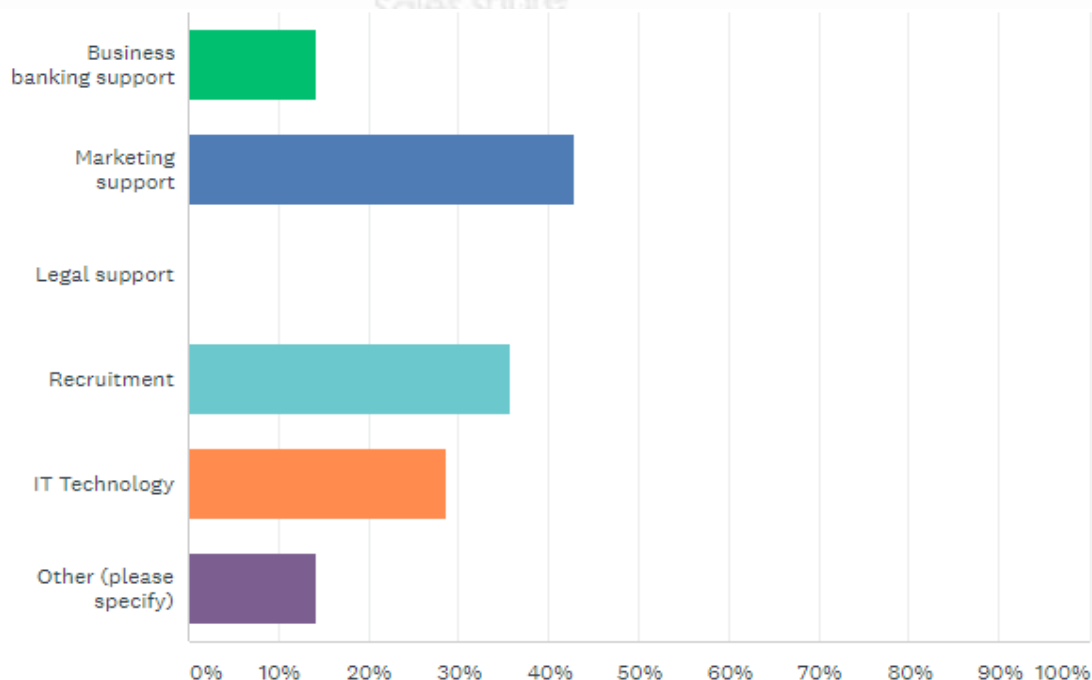
- 28.57% of participants felt that developing new areas of business was a factor in the growth of their franchise business.
- 35.71% felt that the recruitment of employees would facilitate in the growth of the franchise business.



6.17

In terms of the support which participants believed would assist them to achieve future growth, the following support was identified as key factors:-

- Business banking support (14.29%)
- Marketing support (42.86%)
- Recruitment (35.71%)
- IT and technology (28.57%)
- Social media exposure and franchise lead generation (14.29%)



7. Case Studies

7.1

Pink Connect Franchise Founder James Pink

"The Covid-19 pandemic has undoubtedly been a difficult and challenging time for business. However, at Pink Connect we have found ourselves perfectly placed to grow the business despite the pandemic. As a VOIP and broadband reseller, the move to homeworking by a large part of the workforce has provided our franchisees with the opportunity to offer the products and support created by that demand.



The demand created by the pandemic has also allowed the franchise network to develop other products and services, including the provision of IT consultancy, support and security.

The challenges we have faced during the pandemic have not been so much about a decline in sales or business, but more difficulties in recruiting sufficient franchisees to keep pace with the demand for services.

The franchise model was already well established and 'tried and tested'. Therefore, no great overhaul of the model was required to meet the challenges of the pandemic. However as ever we have sought to improve the model and have taken the step to implement an online training programme for our franchisees. This programme comprises of a set of modules which are completed and can be accessed at a later date by the franchisee. This addition to the training we already provide has given the franchisee network further support during the pandemic.

The demand for homeworking has remained strong and with changes to the communications infrastructure due to be implemented over the next few years, I am confident that the next 12 months will show a continued growth in the business both for the franchise network. Overall, I think our franchisees are in for an exciting 12 months."

7.2

Tappy Toes Franchise Founder Claire Munday

"As a business where face to face teaching is a central to our franchise model, the Covid-19 pandemic had a significant impact. When the lockdown came into force, face to face lessons immediately stopped. However, we had anticipated some form of restrictions might be introduced and had taken steps to develop an online lesson programme which we could implement should it become necessary. Therefore, when the lockdown did come into force, we were able to immediately commence the online lessons, delivered via Zoom.



Inevitably we did lose some customers moving online, but the majority of customers embraced the new approach to lessons.

The move to operate of the business entirely online also opened other opportunities to develop the products which we were able to offer. Specifically, we developed a 'prop kit' which provided props for the children to use at home during the online classes. This kit was posted out to children and has proved to be very successful. As a result of this success, we intend to continue to provide the prop kits even though the classes have now reverted to face to face classes.

Interestingly what we did find was that the move to online lessons significantly increased the awareness of our brand. The net result of this awareness since the pandemic started, we have sold twelve franchise territories. We had set a target of recruiting a total of 20 franchisees by the end of 2021, and I am delighted that to date we have already reached 19 franchisees.

During the pandemic, we were able to support our existing franchisees financially by freezing fees and advertising levies. However, a large part of the support was through the provision of moral support to our franchisees, together with guidance.

The pandemic has of course impacted on the business but with the lifting of the restrictions, we have been able to successfully return to face-to-face teaching. The franchise network has embraced the return to normality but with the positive impact on the brand awareness generated through the course of the pandemic, the demand for classes has significantly increased and we are projecting that this will assist the growth of the franchise business and its network over the next 12 months.

I genuinely believe that our franchise model enabled us to adapt to the challenges of the Covid-19 pandemic in a timely manner and to implement an alternative method of delivering our lessons to our customers and their children. The flexibility of the model has been the key to our success during the pandemic."

8. Assessment of Data – Responses by Franchisees

8.1

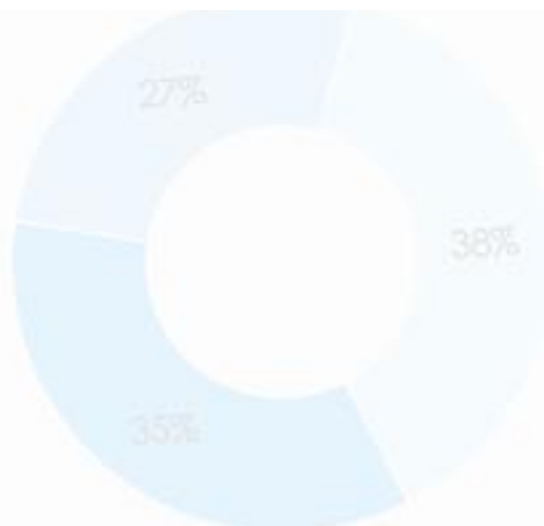
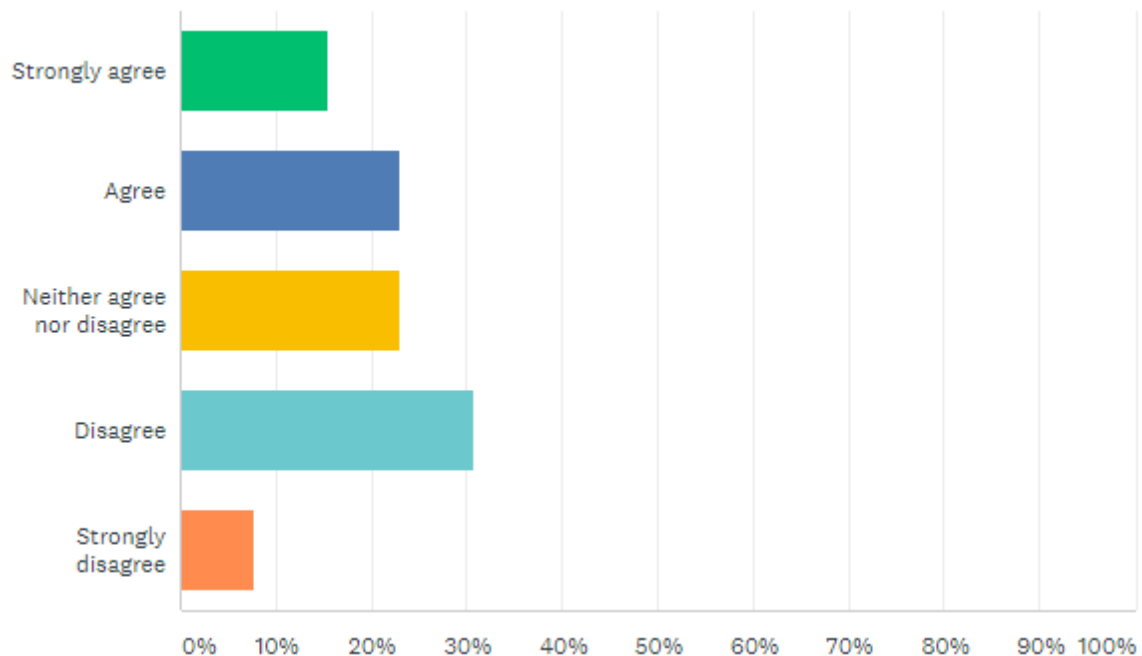
This section examines the results of the survey completed by those participating franchisees. It is accepted that there is an overlap with those topics addressed by the franchisors in section 6, however the subject matter of those themes is equally applicable when assessing the impact of the pandemic on the franchise business model from a franchisee's perspective. As such it was considered key that similar topics be explored with the franchisee participants. Copies of the questions put to the franchisee participants are provided below.

8.2

Question: *Do you agree that the Covid-19 pandemic has had a negative impact on the franchisees business?*

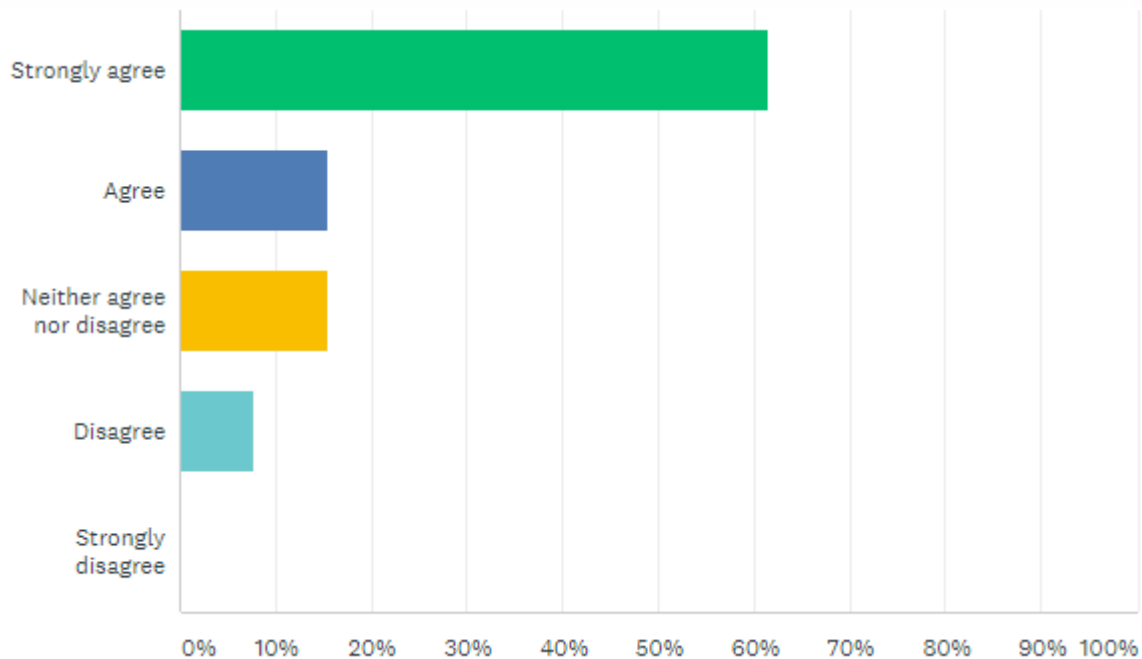
The responses provided by the participating franchisees provided an interesting mixture of results:-

- 38.46% of franchisees either agreed or strongly agreed with that statement.
- 23.08% of participants were neutral as to whether Covid had a negative impact.
- 38.46% of franchisees did not believe the pandemic had a negative impact on the franchise business.



8.3 – Question: *Do you expect your business to return to pre-pandemic levels of performance within the next 12 months?*

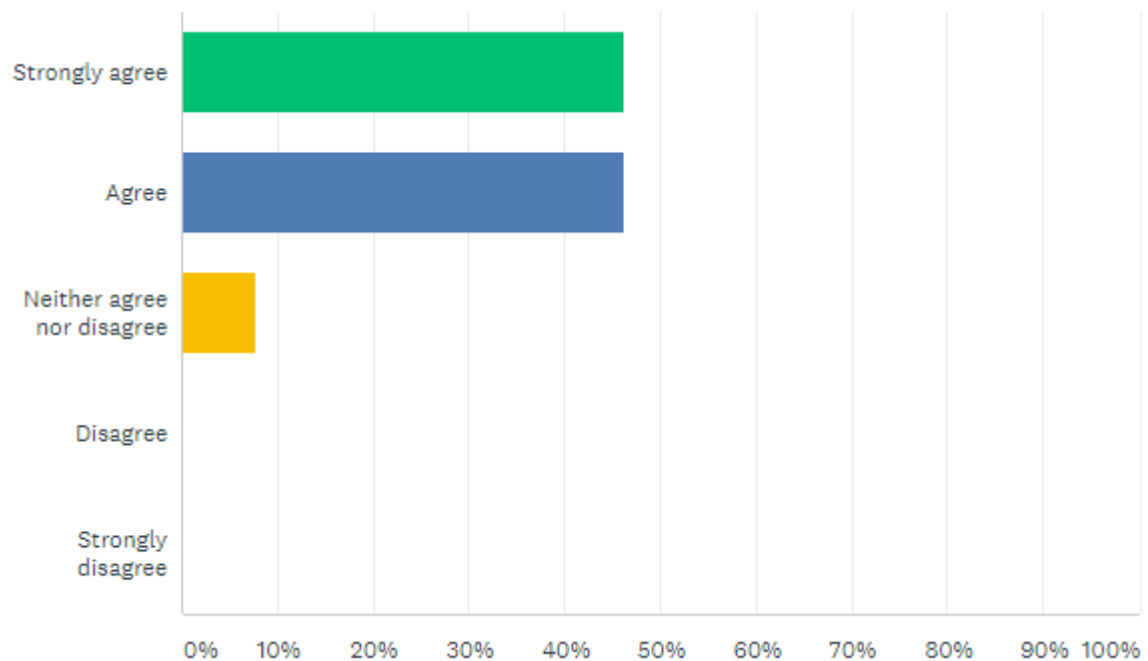
When asked whether they felt the franchise business would return to pre-pandemic levels of performance within the next 12 months, over two thirds of franchisees believed this to be the case. Only 7.69% of participants did not expect to return to their pre-pandemic performance.



The robustness of the franchise model was explored with the franchisees in the survey. Of those surveyed 92.3% of franchisees believed that during the pandemic the model had demonstrated robustness.

It is interesting to note that none of the participants felt the model had failed to demonstrate a robustness.

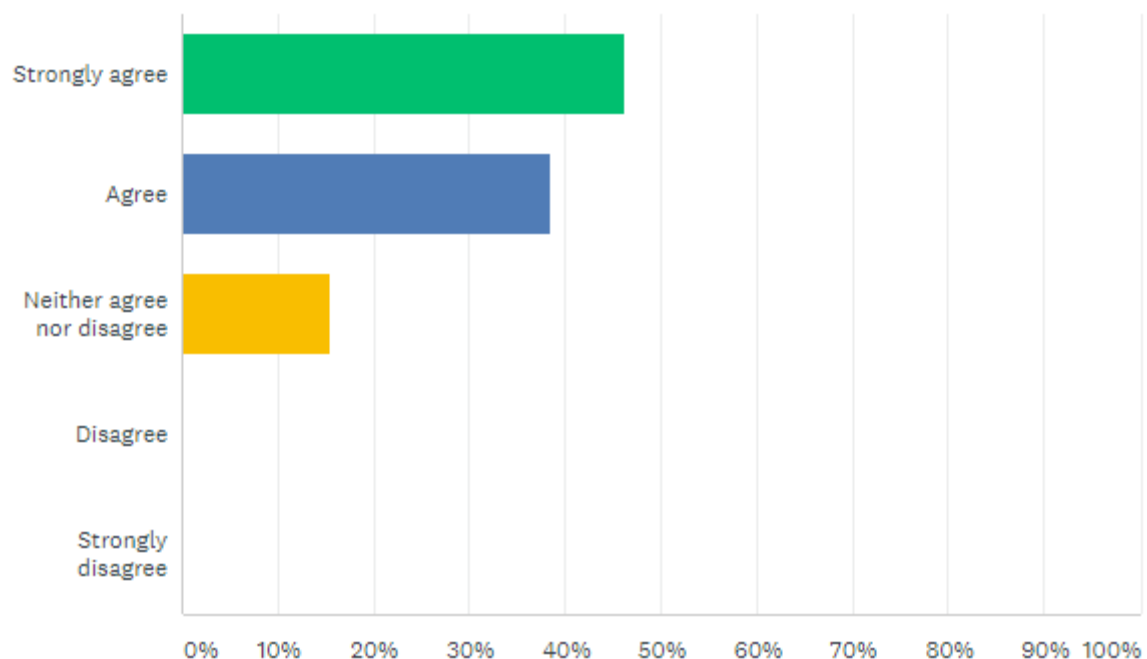
” 92.3% of franchisees believed that during the pandemic the model had demonstrated robustness.



As part of the examination of robustness of the franchise model the franchisees were asked to consider whether they felt the model had been instrumental to the survival of the business during the pandemic.

In response, 84.61% of franchisees confirmed the model had been key to the survival of the business. None of the franchisees disagreed with that statement or felt the model had not been instrumental in their survival.

84.61% of franchisees believe the franchise model had been key to the survival of their business.

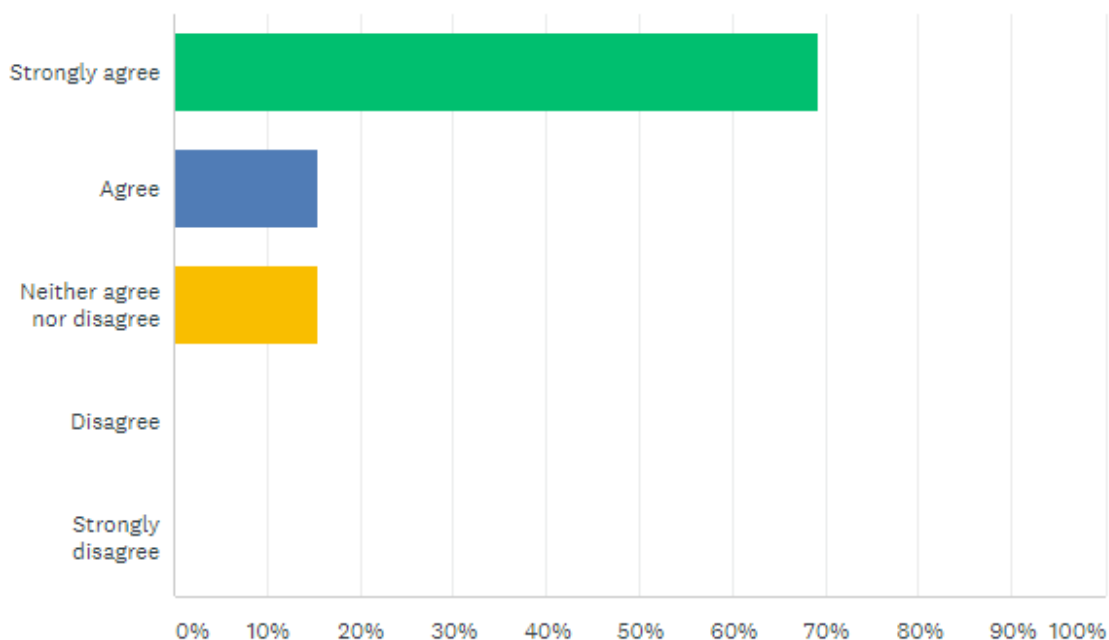


8.5 – Question: *Did the Franchisor provide an appropriate level of support to your business during the Covid pandemic?*

When asked whether the franchisee believed the franchisor had provided an appropriate level of support to their business during the Covid pandemic, a total of 84% of respondents either agreed or strongly agreed with that statement.



84% of franchisees believed the franchisor had provided a sufficient level of support to their business during the pandemic.

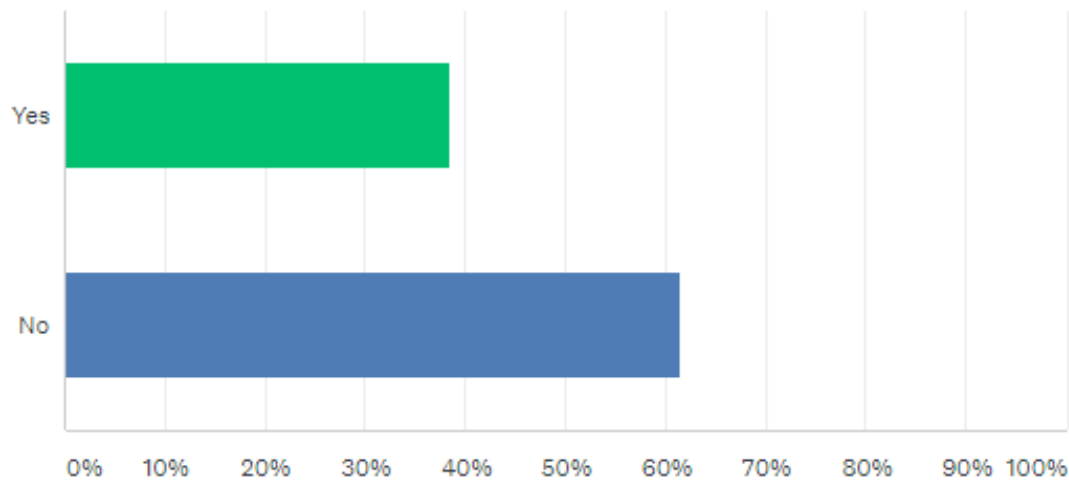


8.6 – Question: *Have you implemented any changes to your business model as a direct result of the Covid pandemic?*

The recipients were asked whether they had implemented changes to the franchise business model to face the demands brought by the pandemic. The results were mixed and a little surprisingly, with 38.46% those who responded confirming that changes had been implemented to the business model, whereas 61.54% confirmed no changes had been made.

Where changes had been implemented, 30.77% of franchisees reported having diversified the products and services which they offered.

Where changes to the business model had been implemented 76.92% of franchisees confirmed they intended to retain the changes which had been implemented during the pandemic.



8.7 – Question: *Have you employed new technology within your business to enable you to trade as a result of the pandemic?*

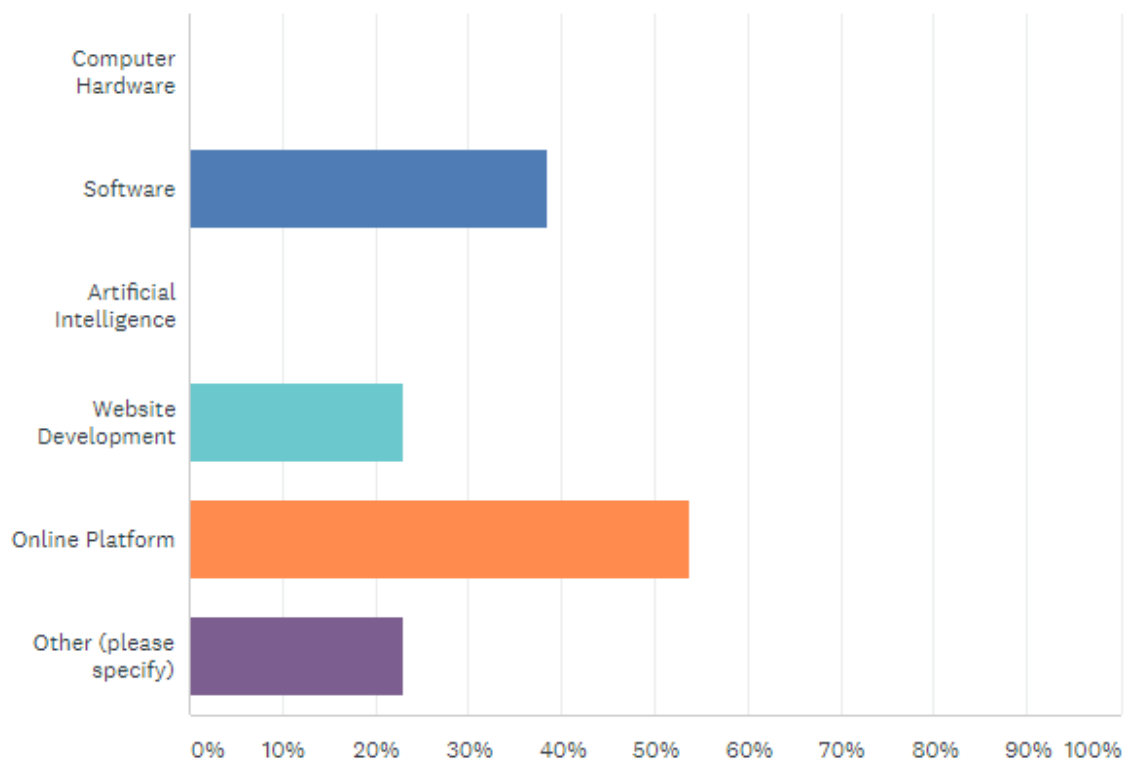
The reliance on technology during the pandemic was explored with the recipients. Perhaps surprisingly, only 53.85% of those franchisees who responded stated they had employed new technology during the pandemic, whereas 46.15% confirmed they had not used new technology.

When asked what type of technology had been implemented the results showed as follows:-

- 38.46% of business purchased new software.
- 23.08% had developed their website.
- 53.85% implemented online platforms for operating the business.
- 23.08% implemented 'other' technology.

The pace at which new technology was embraced was considered, with 69.23% of franchisees confirming that they had turned to the use of technology at a quicker rate than they would have without the challenges of the pandemic.

Where new technology had been used in the business almost two thirds of franchisees had funded the technology out of savings and other investments.



Impact on Revenue

8.8

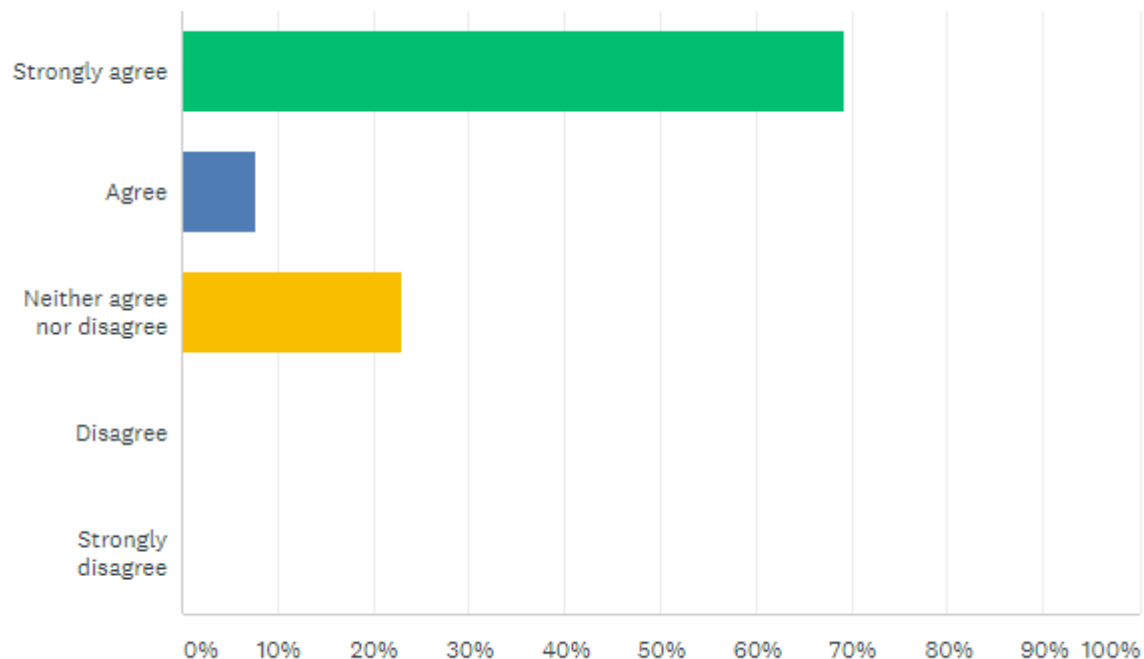
Given the significant decrease in economic activity during the pandemic, the participating franchisees were asked to comment on the extent to which the pandemic had impacted on the monthly revenue of the franchise business:-

- Almost two thirds of participants reported either no change in their monthly revenue, or a decrease in revenue of less than 10%.
- 23.08% reported a decrease of between 10% - 30%.
- 15.38% of participants confirmed an increase in revenue of between 10% - 30%.

8.9

When asked to assess whether they felt monthly revenue would increase over the next 12-month period, over three quarters of those franchisees who responded strongly agreed with that statement. A further 23.08% neither agreed nor disagreed with that assertion. Interestingly none of the

participants felt their monthly revenue would decrease over the next 12 months.



Factors supporting the growth of the franchise business

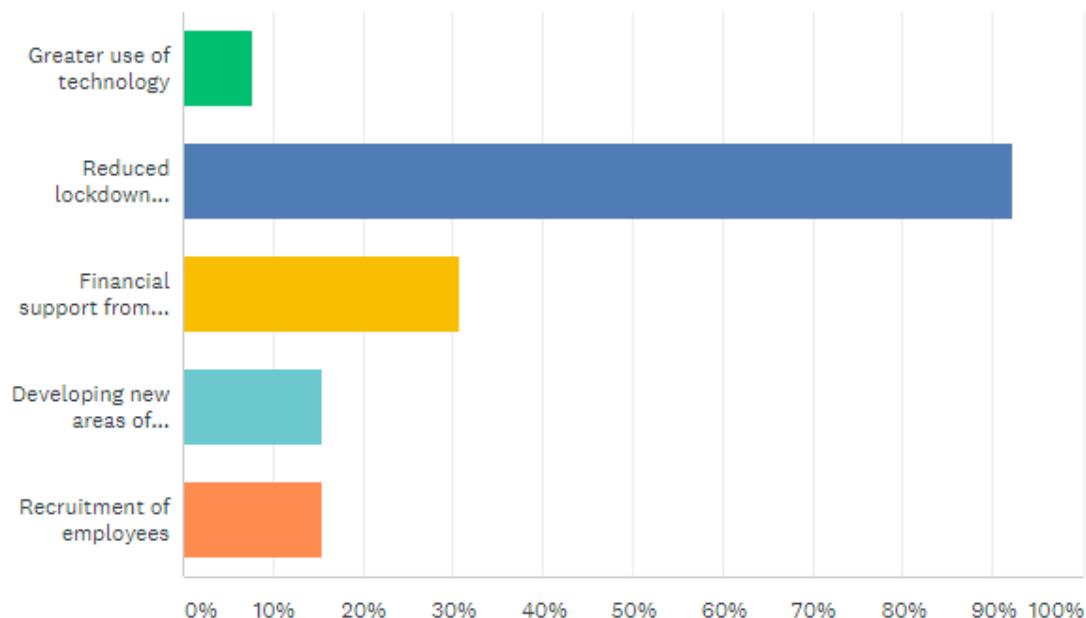
8.10

The challenges which the pandemic has posed for business is likely to impact the business sector for the immediate future. With that in mind, the participating franchisees were asked to comment on those factors which they felt were the most important factors for the supporting the future growth of the franchise business:-

- 7.69% felt the greater use of technology was a key factor.
- 30.77% believed that financial support from their Bank was important.
- 15.38% expressed the view that developing new areas of business was a factor for future growth.
- 15.38% identified the recruitment of employees as a factor for growth

8.11

Perhaps unsurprisingly over 90% of franchisees identified the reduction of lockdown measures as the most important factor for supporting the growth of their franchise business.



8.12

Having identified those key factors at paragraph 8.10 above, the support required to achieve future growth was explored with the franchisees. The franchisee's response addressed several areas in which support was required.

- 30.77% of responders identified recruitment as the support required for growth.
- 46.15% felt business banking support was required.
- 7.69% identified IT technology the support necessary to achieve growth.

8.13

However, all of the participating franchisees confirmed that marketing support was the key area of support they required to achieve future growth.

9. Conclusion Which Can Be Drawn

9.1

The Covid pandemic and its impact on the economy has been unprecedented. However, the results generated by this survey are encouraging for those operating within the franchise sector in the UK.

9.2

The franchise business model is distinctive in its structure and operation. The success of the franchise is dependent on both the franchisor and franchisee working together. However, the success of any franchise business is conditional on robustness of the model on which it is based.

9.3

From the data produced by the survey it is possible to draw the following conclusions as to the performance of the franchise business model during the Covid pandemic:-

- A) The franchise model has demonstrated a robustness during the pandemic. Whilst it is accepted the economic climate had a negative impact on franchise businesses, the view of franchise businesses was that the model was instrumental in the survival of that business. Whilst reporting a decrease in revenue, the majority of franchise businesses believed the revenue would 'bounce back' over the following 12 months.
- B) Despite the economic downturn, the franchise businesses demonstrated a continued growth in the franchise network through the sale of franchises to new franchisees.
- C) The franchise business model has shown itself to be adaptable to economic challenges posed by the pandemic and reactive to the changes which were implemented by the franchise businesses.

The model has demonstrated a flexibility to introduce new products / services and the delivery of those changes through new mediums.

- D) The use of technology appears to have been particularly key to some franchise businesses in facing these challenges with franchise businesses embracing technology at a quicker rate than in pre-pandemic trading years.
- E) The support provided to franchisees through the franchise model was a key factor in the decision of franchisees to become franchise business owners. Our survey has disclosed that 84.62% of franchisees who responded identified this as a key reason for purchasing the franchise. It is the support aspect of the franchise model which makes it such a robust model.

9.4

Whatever the popular view of franchising, the data demonstrates that the franchise business model appears to have withstood the challenges posed by the Covid pandemic with a robustness worthy of praise.

Resilience and recession

9.5

Whilst the survey and data was structured to focus on assessing the resilience of the franchise model during the pandemic, it is inevitable that certain conclusions may be drawn to the model's performance during a recession. Given the economic downturn in terms of GDP during 2020 was twice that of the 2009 recession, such a comparison is not entirely unwarranted.

9.6

The data provided by the survey would seem to support the view the franchise business model would display the same level of resilience during a recession.

10. Concluding Remarks

The results of this survey, which it is believed to be the first in the UK to have explored the impact of the pandemic on the franchise sector, is important to demonstrating the versatility and resilience of the franchising as a business model. Whilst franchising in the UK still has some way to go before it is seen as an equal to other styles of business models, the continued growth of the franchise sector as part of the UK economy remains encouraging. The data provided by this report demonstrates that the franchise model displays a capability to withstand economic challenge, which can only support the growth of the franchising in the UK.

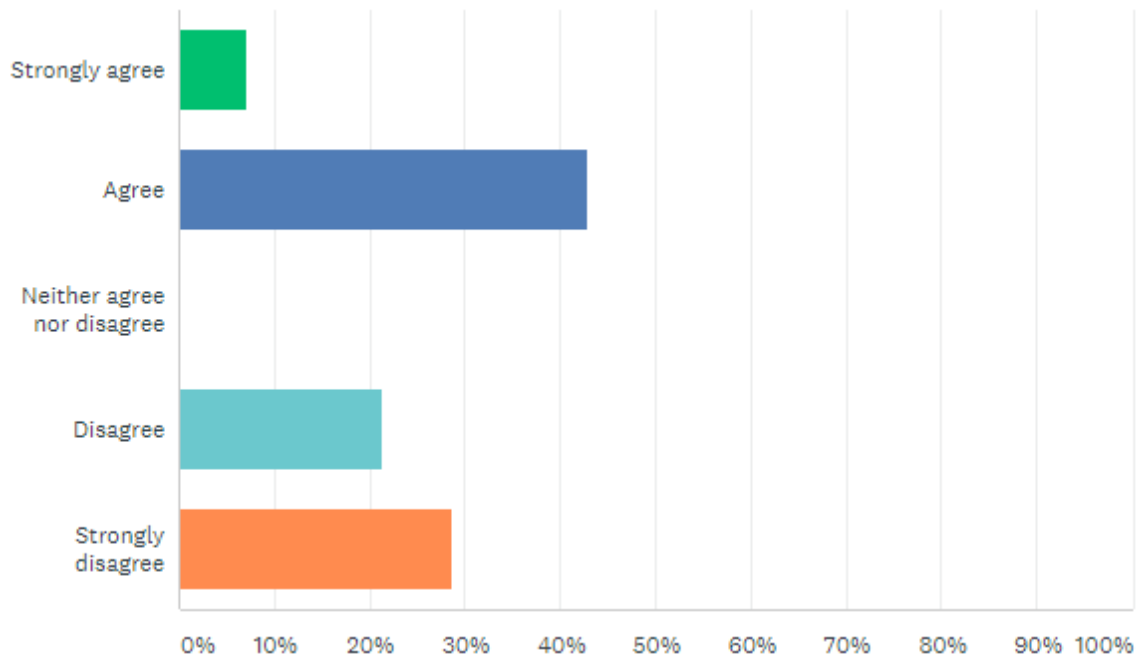
Mr Ian Townsend

Chief Operating Officer, Quality Franchise Association.

11. Appendices

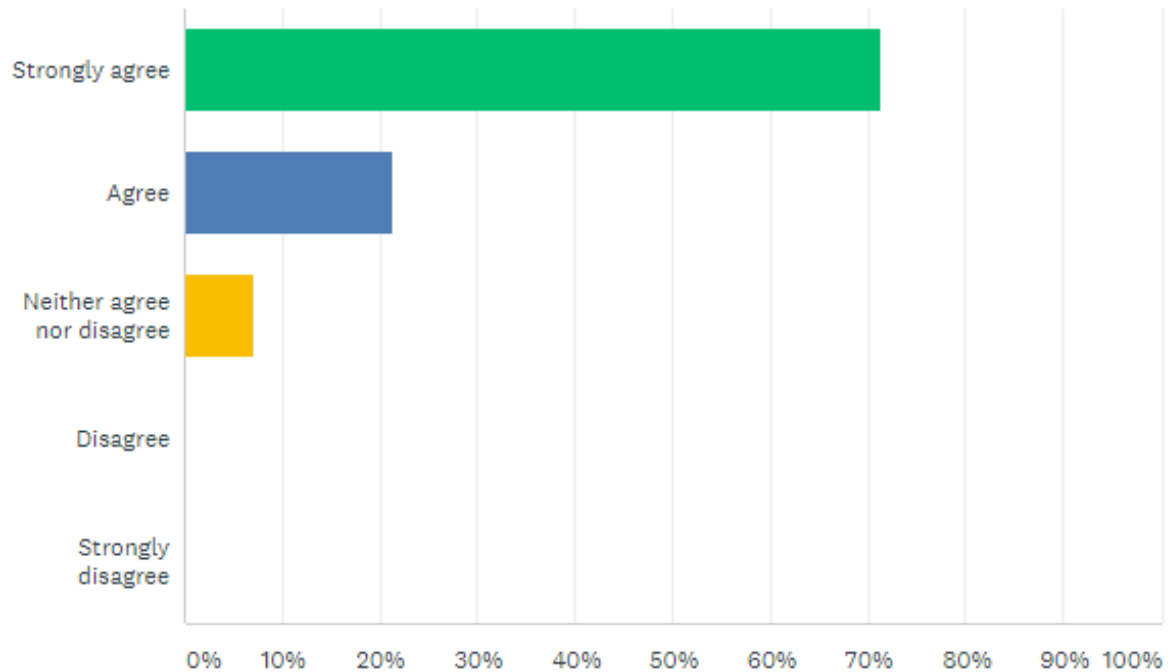
11.1 Franchisor Survey

11.1.1 The Covid-19 pandemic has had a negative impact on my franchise business. Do you:



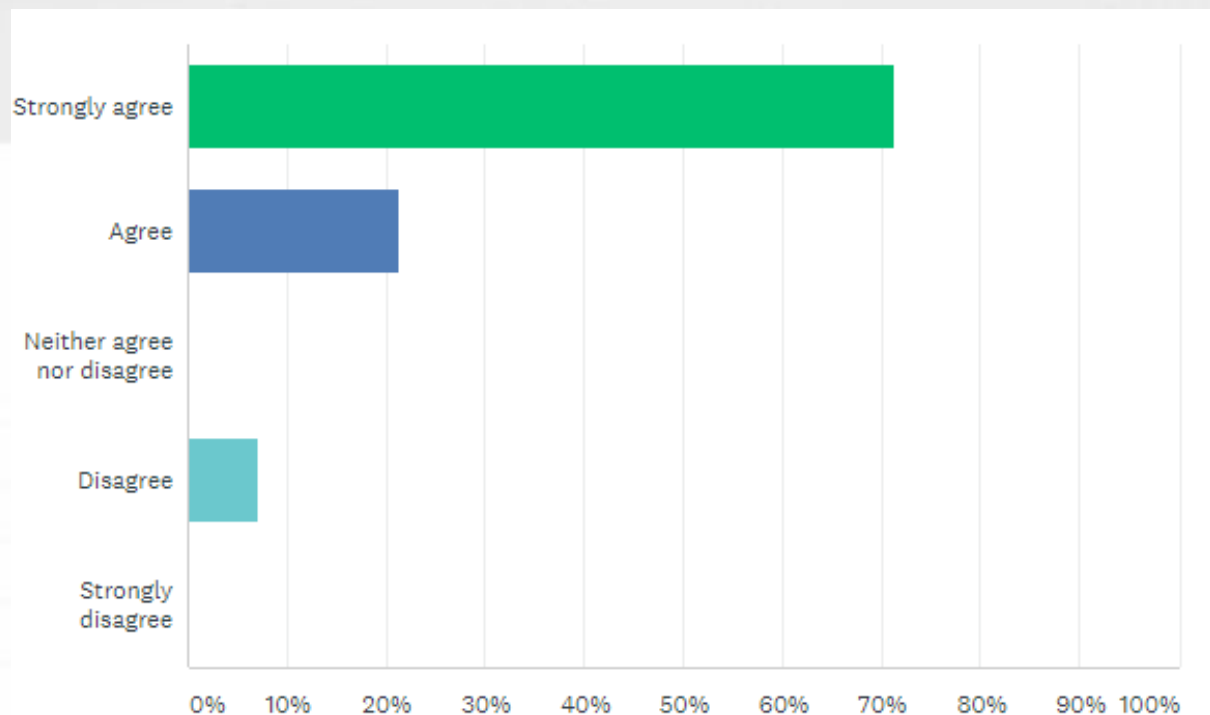
ANSWER CHOICES	RESPONSES
Strongly agree	7.14%
Agree	42.86%
Neither agree nor disagree	0.00%
Disagree	21.43%
Strongly disagree	28.57%

11.1.2 The Covid-19 pandemic has had a negative impact on my franchise business. Do you:



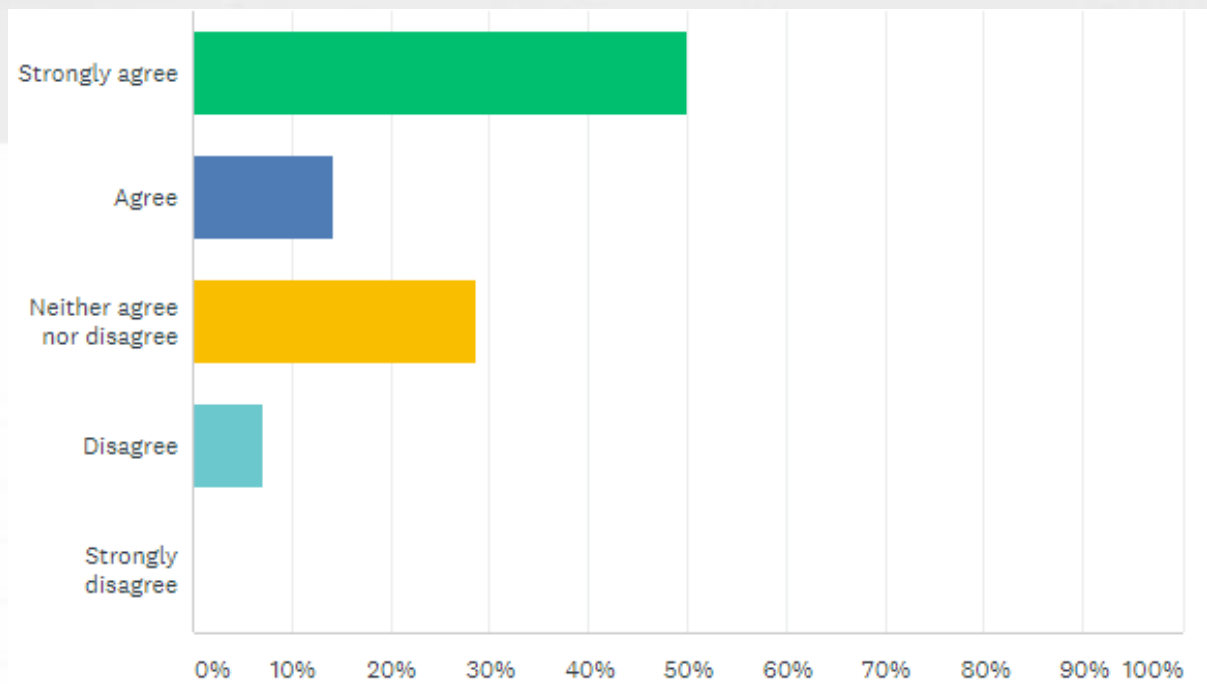
ANSWER CHOICES	RESPONSES
Strongly agree	71.43%
Agree	21.43%
Neither agree nor disagree	7.14%
Disagree	0.00%
Strongly disagree	0.00%

11.1.3 Notwithstanding the difficulties caused by the pandemic, the franchise business model has remained robust throughout the pandemic. Do you:



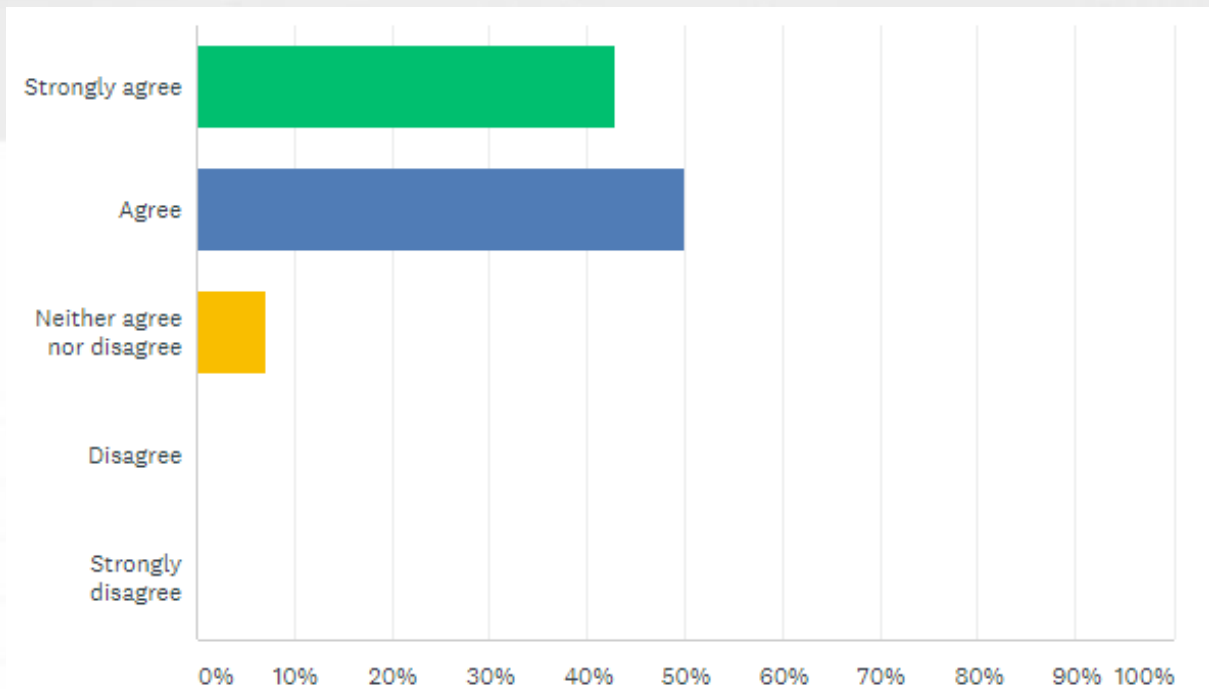
ANSWER CHOICES	RESPONSES
Strongly agree	71.43%
Agree	21.43%
Neither agree nor disagree	0.00%
Disagree	7.14%
Strongly disagree	0.00%

11.1.4 Franchising as a business model has been instrumental in the survival of the business during the Covid-19 pandemic. Do you:



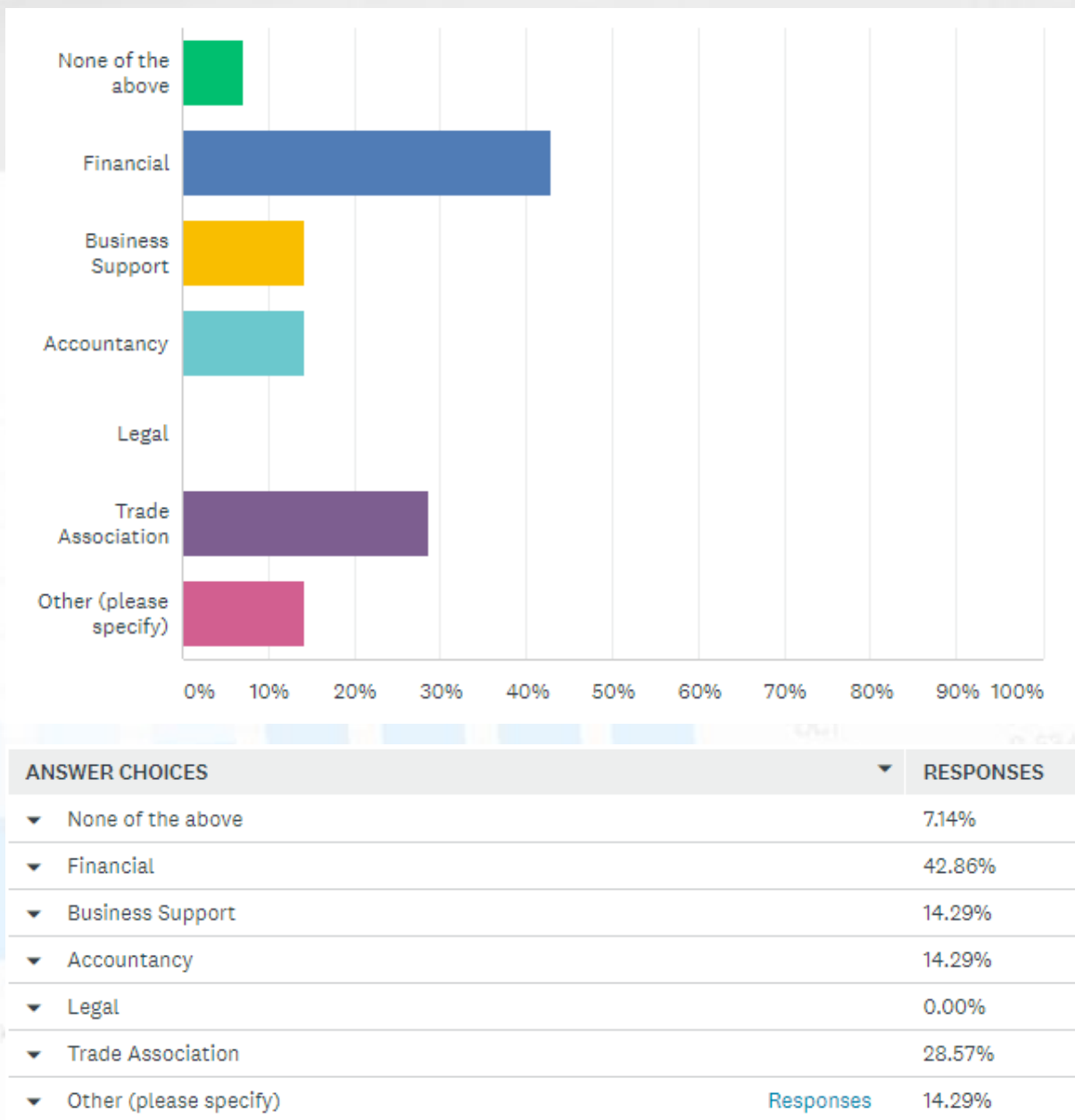
ANSWER CHOICES	RESPONSES
Strongly agree	50.00%
Agree	14.29%
Neither agree nor disagree	28.57%
Disagree	7.14%
Strongly disagree	0.00%

11.1.5 Do you consider the franchise business model has been robust during the Covid-19 pandemic?

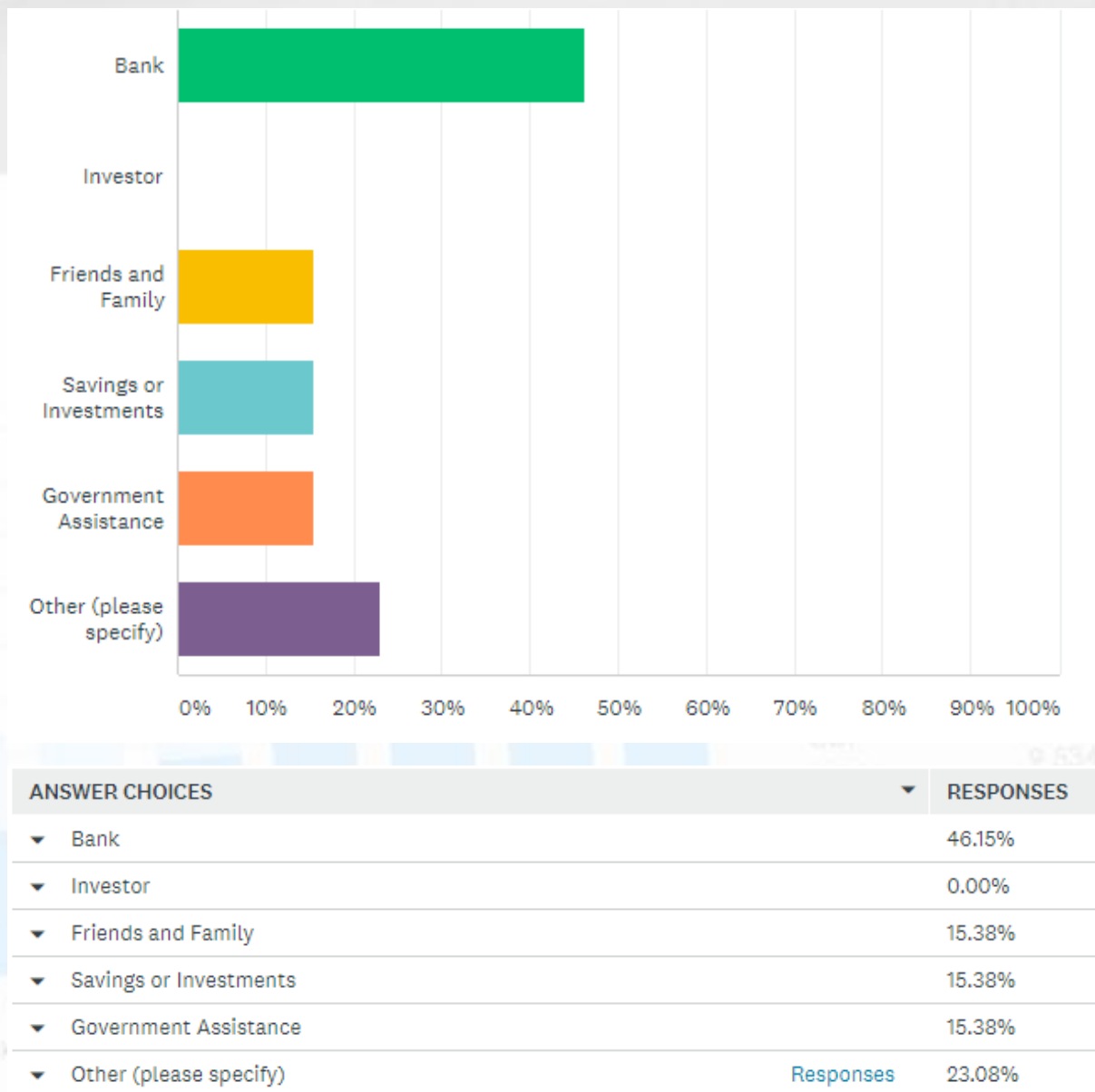


ANSWER CHOICES	RESPONSES
Strongly agree	42.86%
Agree	50.00%
Neither agree nor disagree	7.14%
Disagree	0.00%
Strongly disagree	0.00%

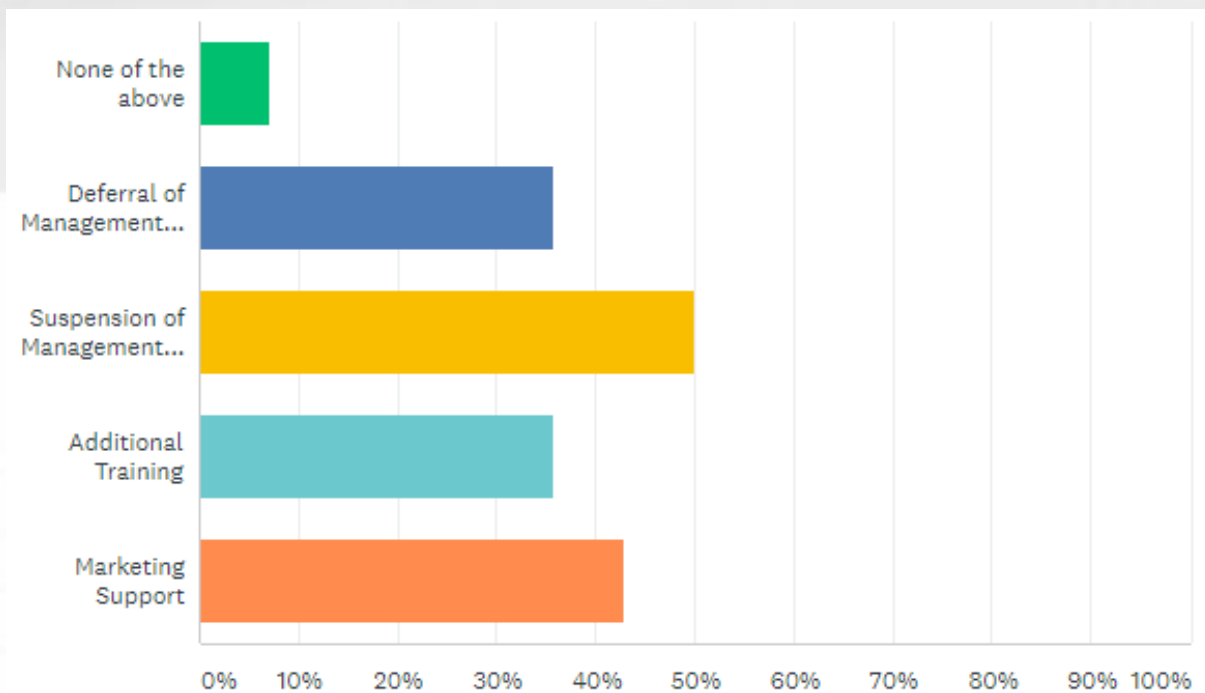
11.1.6 What type of support did you seek during the pandemic?



11.1.7 What type of support did you seek during the pandemic?

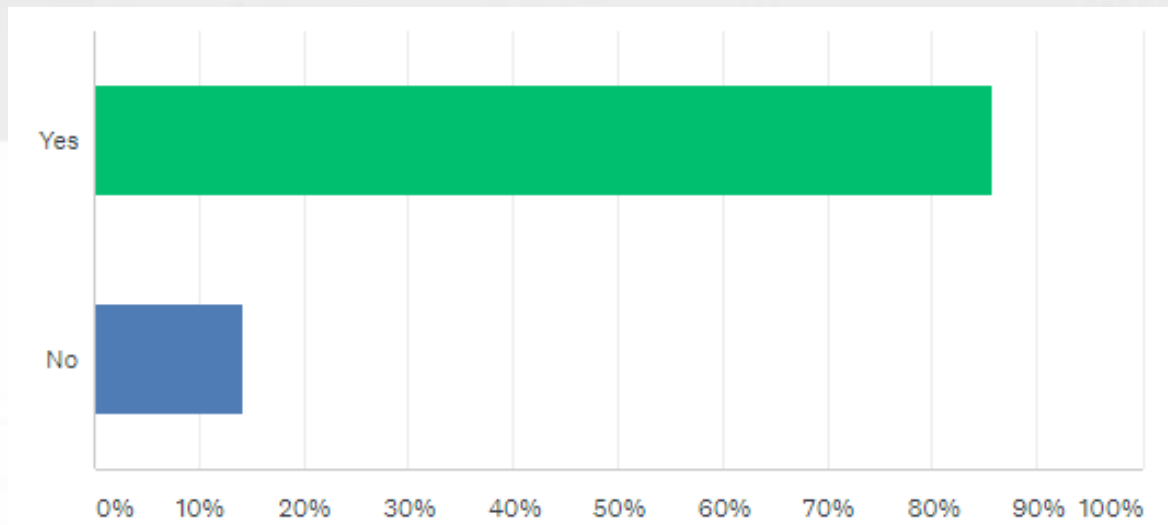


11.1.8 How have you supported your franchisees during the pandemic?



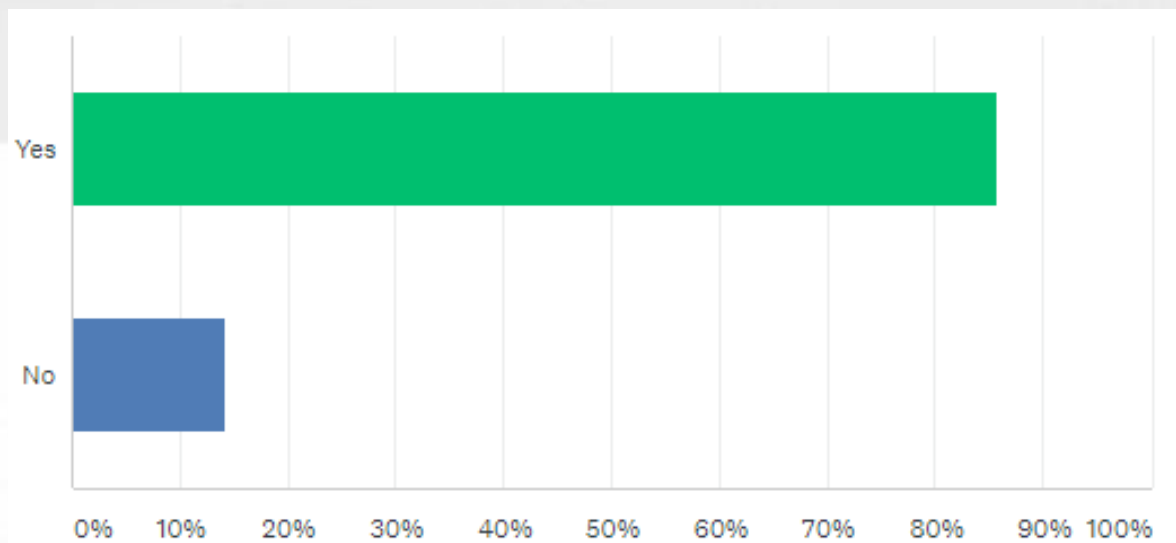
ANSWER CHOICES	RESPONSES
▼ None of the above	7.14%
▼ Deferral of Management Service Fees	35.71%
▼ Suspension of Management Service Fees	50.00%
▼ Additional Training	35.71%
▼ Marketing Support	42.86%

11.1.9 Have you implemented any changes to your business model as a direct result of the Covid-19 pandemic?



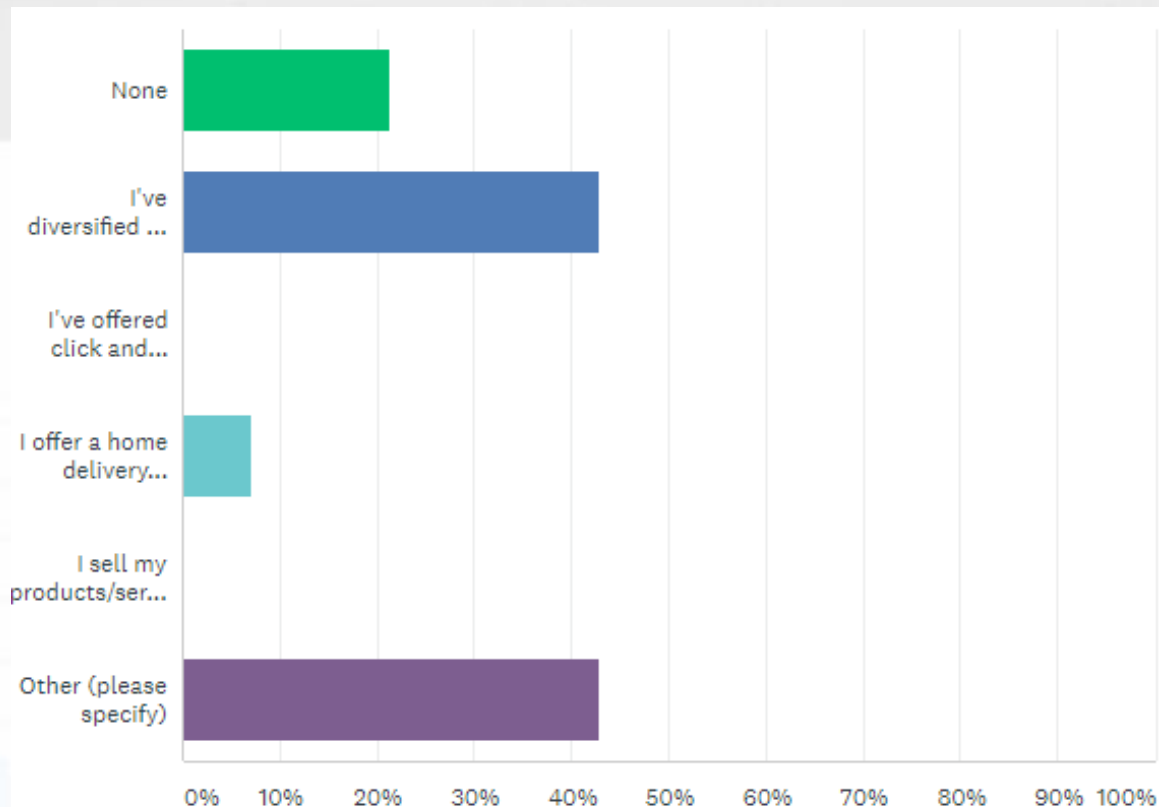
ANSWER CHOICES	RESPONSES
▼ Yes	85.71%
▼ No	14.29%

11.1.10 Where you have made any changes to your business model, do you intend to retain these changes once restrictions are lifted?



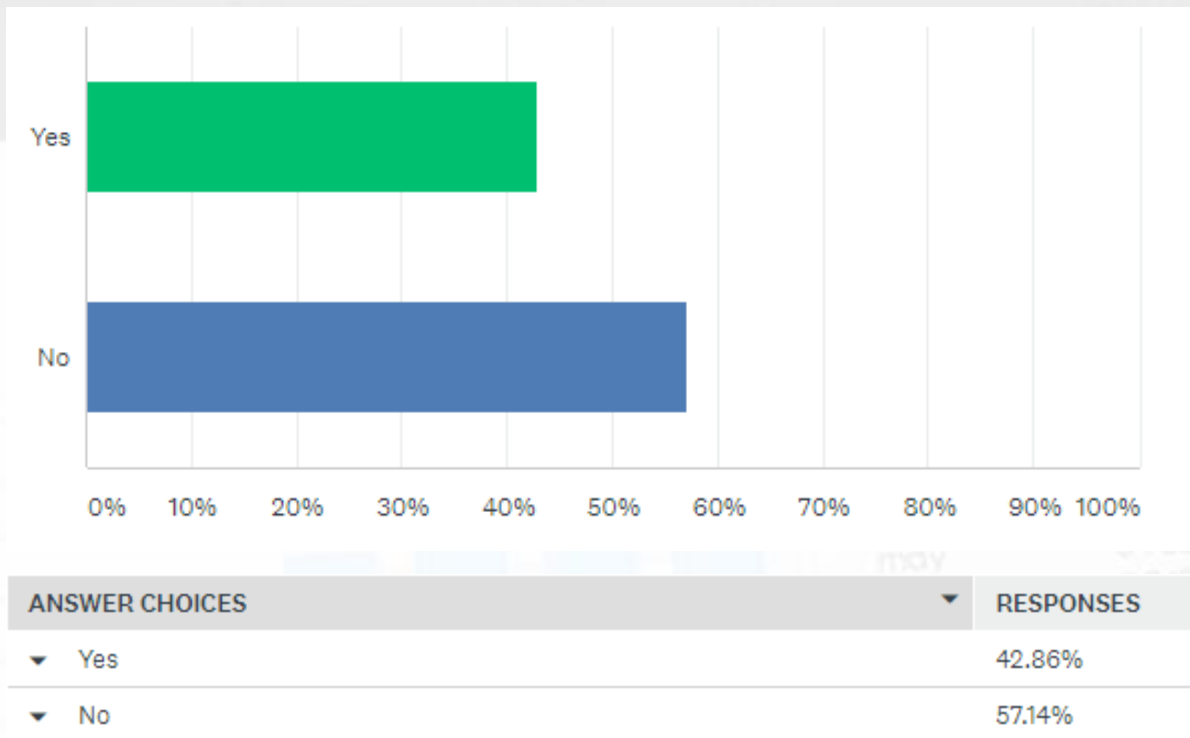
ANSWER CHOICES	RESPONSES
▼ Yes	85.71%
▼ No	14.29%

11.1.11 Thinking about your franchise, what changes have you made to your business from the original business model?

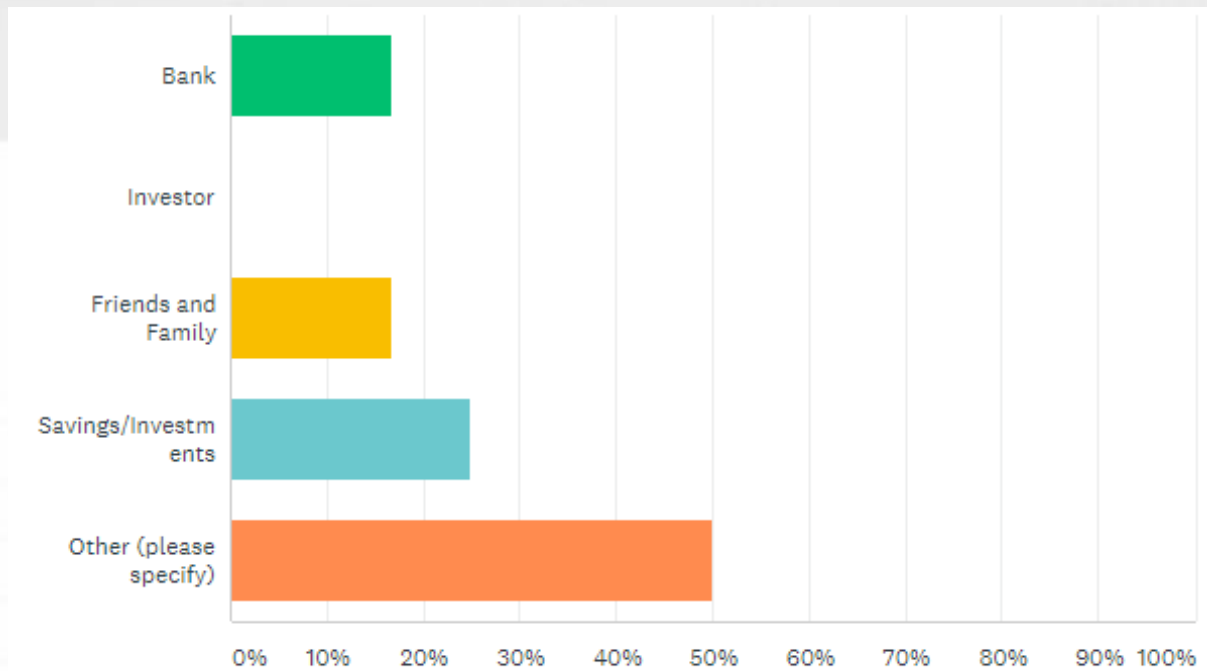


ANSWER CHOICES	RESPONSES
▼ None	21.43%
▼ I've diversified my product/service offering	42.86%
▼ I've offered click and collect	0.00%
▼ I offer a home delivery service	7.14%
▼ I sell my products/services through a third party	0.00%
▼ Other (please specify)	Responses 42.86%

11.1.12 Have you employed new technology within your business to enable you to trade as a result of the pandemic?

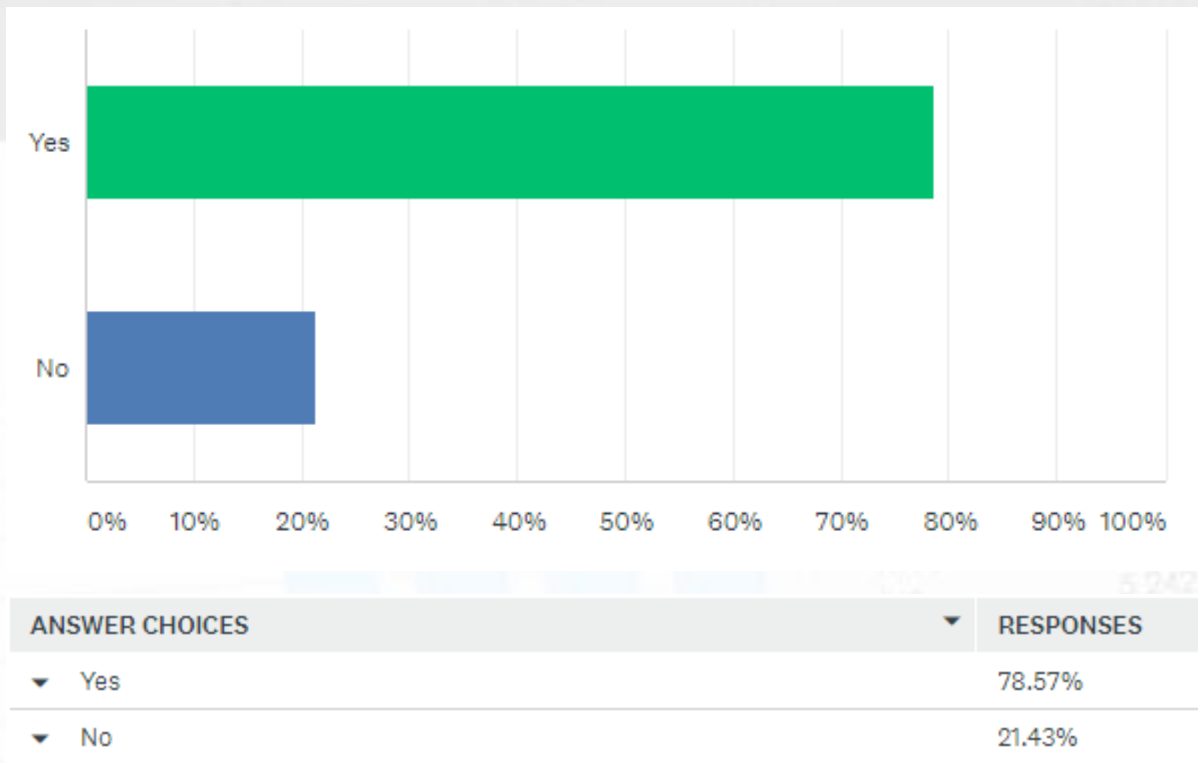


11.1.13 Have you employed new technology within your business to enable you to trade as a result of the pandemic?

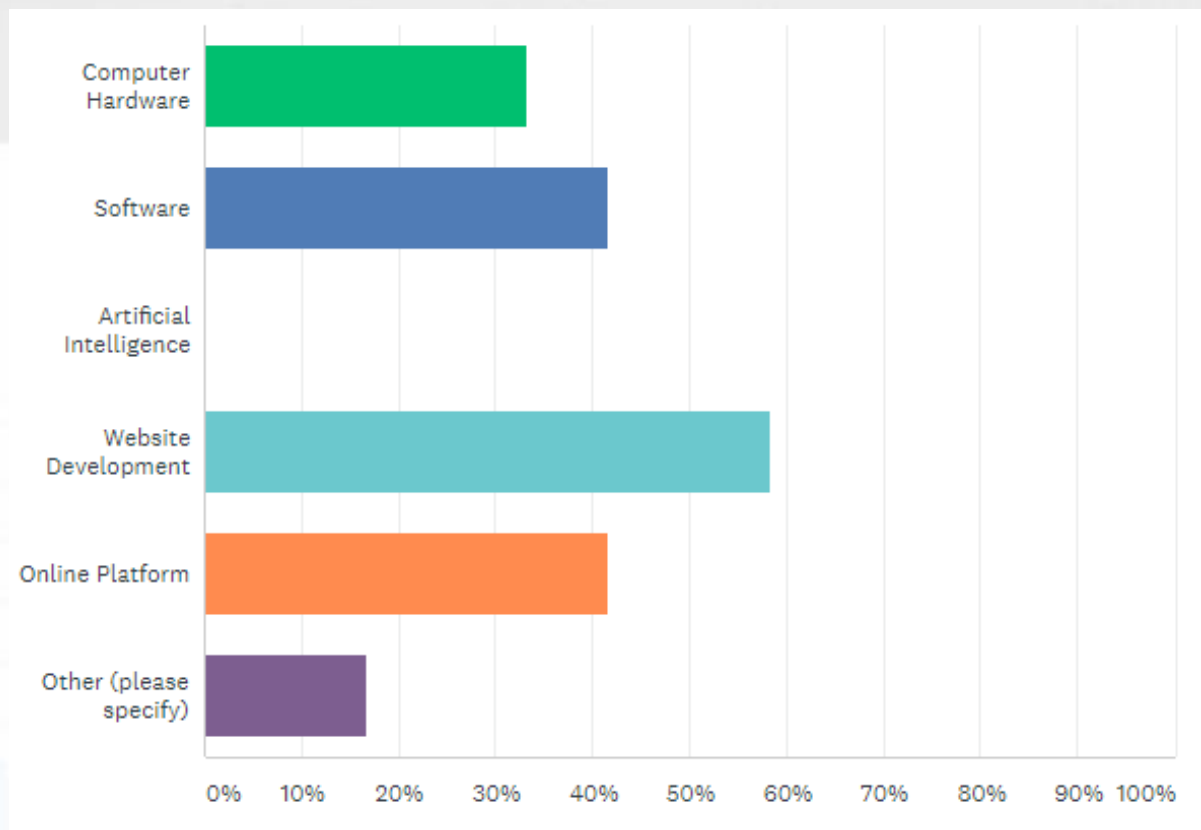


ANSWER CHOICES	RESPONSES
▼ Bank	16.67%
▼ Investor	0.00%
▼ Friends and Family	16.67%
▼ Savings/Investments	25.00%
▼ Other (please specify)	Responses 50.00%

11.1.14 Have you had to embrace technology at a much quicker pace than you would do within a normal year?

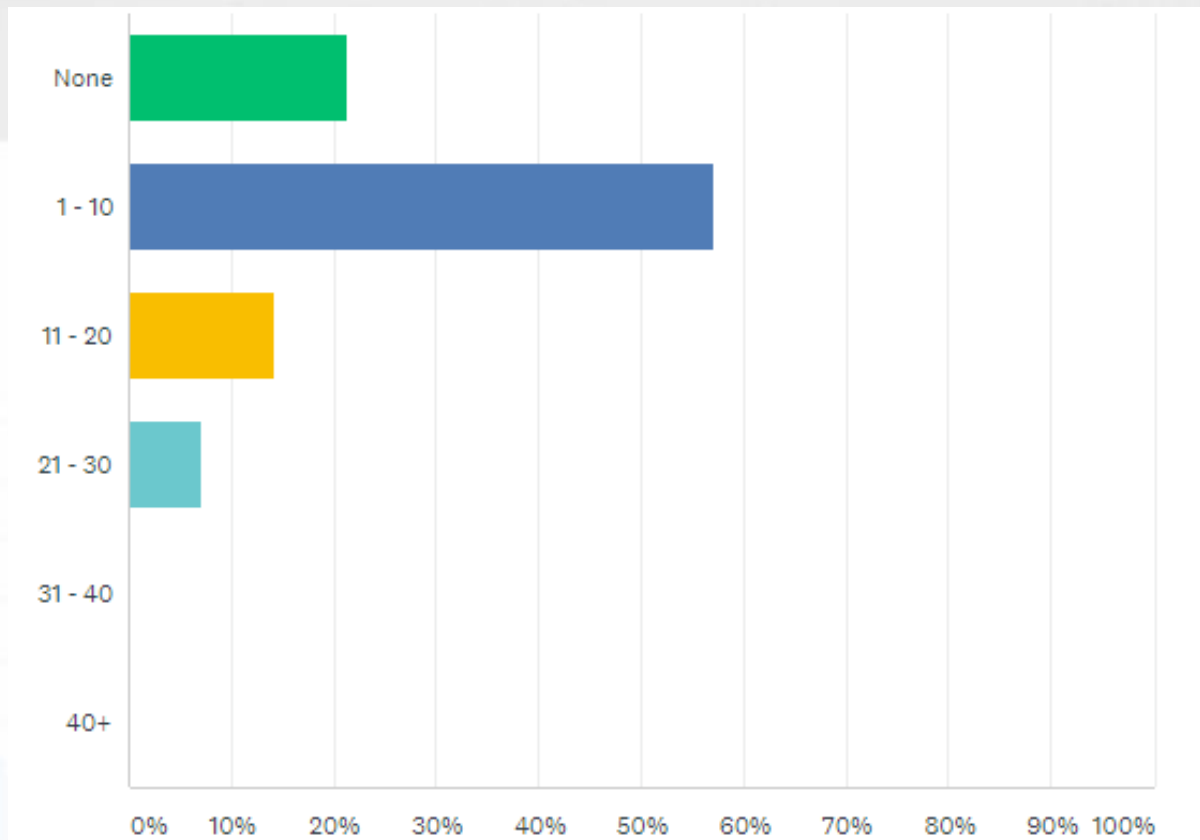


11.1.15 If yes, what technology have you implemented during the last 12 months?



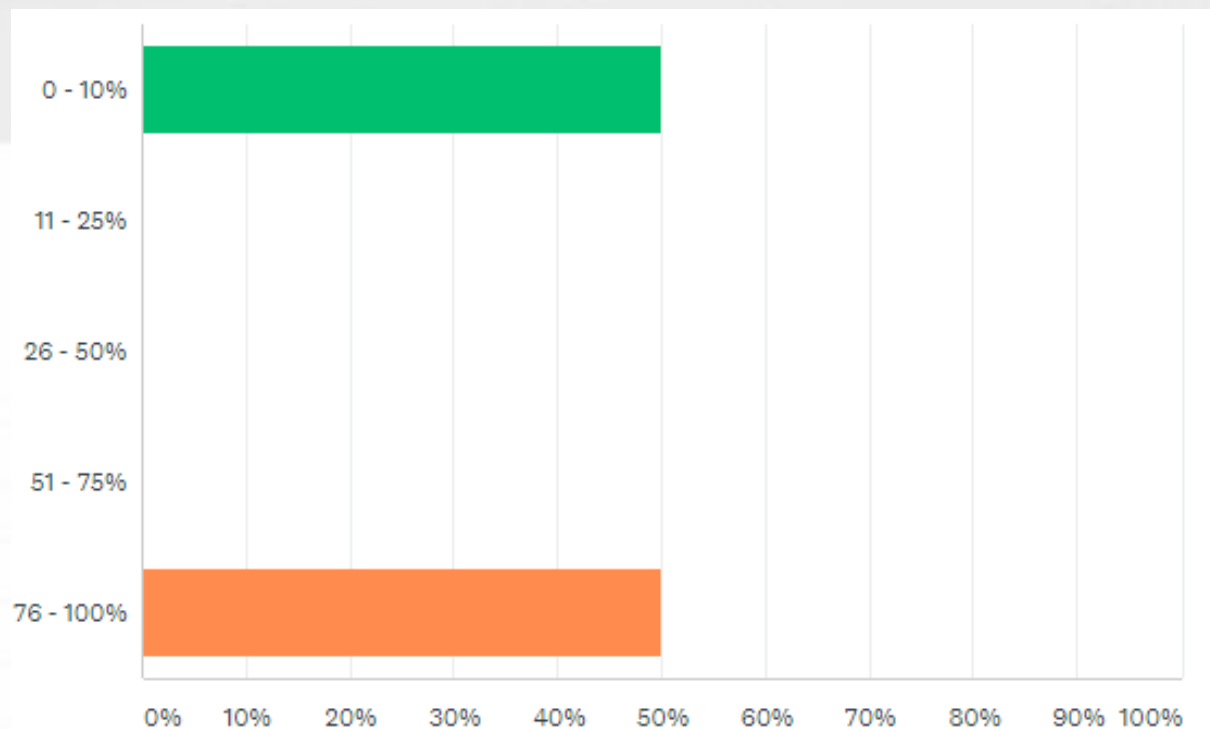
ANSWER CHOICES	RESPONSES
▼ Computer Hardware	33.33%
▼ Software	41.67%
▼ Artificial Intelligence	0.00%
▼ Website Development	58.33%
▼ Online Platform	41.67%
▼ Other (please specify)	Responses 16.67%

11.1.16 How many franchisees have you recruited to your network during the pandemic?



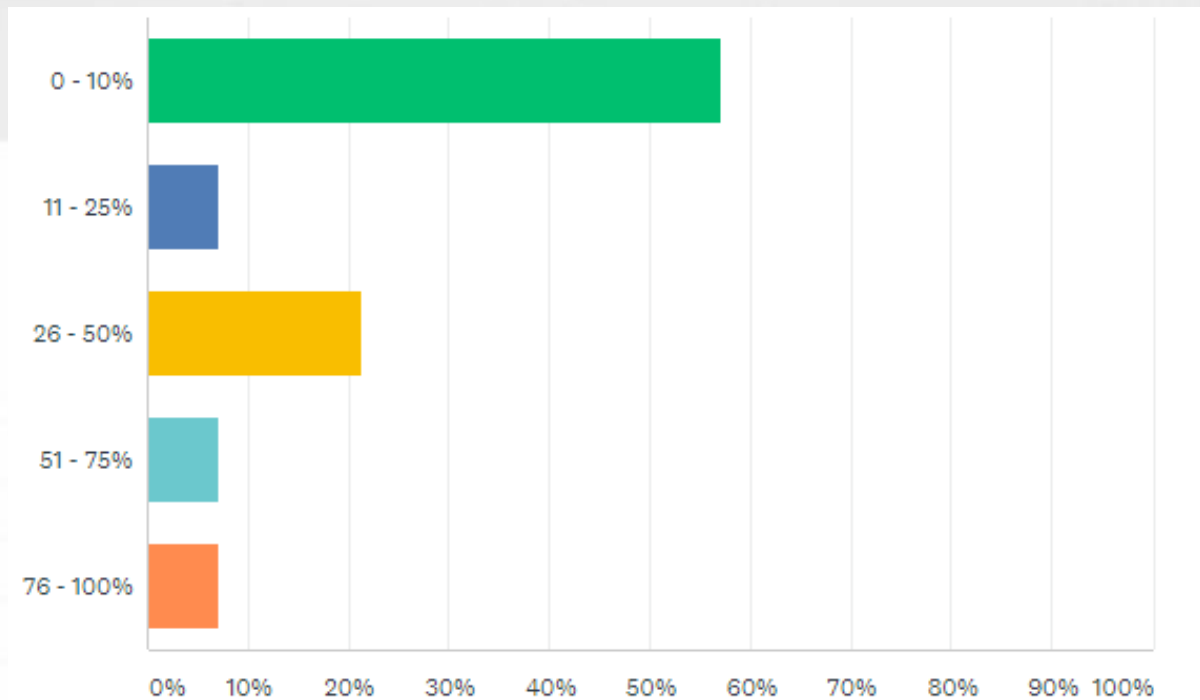
ANSWER CHOICES	RESPONSES
▼ None	21.43%
▼ 1 - 10	57.14%
▼ 11 - 20	14.29%
▼ 21 - 30	7.14%
▼ 31 - 40	0.00%
▼ 40+	0.00%

11.1.17 In relation to those new franchisees recruited to the network, what percentage came from the sale of new territories?



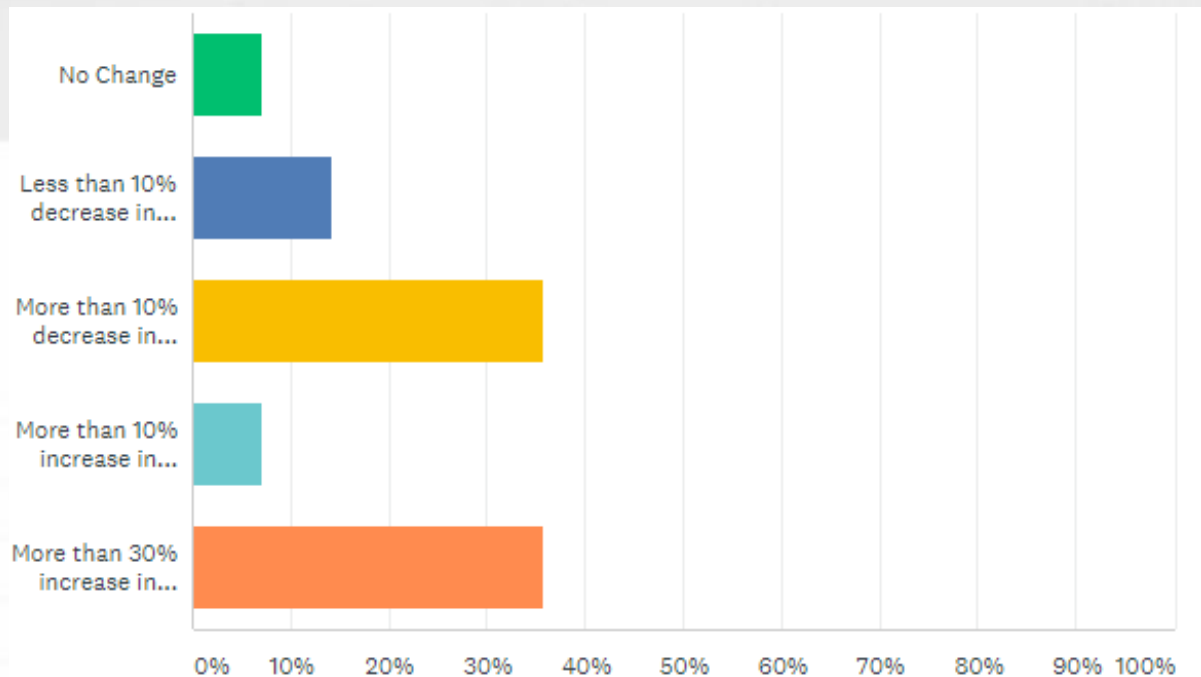
ANSWER CHOICES	RESPONSES
▼ 0 - 10%	50.00%
▼ 11 - 25%	0.00%
▼ 26 - 50%	0.00%
▼ 51 - 75%	0.00%
▼ 76 - 100%	50.00%

11.1.18 Of the revenue received by your business during the pandemic, what percentage much came from the franchise fee paid by new franchisees?



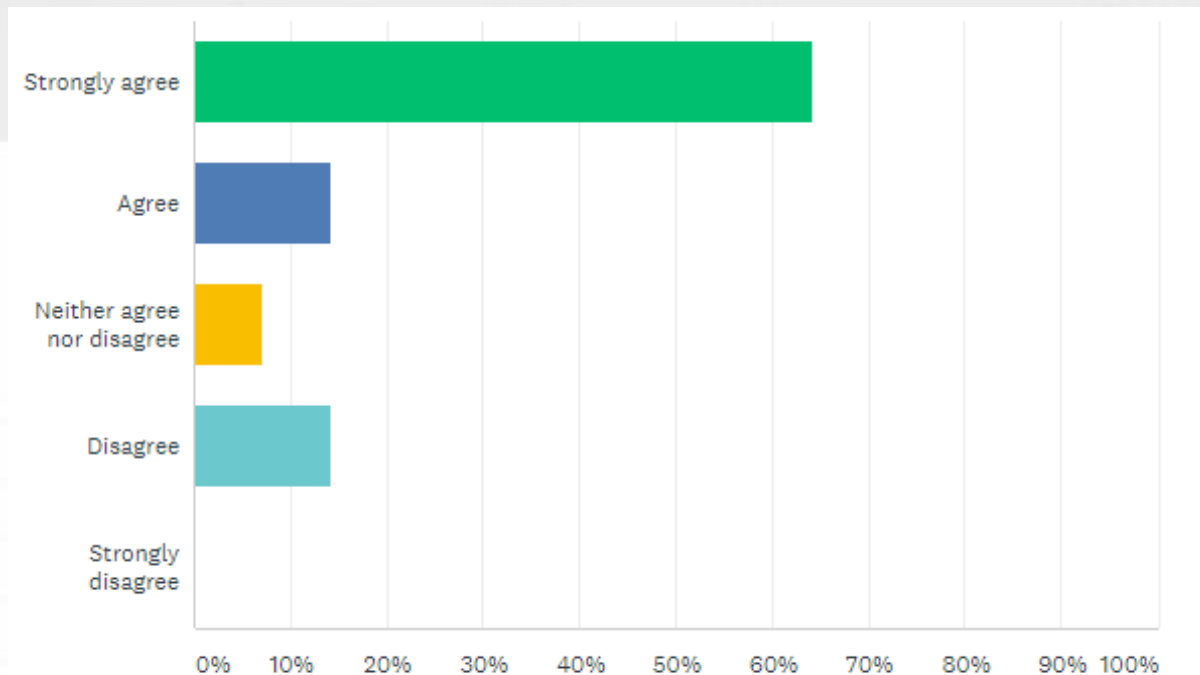
ANSWER CHOICES	RESPONSES
▼ 0 - 10%	57.14%
▼ 11 - 25%	7.14%
▼ 26 - 50%	21.43%
▼ 51 - 75%	7.14%
▼ 76 - 100%	7.14%

11.1.19 To what extent has the Covid-19 pandemic impacted on the monthly revenue of the franchise business?



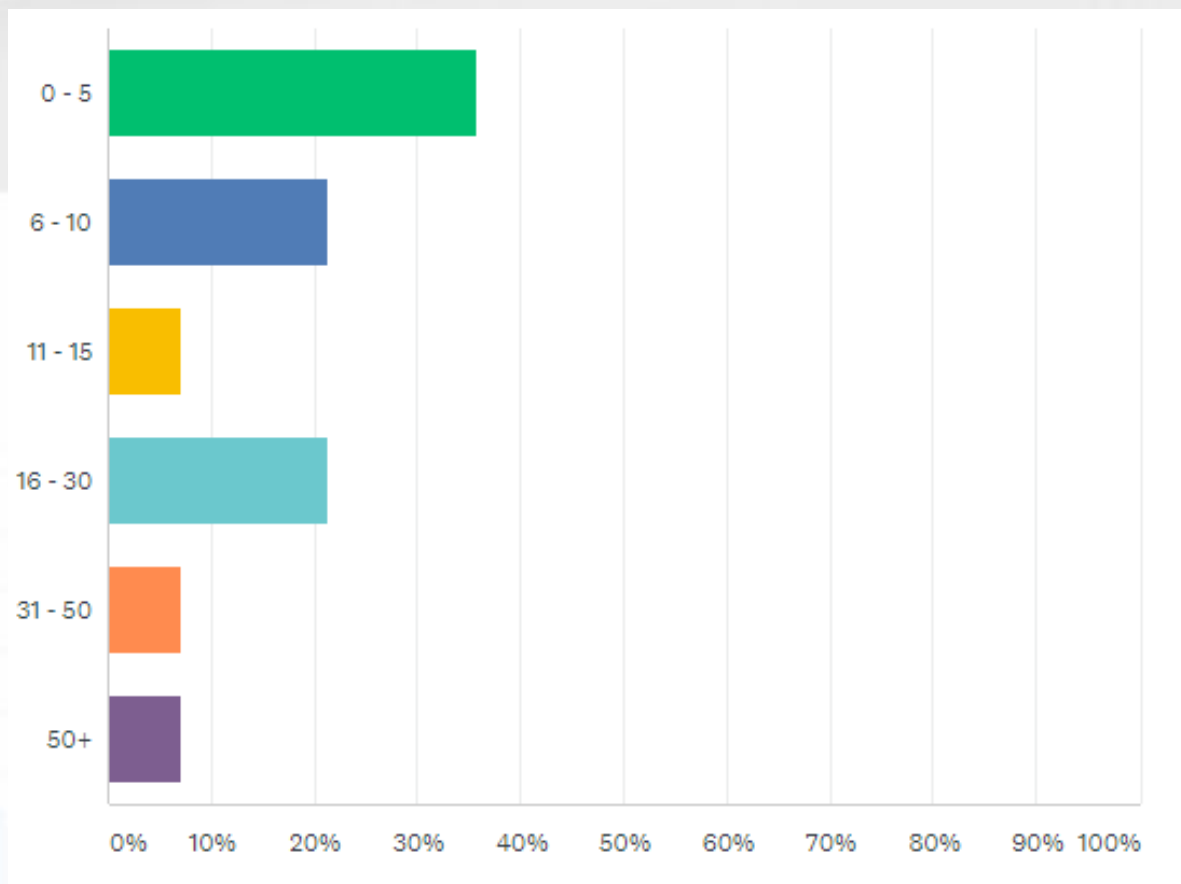
ANSWER CHOICES	RESPONSES
▼ No Change	7.14%
▼ Less than 10% decrease in revenue	14.29%
▼ More than 10% decrease in revenue but less than 30% decrease in revenue	35.71%
▼ More than 10% increase in revenue but less than 30% increase in revenue	7.14%
▼ More than 30% increase in revenue	35.71%

11.1.20 Once lockdown restrictions have been removed over the next 12 months your business will see an increase in your monthly revenue. Do you:



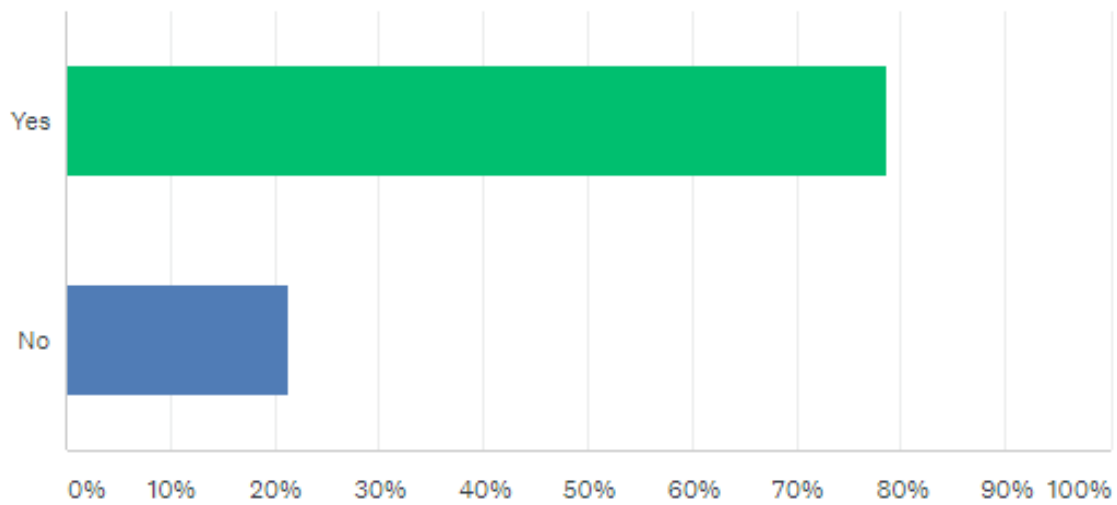
ANSWER CHOICES	RESPONSES
Strongly agree	64.29%
Agree	14.29%
Neither agree nor disagree	7.14%
Disagree	14.29%
Strongly disagree	0.00%

11.1.21 How many employees do you have working in the business?



ANSWER CHOICES	RESPONSES
▼ 0 - 5	35.71%
▼ 6 - 10	21.43%
▼ 11 - 15	7.14%
▼ 16 - 30	21.43%
▼ 31 - 50	7.14%
▼ 50+	7.14%

11.1.22 Do you plan to recruitment further staff within the next 12 months?



ANSWER CHOICES

▼ Yes

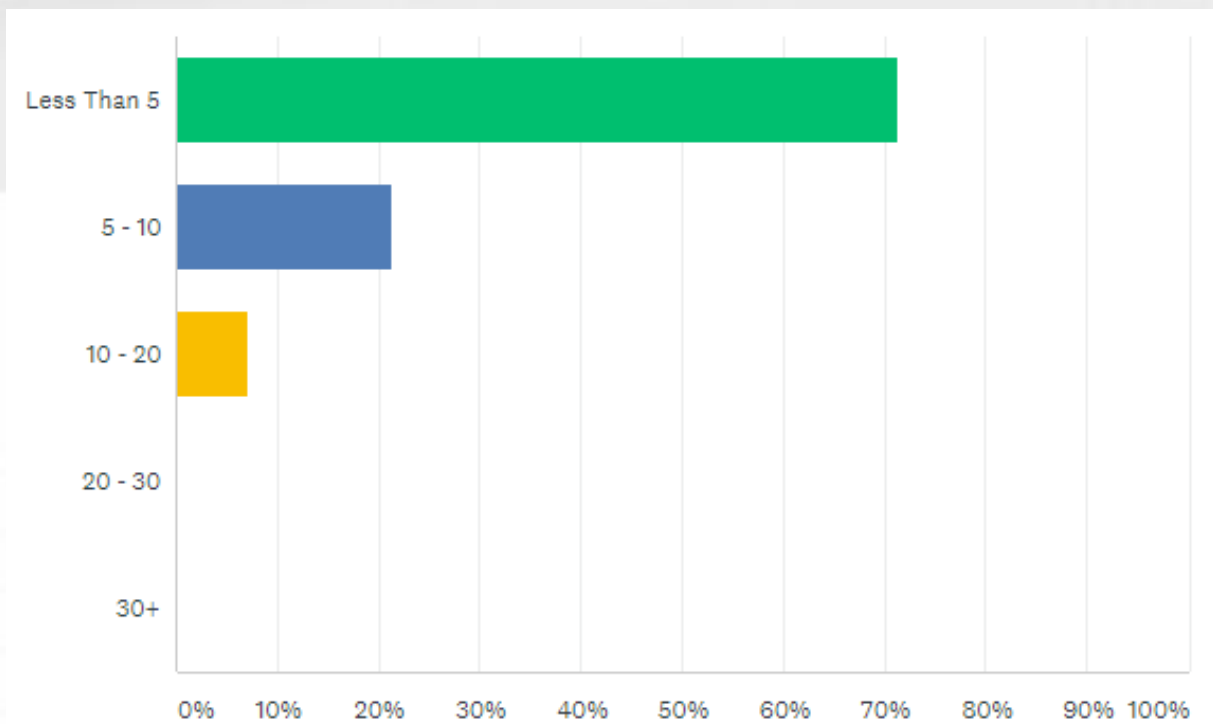
▼ No

RESPONSES

78.57%

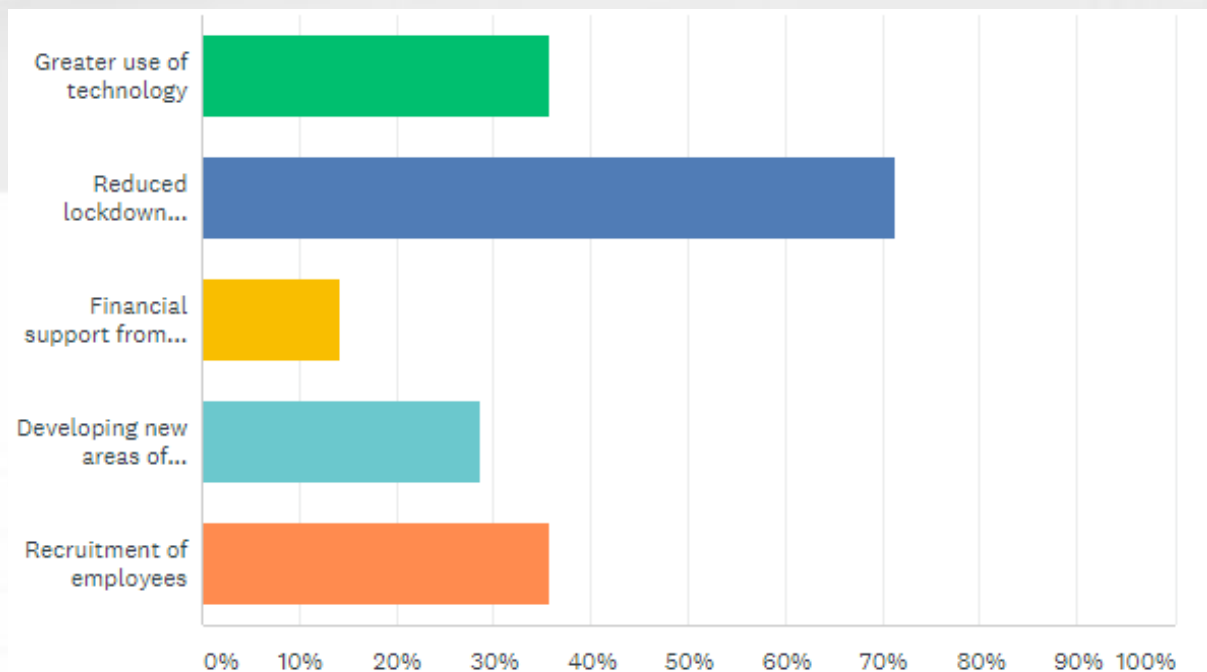
21.43%

11.1.23 If yes, how many employees do you plan to recruitment?



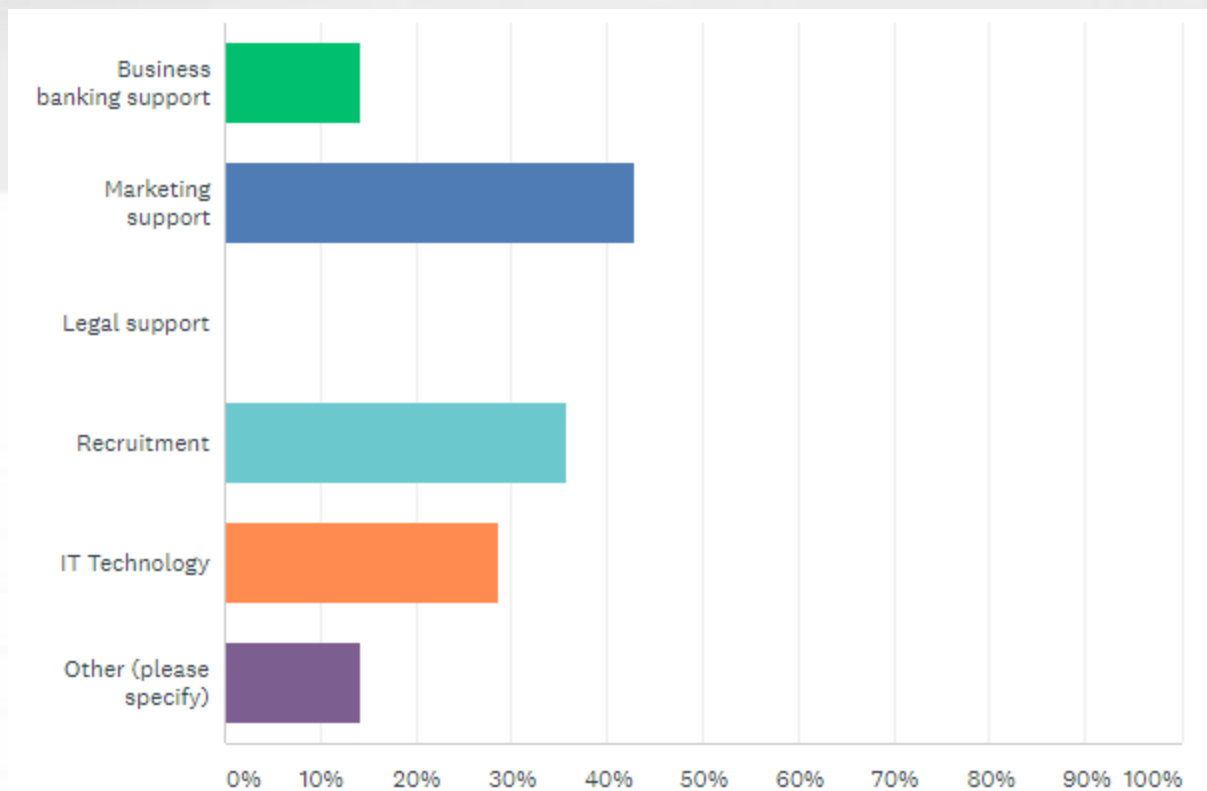
ANSWER CHOICES	RESPONSES
Less Than 5	71.43%
5 - 10	21.43%
10 - 20	7.14%
20 - 30	0.00%
30+	0.00%

11.1.24 If yes, how many employees do you plan to recruitment?



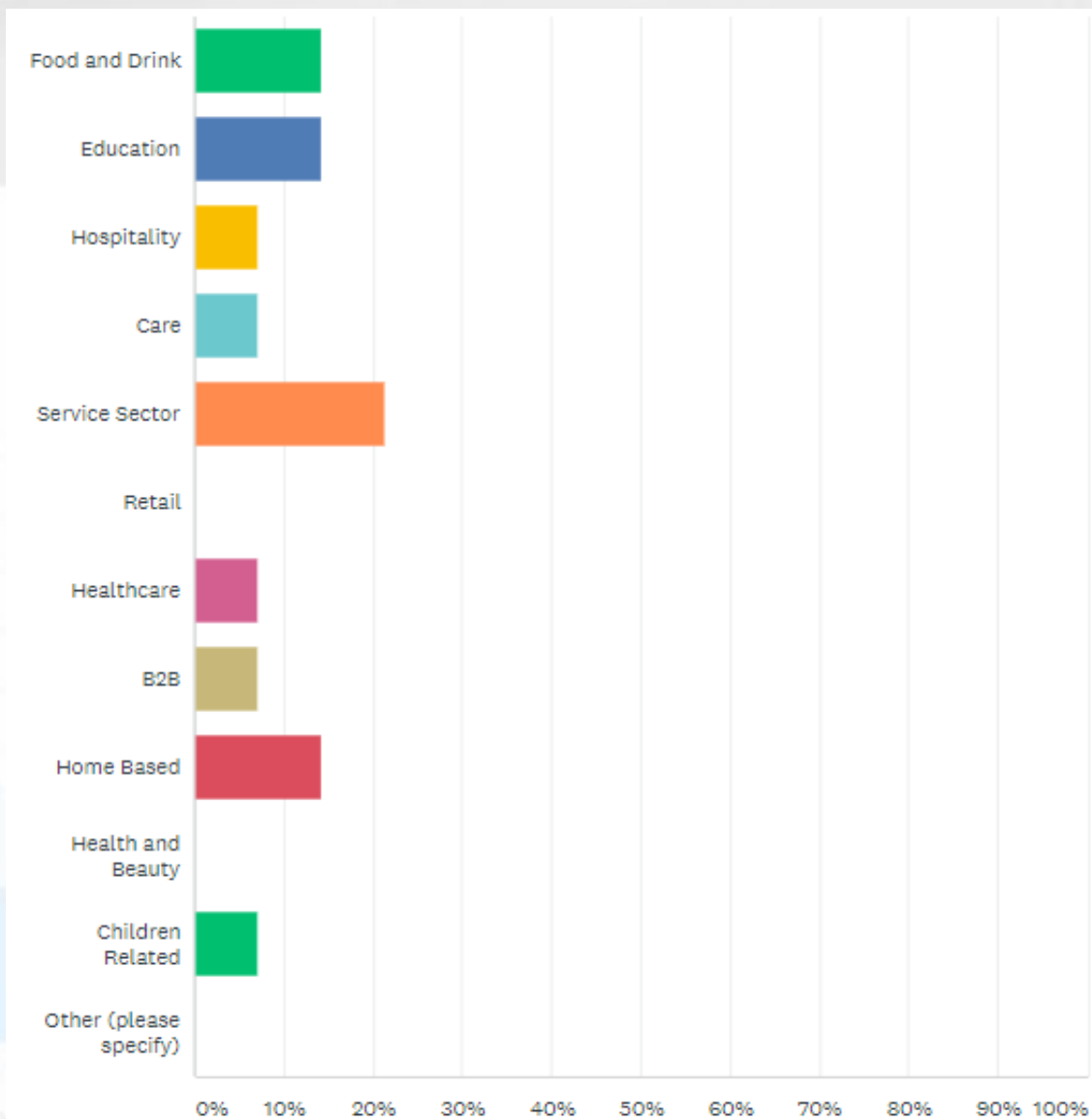
ANSWER CHOICES	RESPONSES
Greater use of technology	35.71%
Reduced lockdown measures	71.43%
Financial support from bank	14.29%
Developing new areas of business	28.57%
Recruitment of employees	35.71%

11.1.25 What support do you need to achieve future growth?



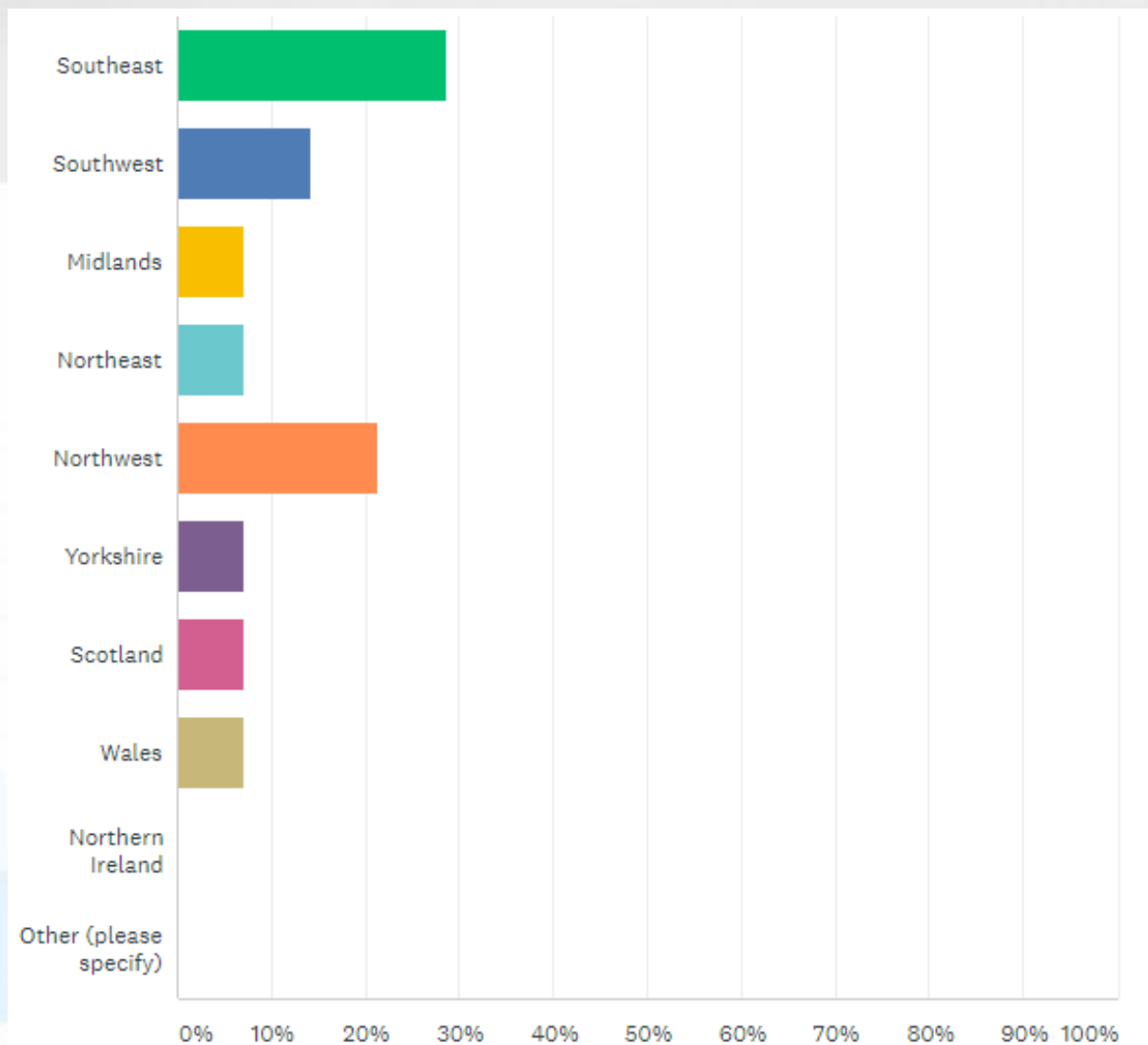
ANSWER CHOICES	RESPONSES
Business banking support	14.29%
Marketing support	42.86%
Legal support	0.00%
Recruitment	35.71%
IT Technology	28.57%
Other (please specify)	14.29%

11.1.26 What sector best describes your franchise business?



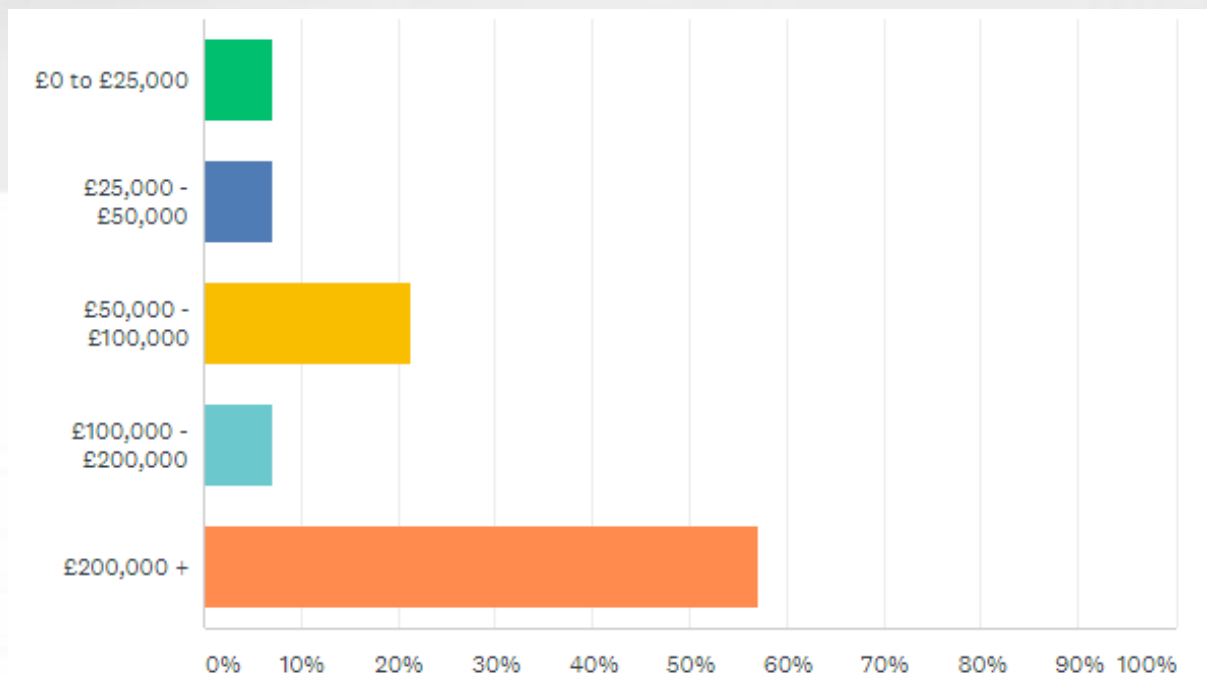
ANSWER CHOICES	RESPONSES
▼ Food and Drink	14.29%
▼ Education	14.29%
▼ Hospitality	7.14%
▼ Care	7.14%
▼ Service Sector	21.43%
▼ Retail	0.00%
▼ Healthcare	7.14%
▼ B2B	7.14%
▼ Home Based	14.29%
▼ Health and Beauty	0.00%
▼ Children Related	7.14%
▼ Other (please specify)	Responses 0.00%

11.1.27 Which part of the country is your franchise business located?



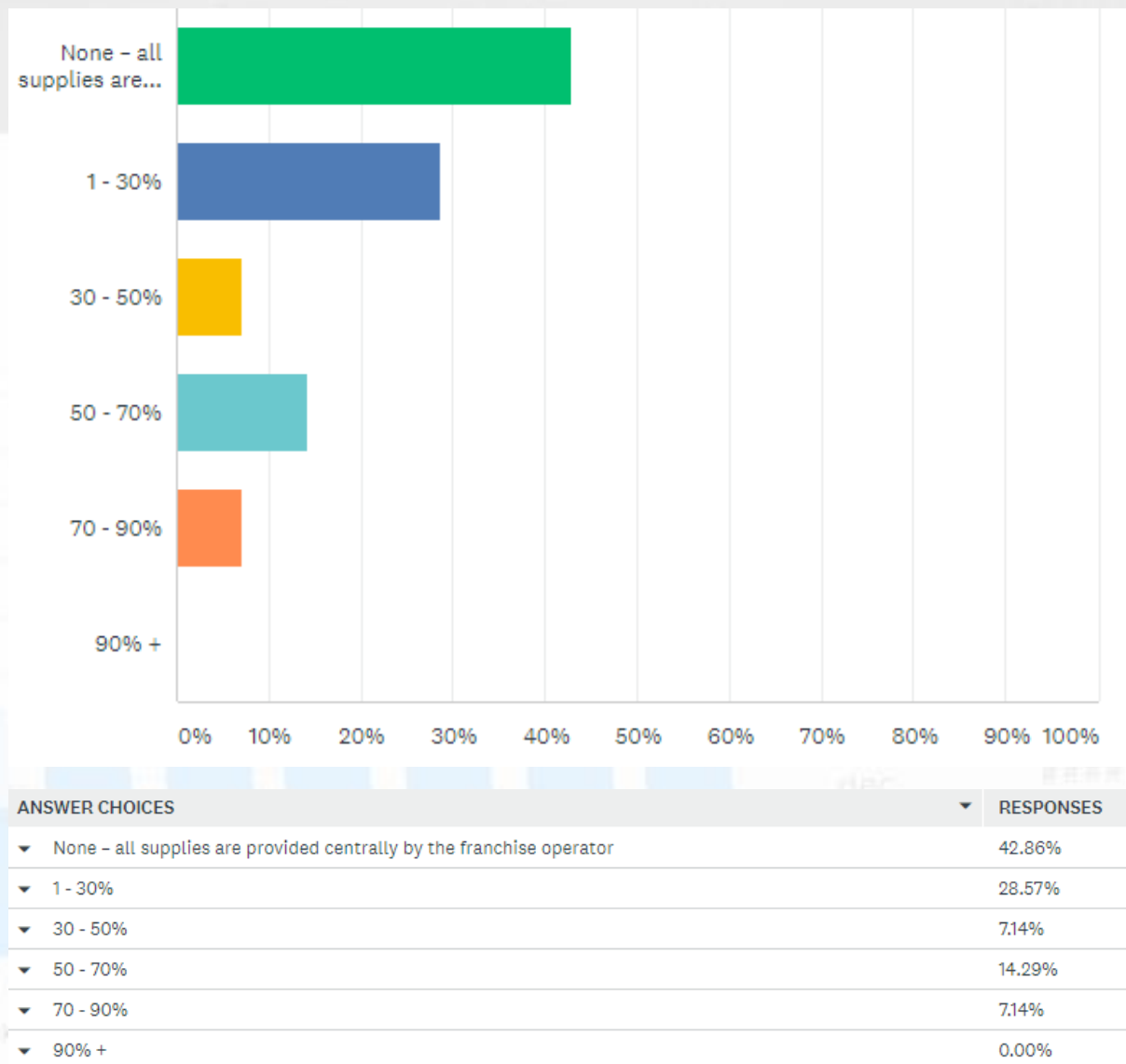
ANSWER CHOICES	RESPONSES
▼ Southeast	28.57%
▼ Southwest	14.29%
▼ Midlands	7.14%
▼ Northeast	7.14%
▼ Northwest	21.43%
▼ Yorkshire	7.14%
▼ Scotland	7.14%
▼ Wales	7.14%
▼ Northern Ireland	0.00%
▼ Other (please specify)	Responses 0.00%

11.1.28 What is the annual turnover of your business?

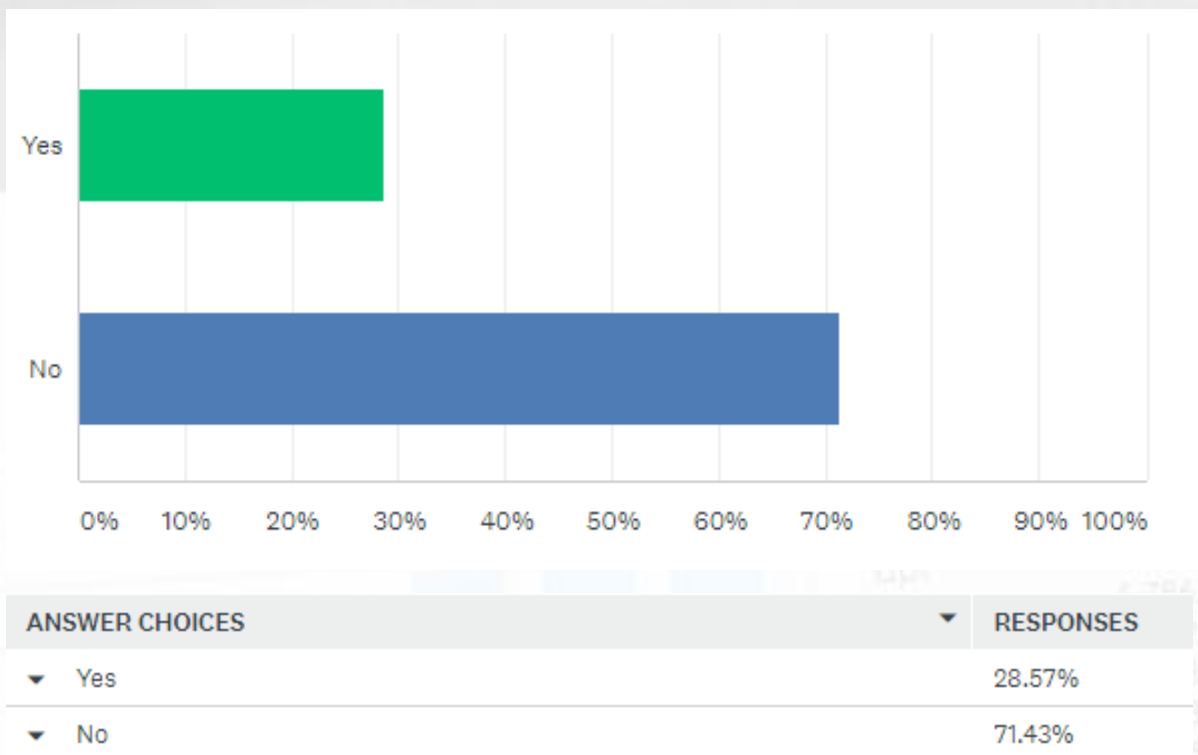


ANSWER CHOICES	RESPONSES
▼ £0 to £25,000	7.14%
▼ £25,000 - £50,000	7.14%
▼ £50,000 - £100,000	21.43%
▼ £100,000 - £200,000	7.14%
▼ £200,000 +	57.14%

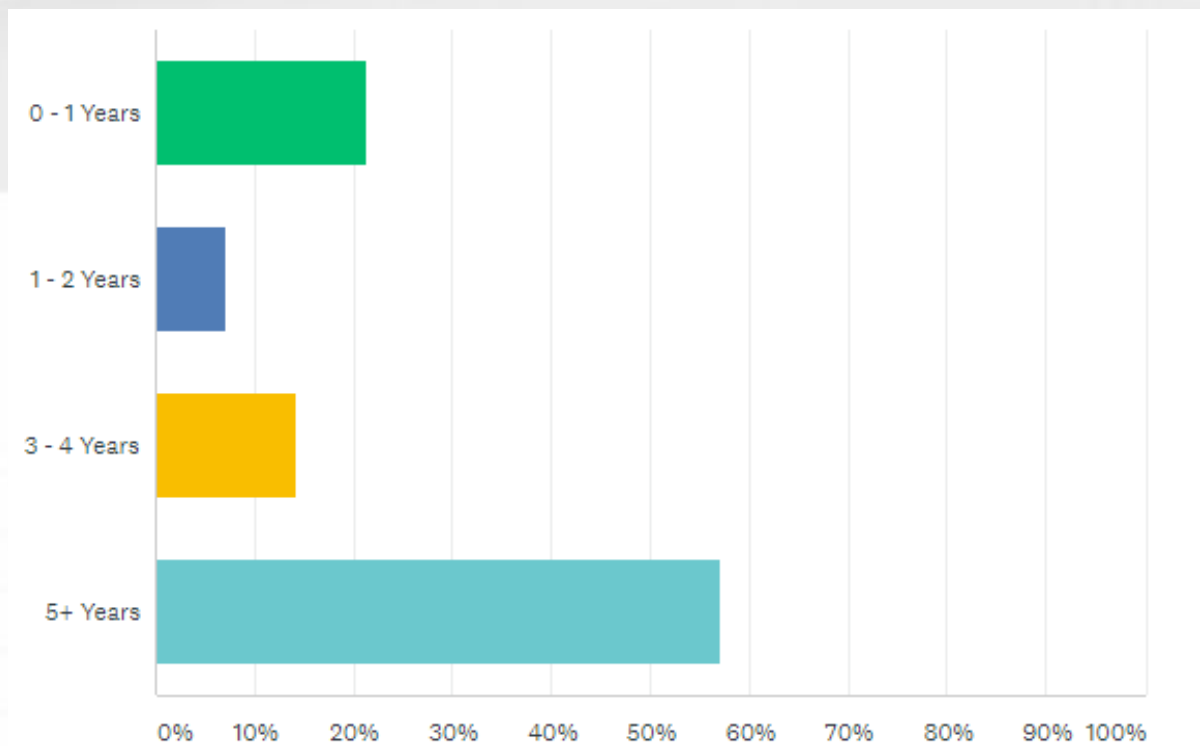
11.1.29 Thinking about your suppliers, what percentage of those businesses supplying goods/services to your franchise are located within your territory?



11.1.30 Is the franchise business your first time as being a business owner?



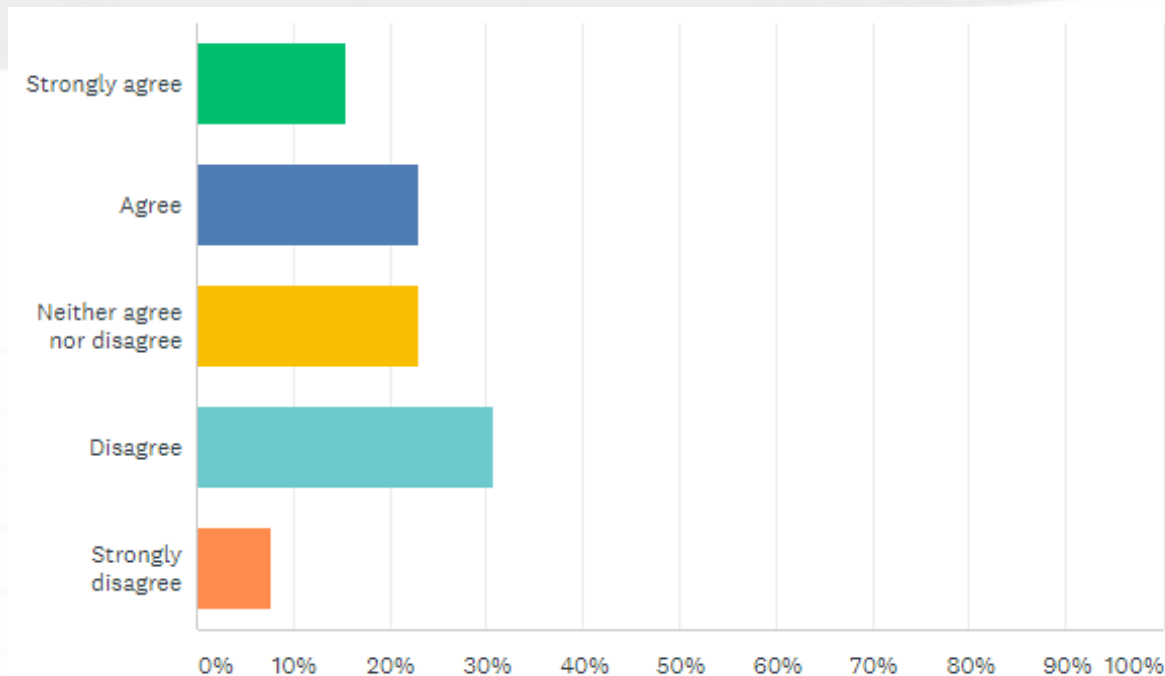
11.1.31 How long have you been operating your franchise business?



ANSWER CHOICES	RESPONSES
▼ 0 - 1 Years	21.43%
▼ 1 - 2 Years	7.14%
▼ 3 - 4 Years	14.29%
▼ 5+ Years	57.14%

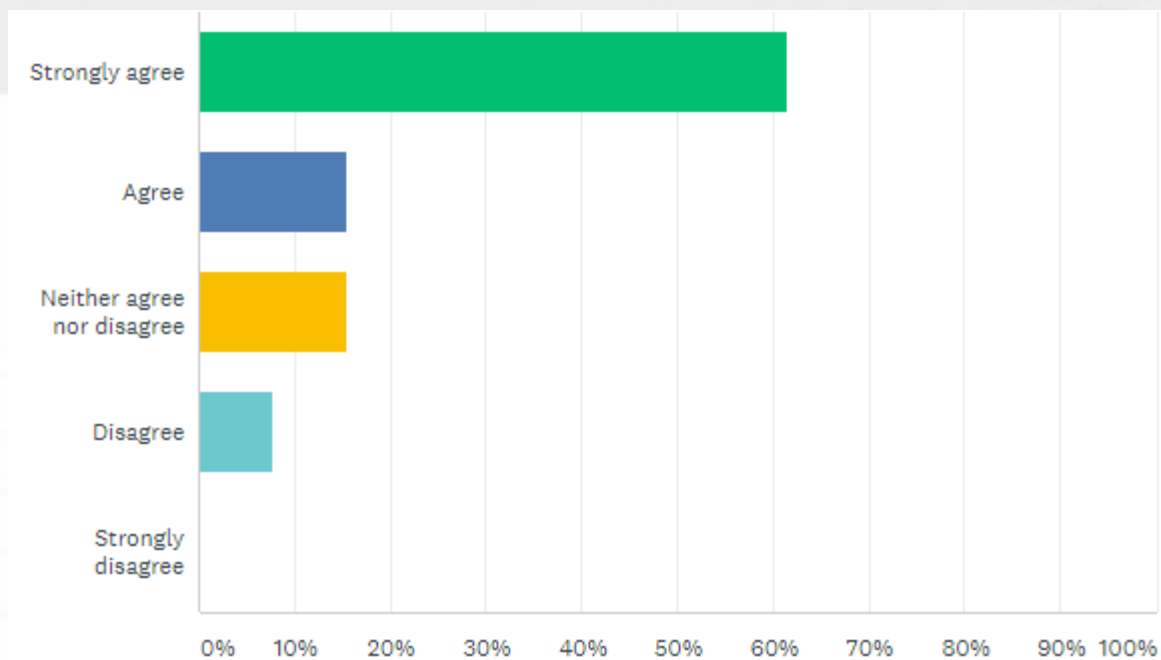
11.2 Franchisee Survey

11.2.1 The Covid-19 pandemic has had a negative impact on my franchise business. Do you:



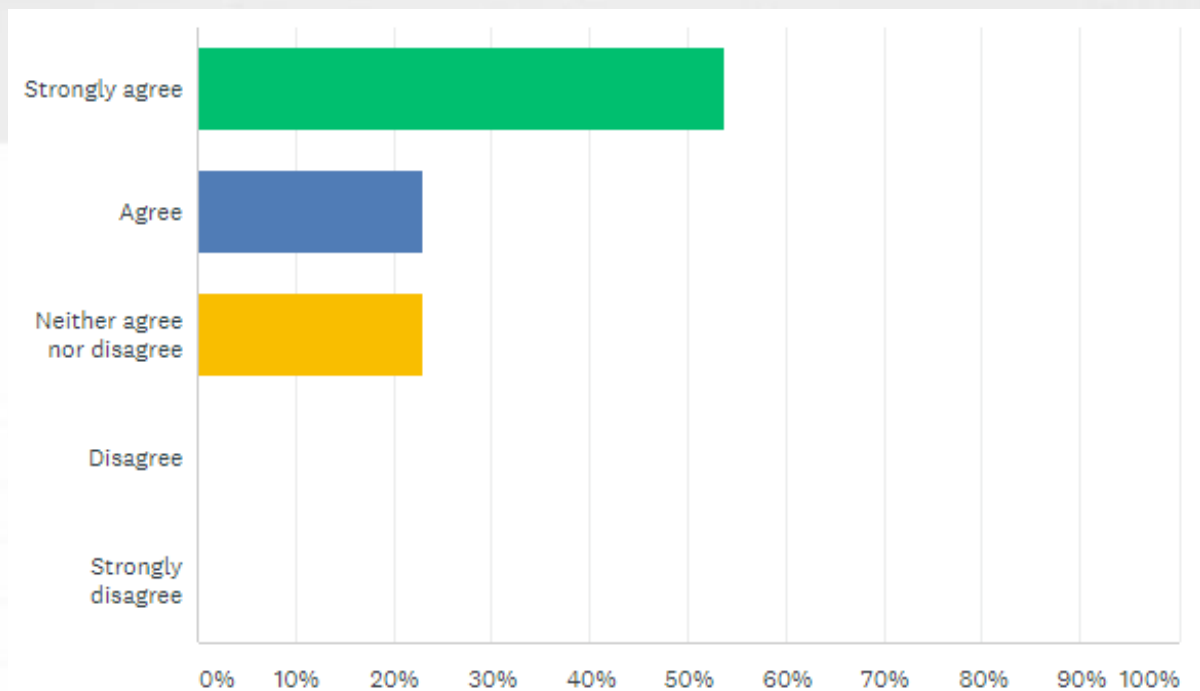
ANSWER CHOICES	RESPONSES
Strongly agree	15.38%
Agree	23.08%
Neither agree nor disagree	23.08%
Disagree	30.77%
Strongly disagree	7.69%

11.2.2 Despite the impact of Covid-19 pandemic, you expect your business to return to its pre-pandemic level of performance within the next 12 months. Do you:



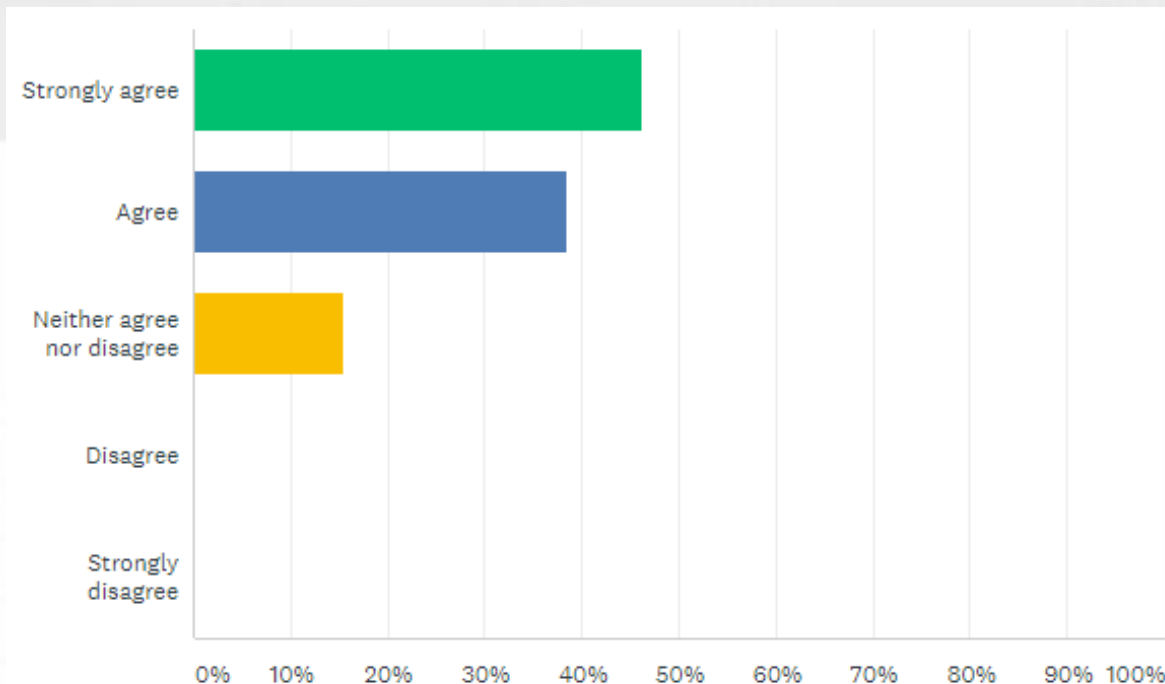
ANSWER CHOICES	RESPONSES
Strongly agree	61.54%
Agree	15.38%
Neither agree nor disagree	15.38%
Disagree	7.69%
Strongly disagree	0.00%

11.2.3 Notwithstanding the difficulties caused by the pandemic, the franchise business model has remained robust throughout the pandemic. Do you:



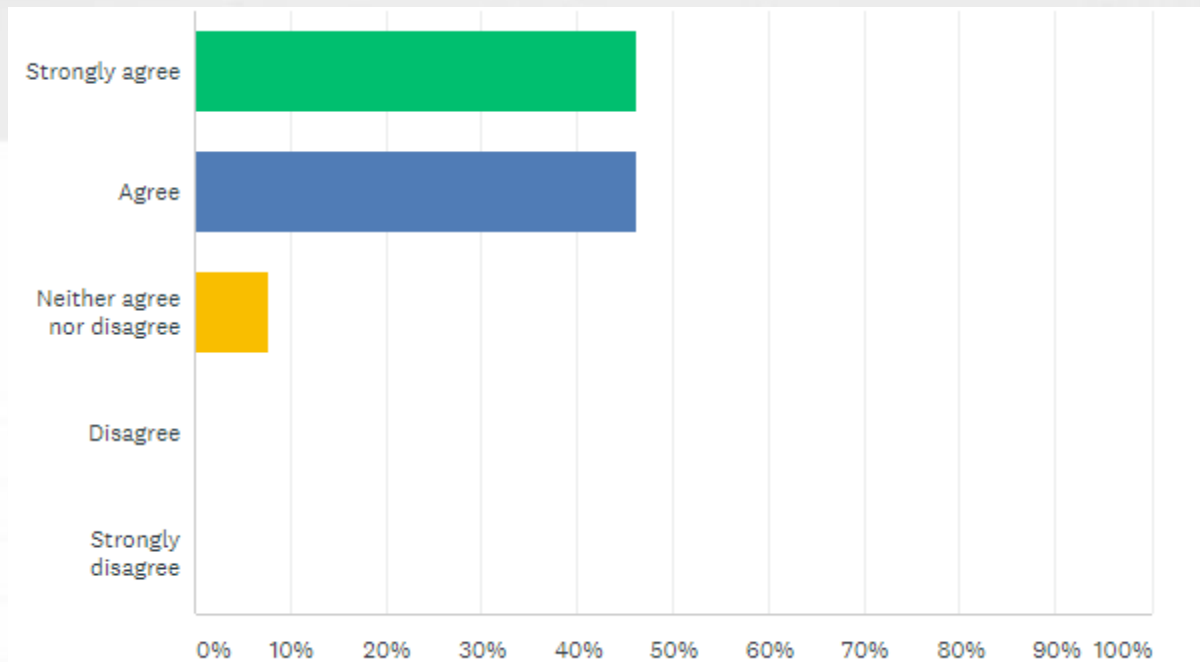
ANSWER CHOICES	RESPONSES
Strongly agree	53.85%
Agree	23.08%
Neither agree nor disagree	23.08%
Disagree	0.00%
Strongly disagree	0.00%

11.2.4 Franchising as a business model has been instrumental in the survival of the business during the Covid-19 pandemic. Do you:



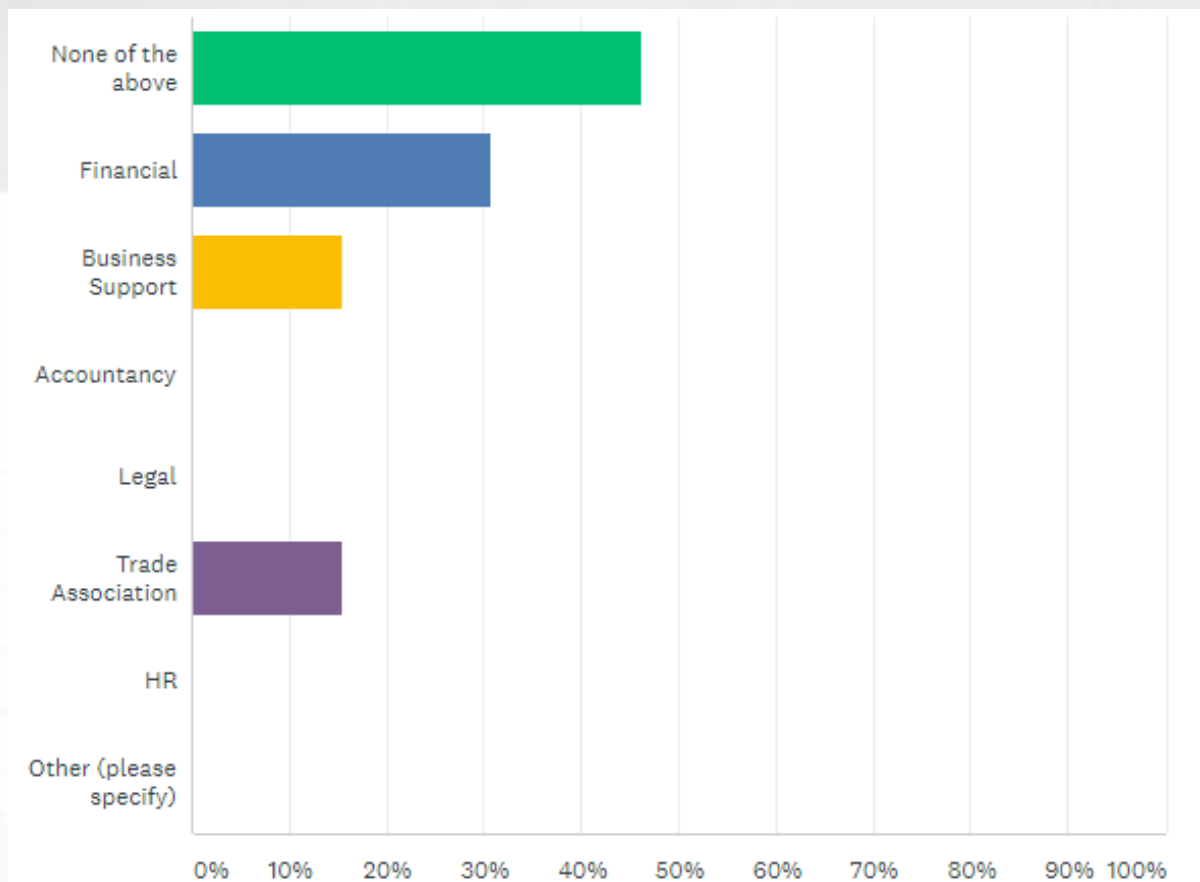
ANSWER CHOICES	RESPONSES
Strongly agree	46.15%
Agree	38.46%
Neither agree nor disagree	15.38%
Disagree	0.00%
Strongly disagree	0.00%

11.2.5 Do you consider the franchise business model has been robust during the Covid-19 pandemic?



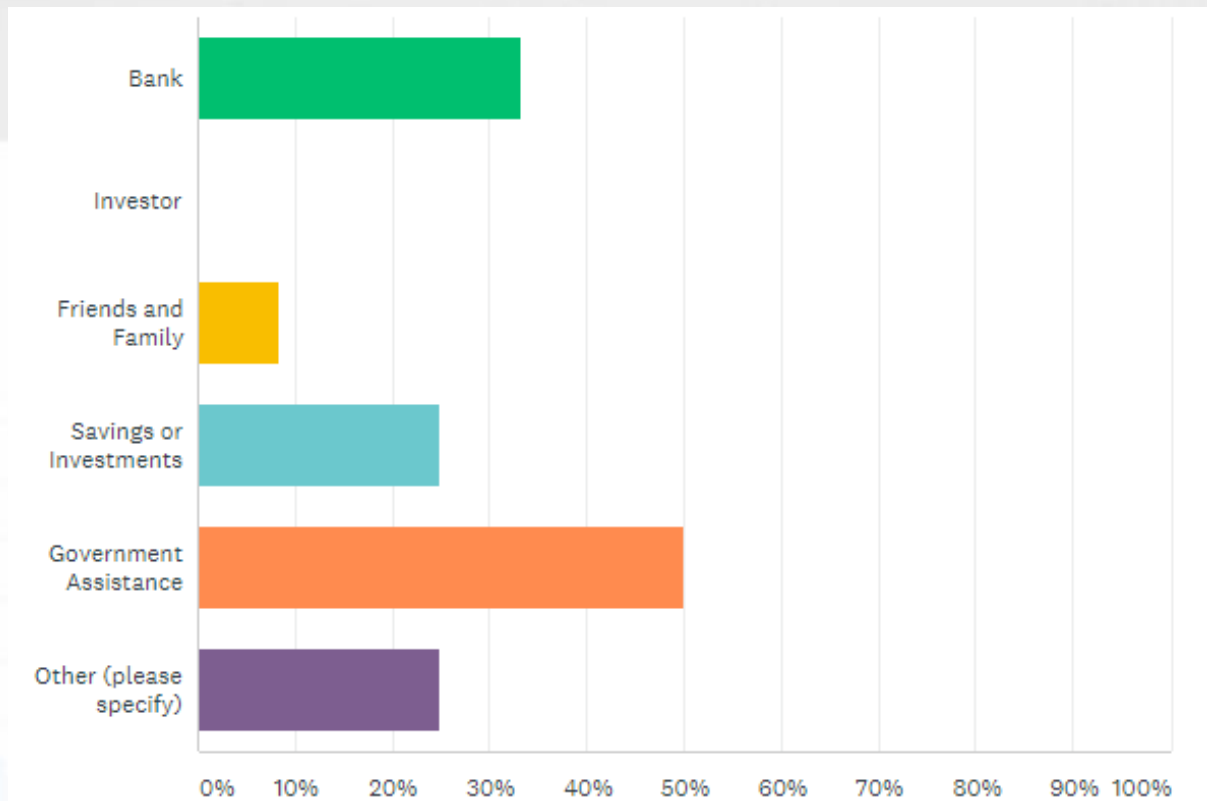
ANSWER CHOICES	RESPONSES
Strongly agree	46.15%
Agree	46.15%
Neither agree nor disagree	7.69%
Disagree	0.00%
Strongly disagree	0.00%

11.2.6 What type of support did you seek during the pandemic?



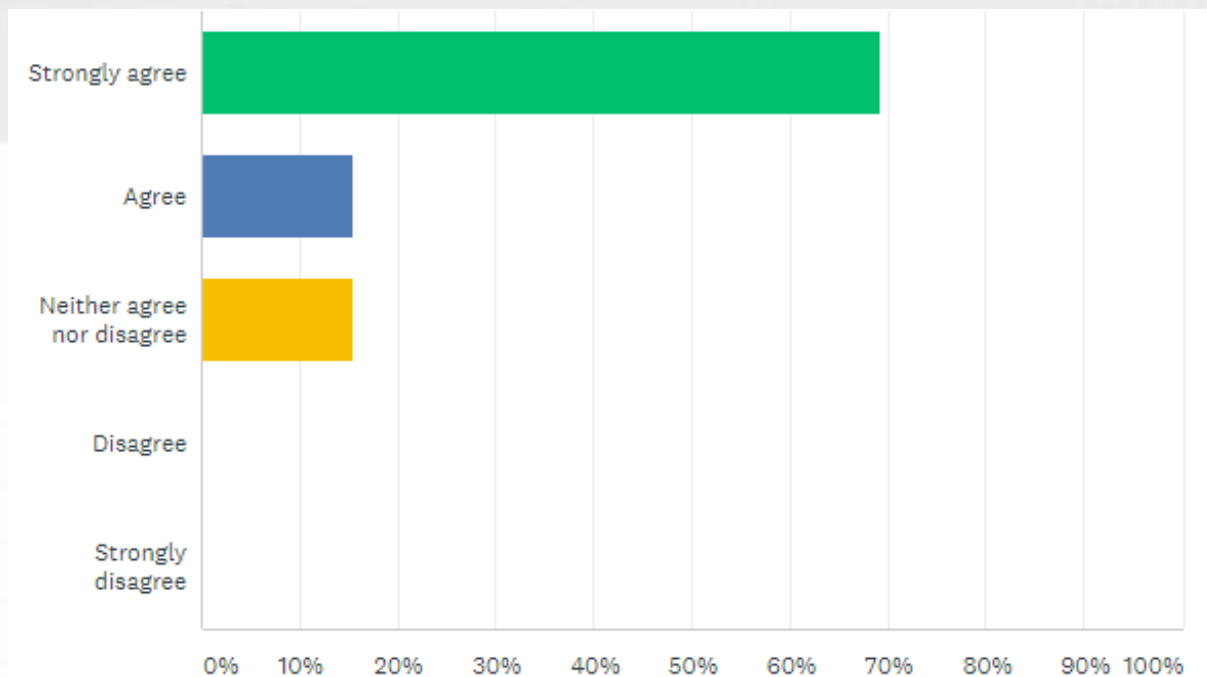
ANSWER CHOICES	RESPONSES
▼ None of the above	46.15%
▼ Financial	30.77%
▼ Business Support	15.38%
▼ Accountancy	0.00%
▼ Legal	0.00%
▼ Trade Association	15.38%
▼ HR	0.00%
▼ Other (please specify)	Responses 0.00%

11.2.7 Where you obtained financial support, who has provided that support to you?



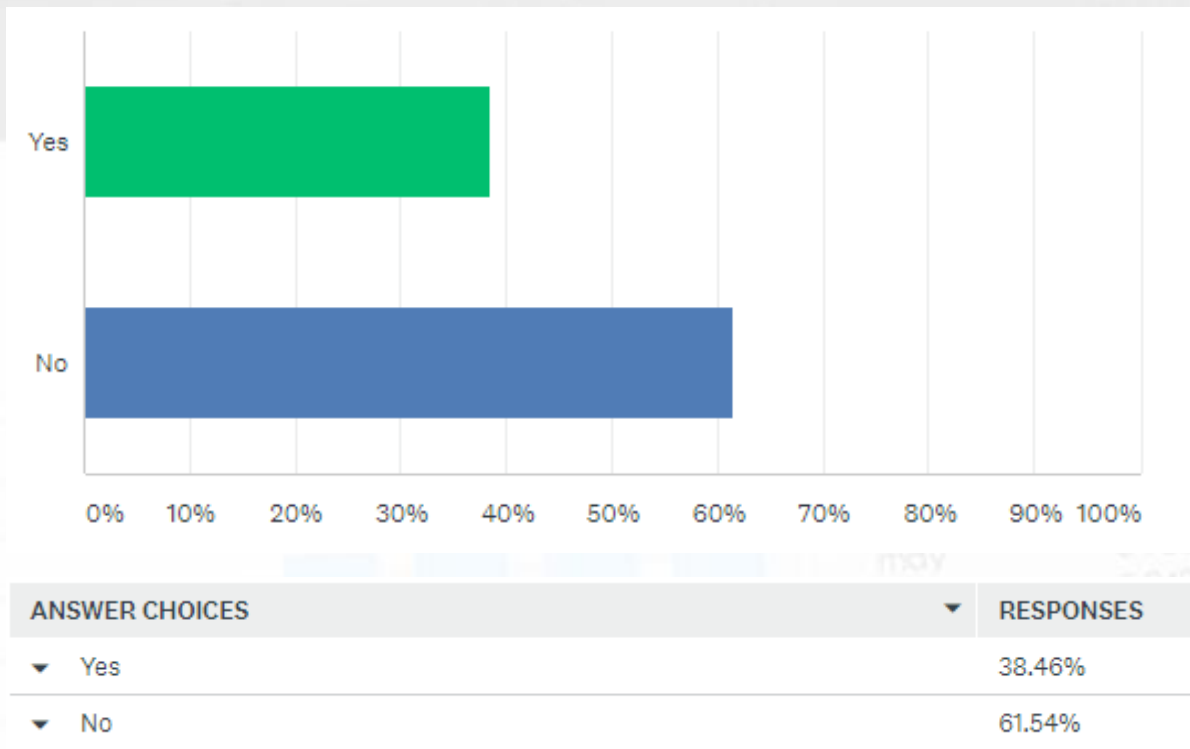
ANSWER CHOICES	RESPONSES
▼ Bank	33.33%
▼ Investor	0.00%
▼ Friends and Family	8.33%
▼ Savings or Investments	25.00%
▼ Government Assistance	50.00%
▼ Other (please specify)	Responses 25.00%

11.2.8 The Franchisor provided an appropriate level of support to your business during the COVID-19 pandemic. Do you:

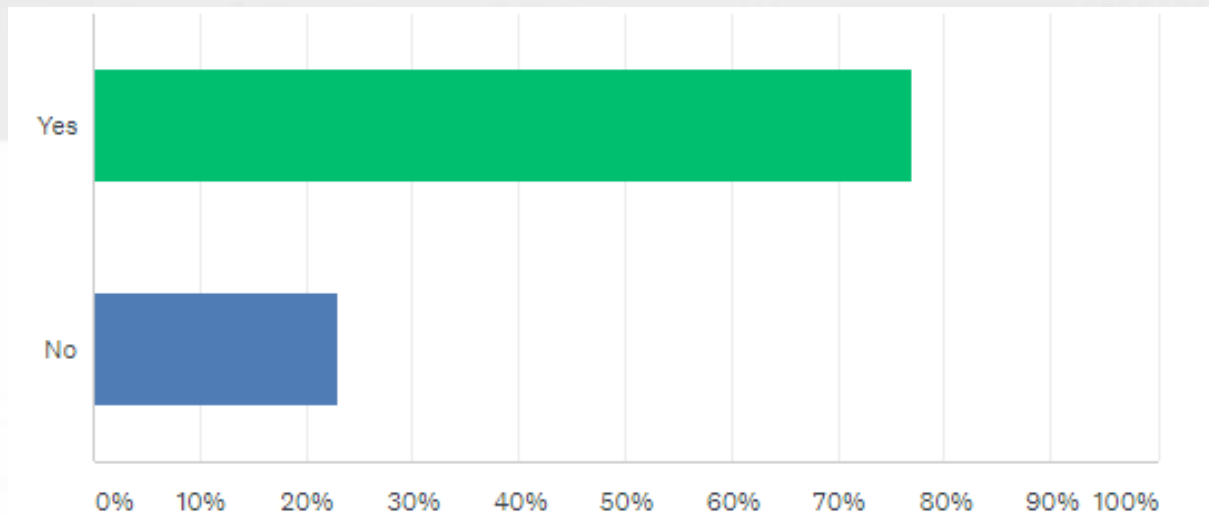


ANSWER CHOICES	RESPONSES
Strongly agree	69.23%
Agree	15.38%
Neither agree nor disagree	15.38%
Disagree	0.00%
Strongly disagree	0.00%

11.2.9 Have you implemented any changes to your business model as a direct result of the Covid-19 pandemic?

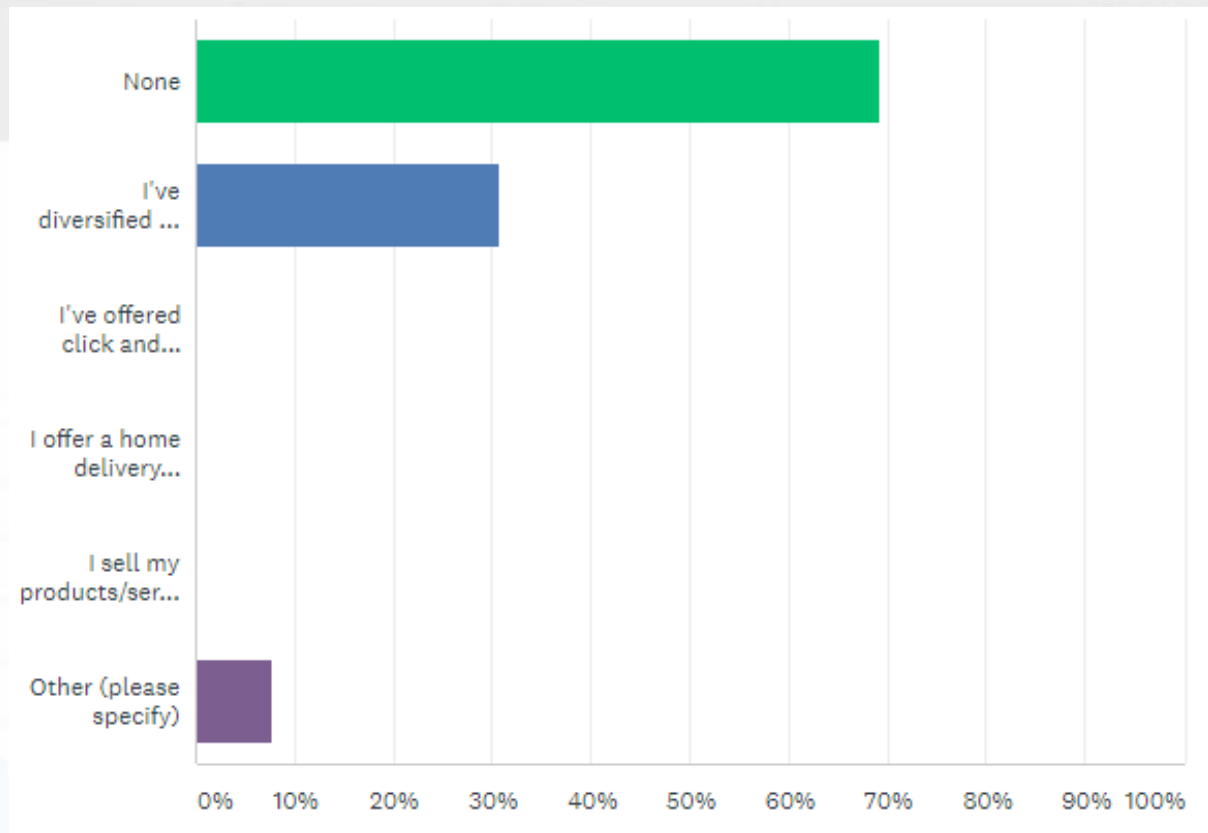


11.2.10 Where you have made any changes to your business model, do you intend to retain these changes once restrictions are lifted?

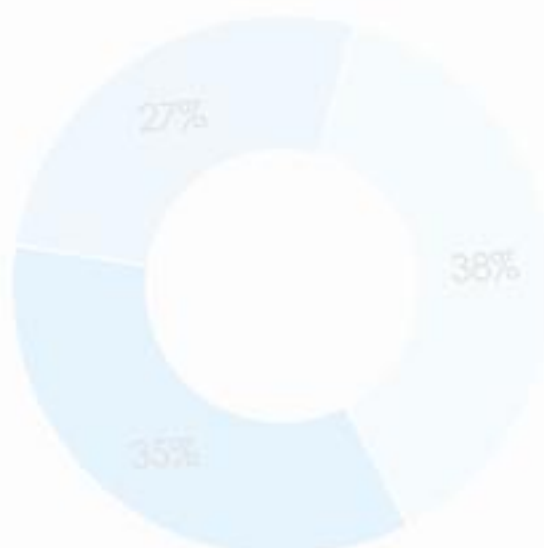


ANSWER CHOICES	RESPONSES
▼ Yes	76.92%
▼ No	23.08%

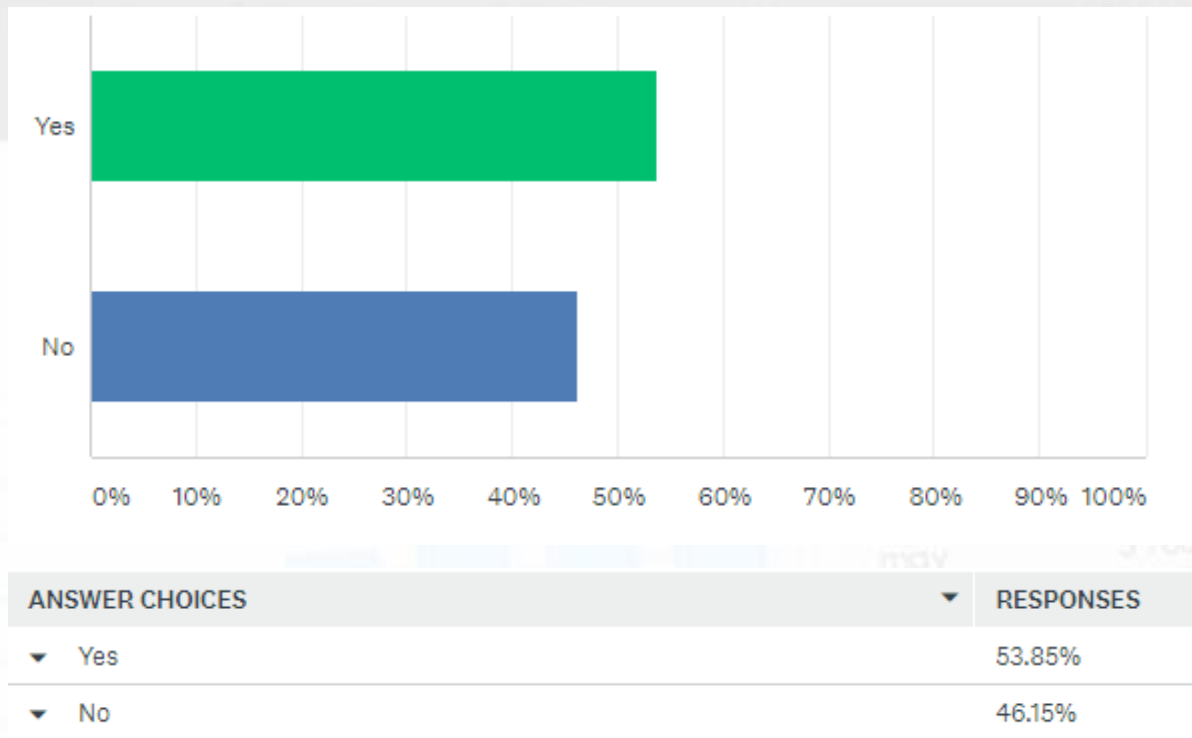
11.2.11 Thinking about your franchise, what changes have you made to your business from the original business model?



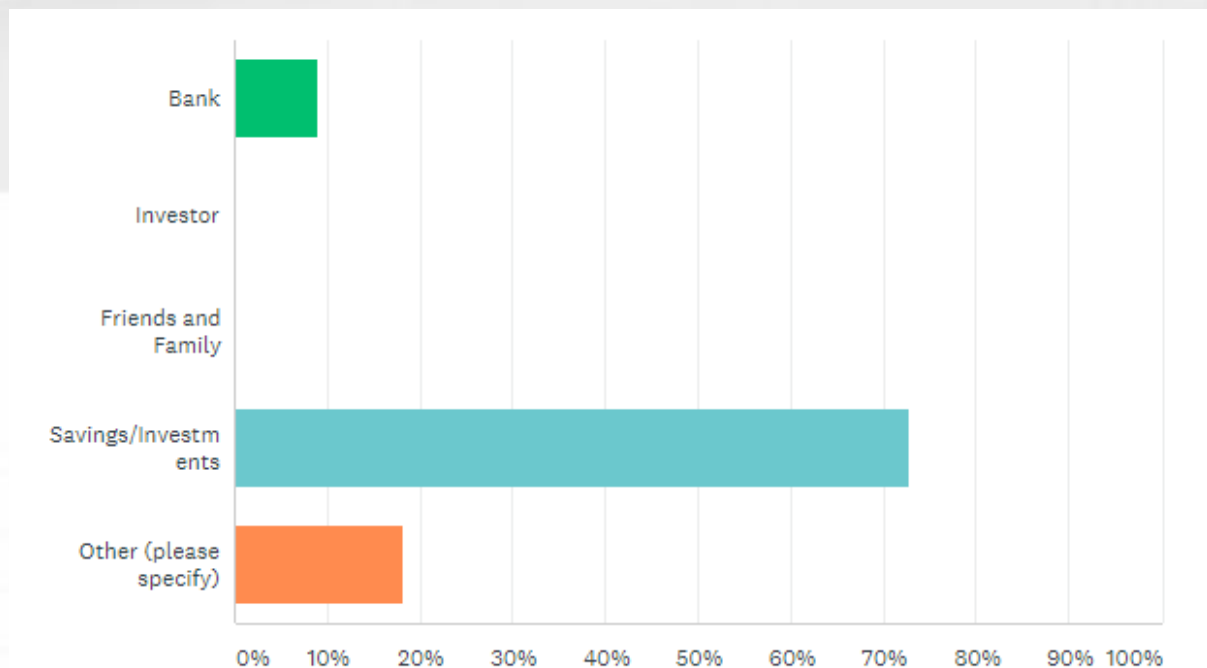
ANSWER CHOICES	RESPONSES
▼ None	69.23%
▼ I've diversified my product/service offering	30.77%
▼ I've offered click and collect	0.00%
▼ I offer a home delivery service	0.00%
▼ I sell my products/services through a third party	0.00%
▼ Other (please specify)	Responses 7.69%



11.2.12 Have you employed new technology within your business to enable you to trade as a result of the pandemic?

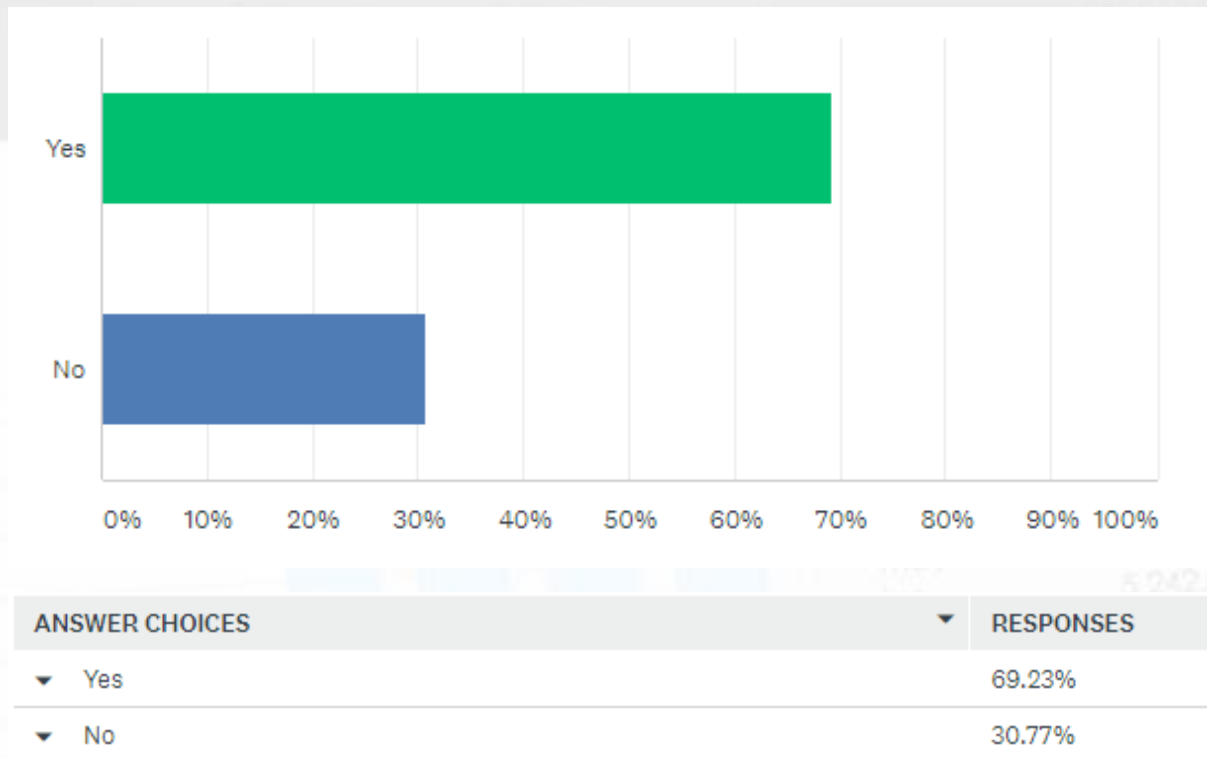


11.2.13 If yes, how did you fund this?

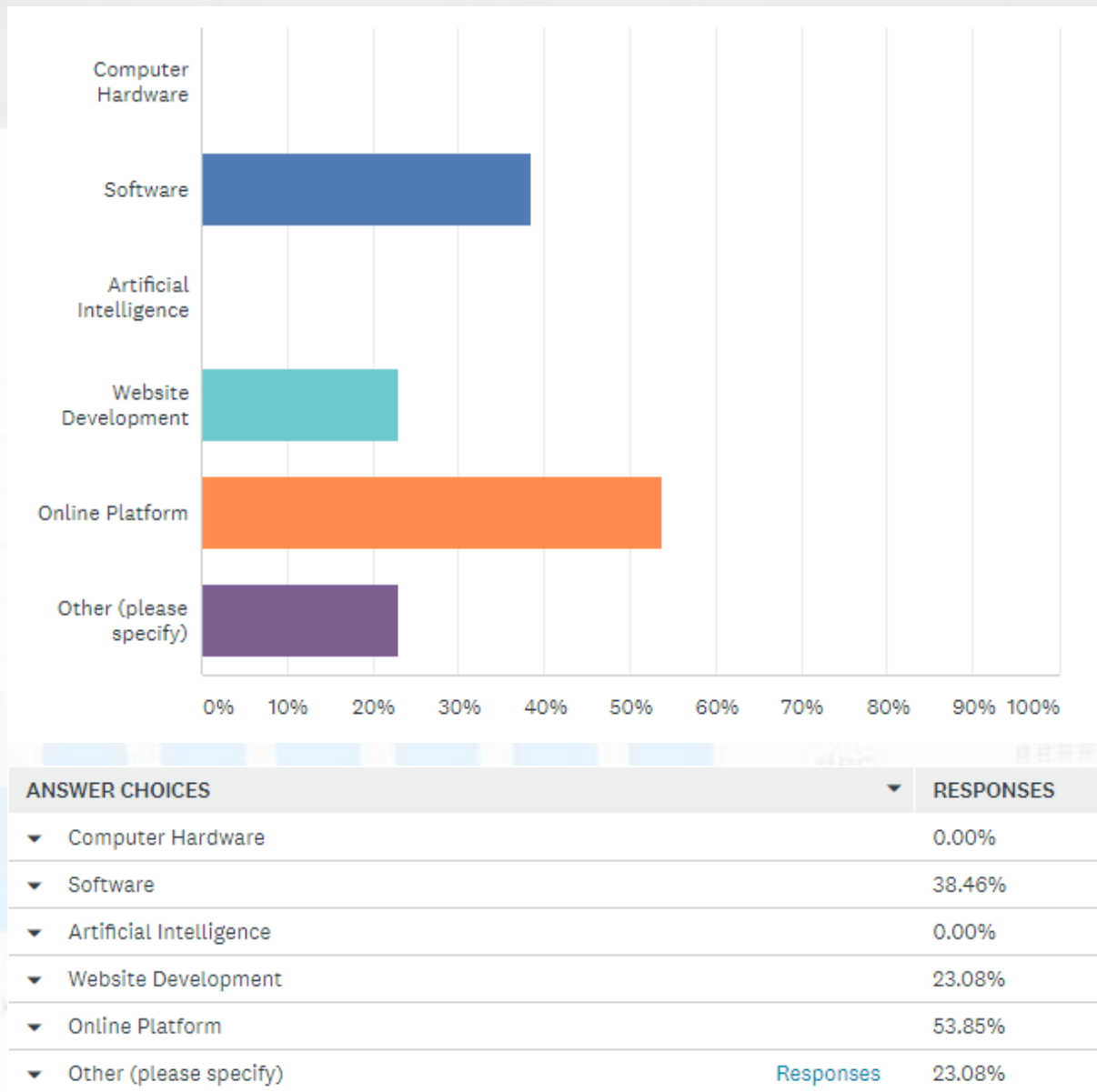


ANSWER CHOICES	RESPONSES
▼ Bank	9.09%
▼ Investor	0.00%
▼ Friends and Family	0.00%
▼ Savings/Investments	72.73%
▼ Other (please specify)	Responses 18.18%

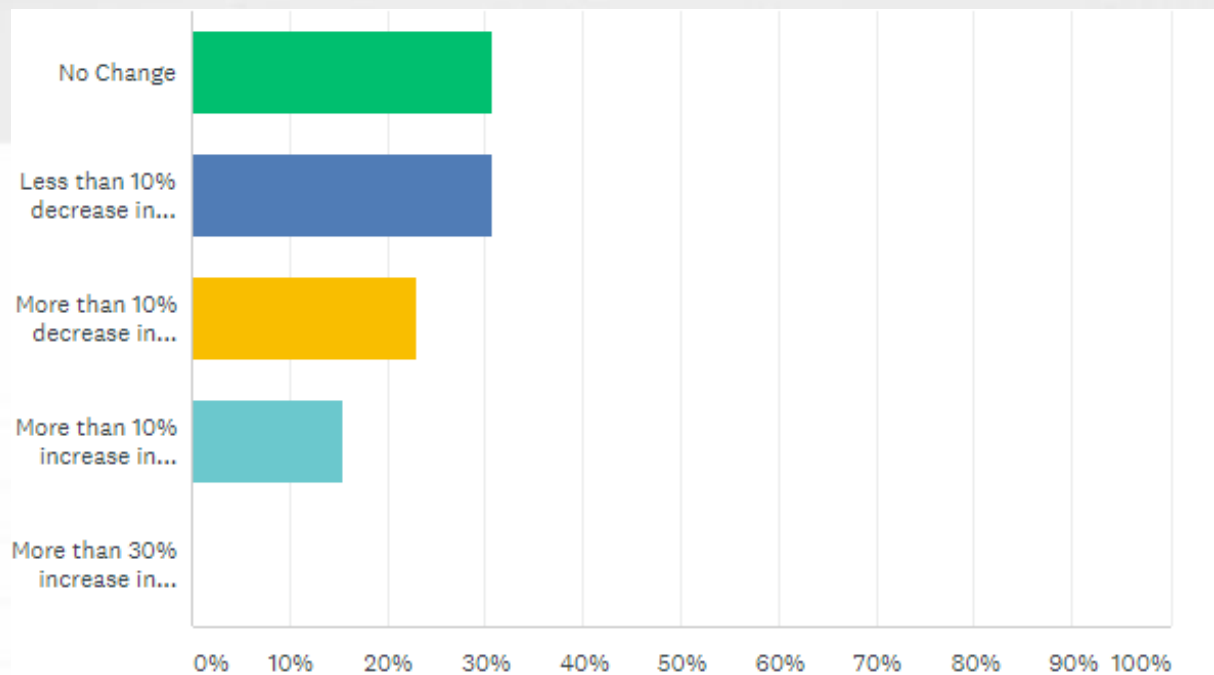
11.2.14 Have you had to embrace technology at a much quicker pace than you would do within a normal year?



11.2.15 If yes, what technology have you implemented during the last 12 months?

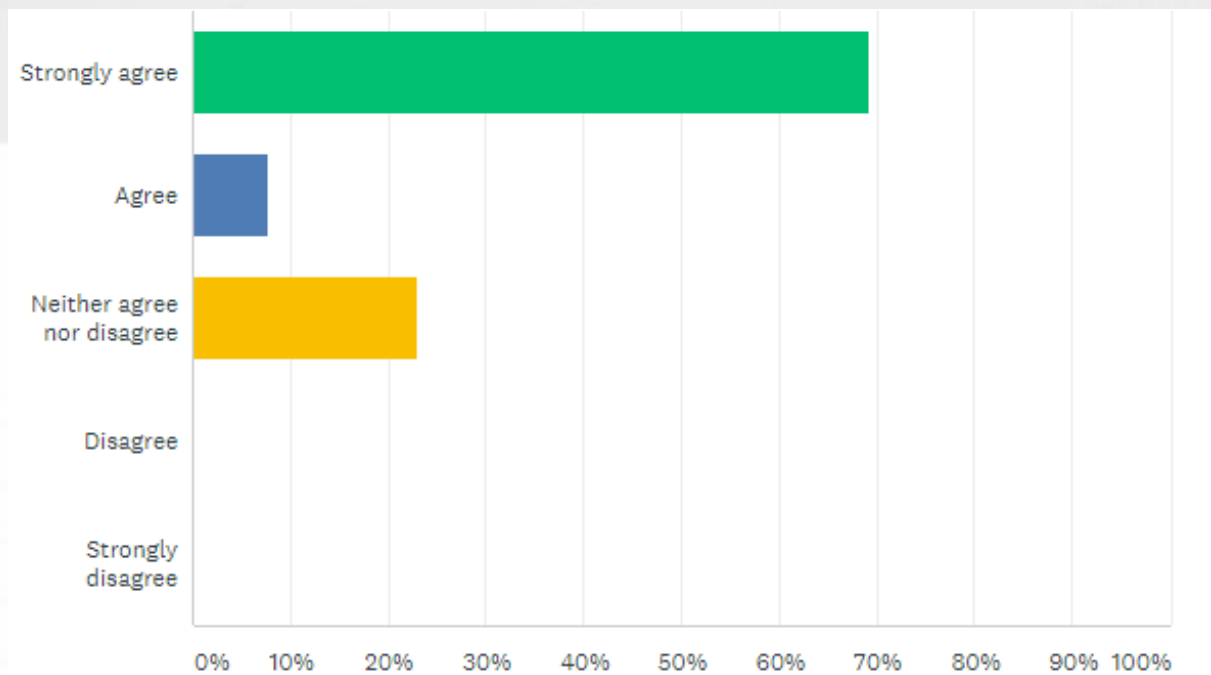


11.2.16 To what extent has the Covid-19 pandemic impacted on the monthly revenue of the franchise business?



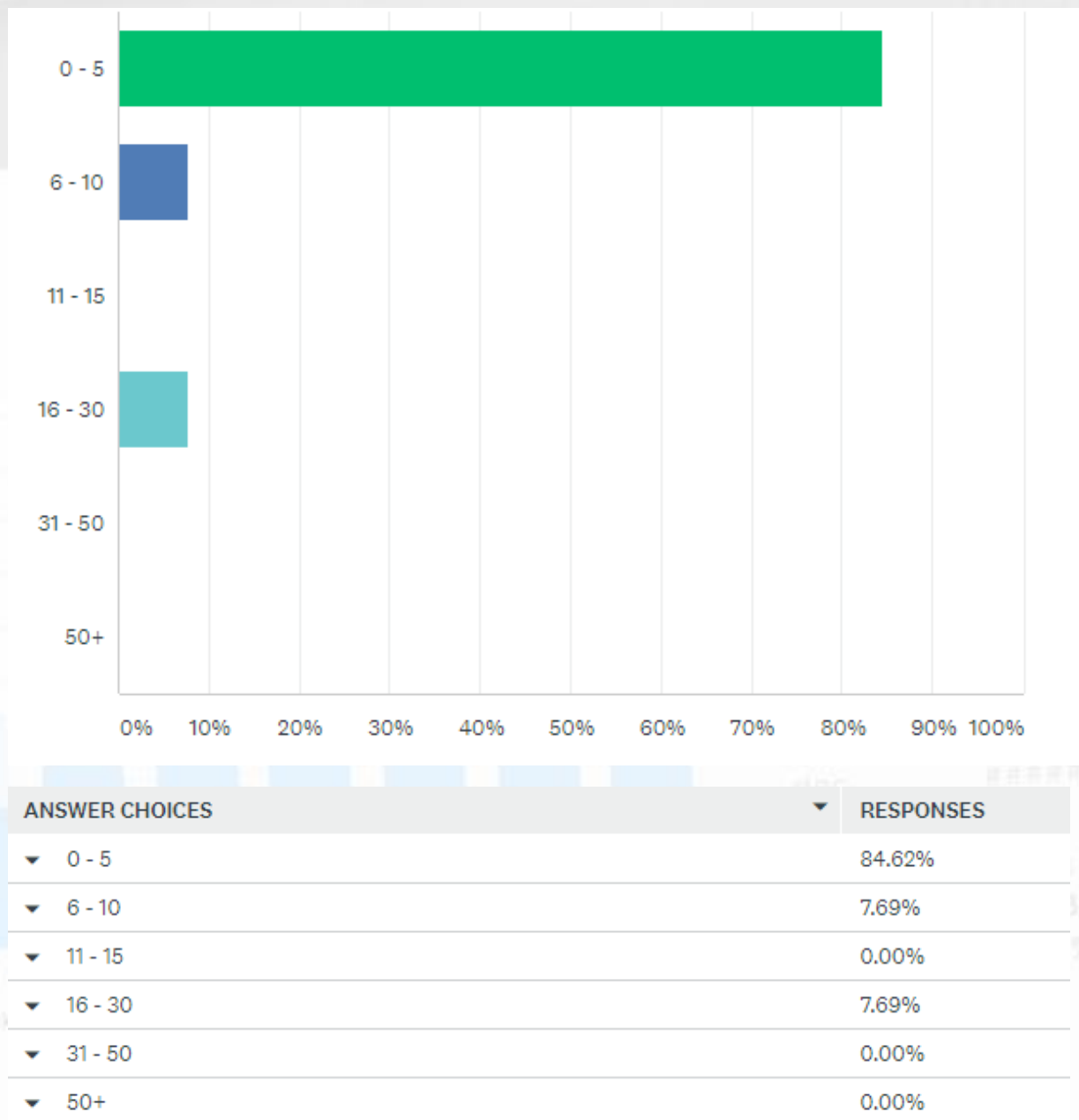
ANSWER CHOICES	RESPONSES
▼ No Change	30.77%
▼ Less than 10% decrease in revenue	30.77%
▼ More than 10% decrease in revenue but less than 30% decrease in revenue	23.08%
▼ More than 10% increase in revenue but less than 30% increase in revenue	15.38%
▼ More than 30% increase in revenue	0.00%

11.2.17 Once lockdown restrictions have been removed over the next 12 months your business will see an increase in your monthly revenue. Do you:

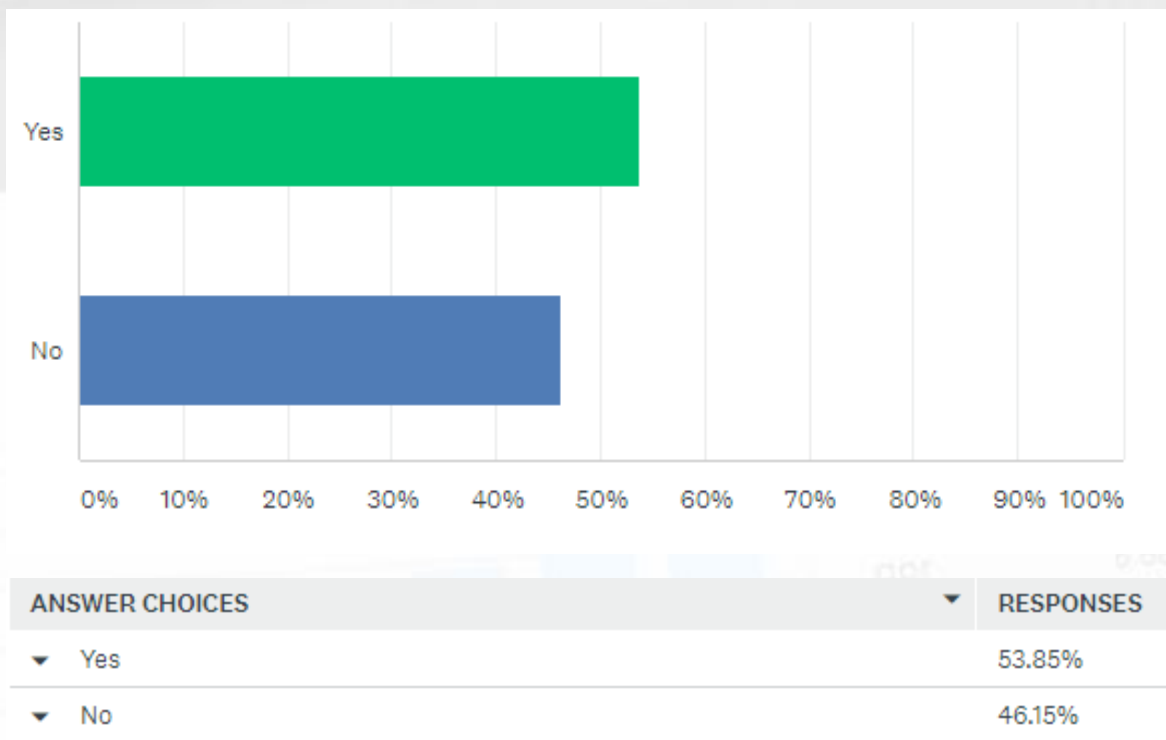


ANSWER CHOICES	RESPONSES
Strongly agree	69.23%
Agree	7.69%
Neither agree nor disagree	23.08%
Disagree	0.00%
Strongly disagree	0.00%

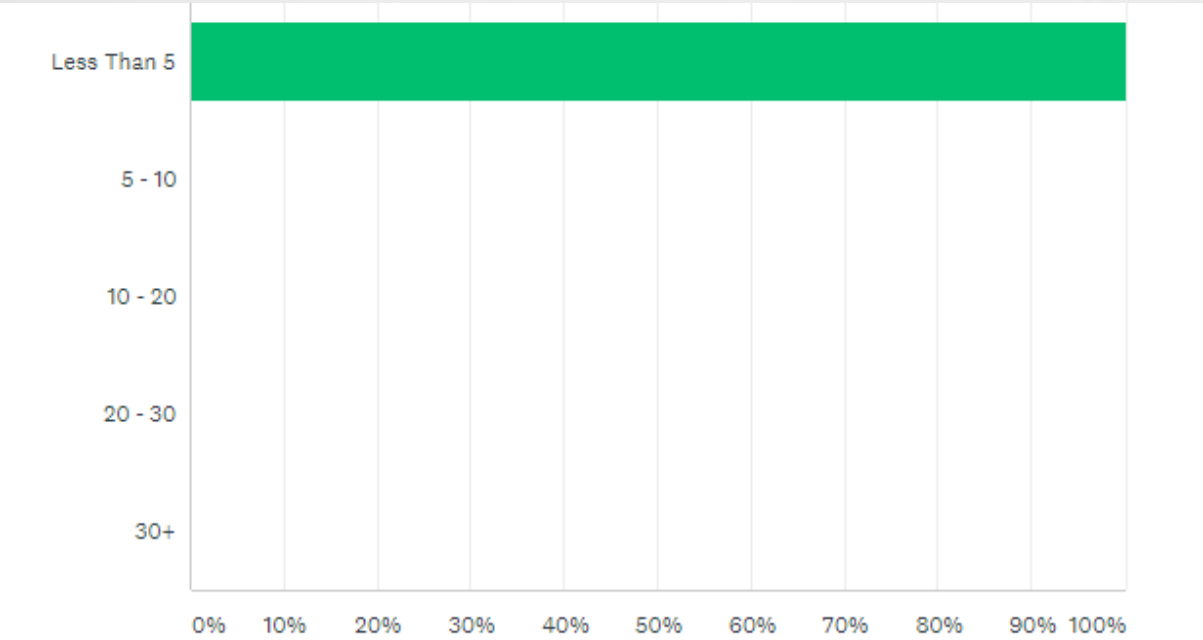
11.2.18 How many employees do you have working in the business?



11.2.19 Do you plan to recruitment further staff within the next 12 months?

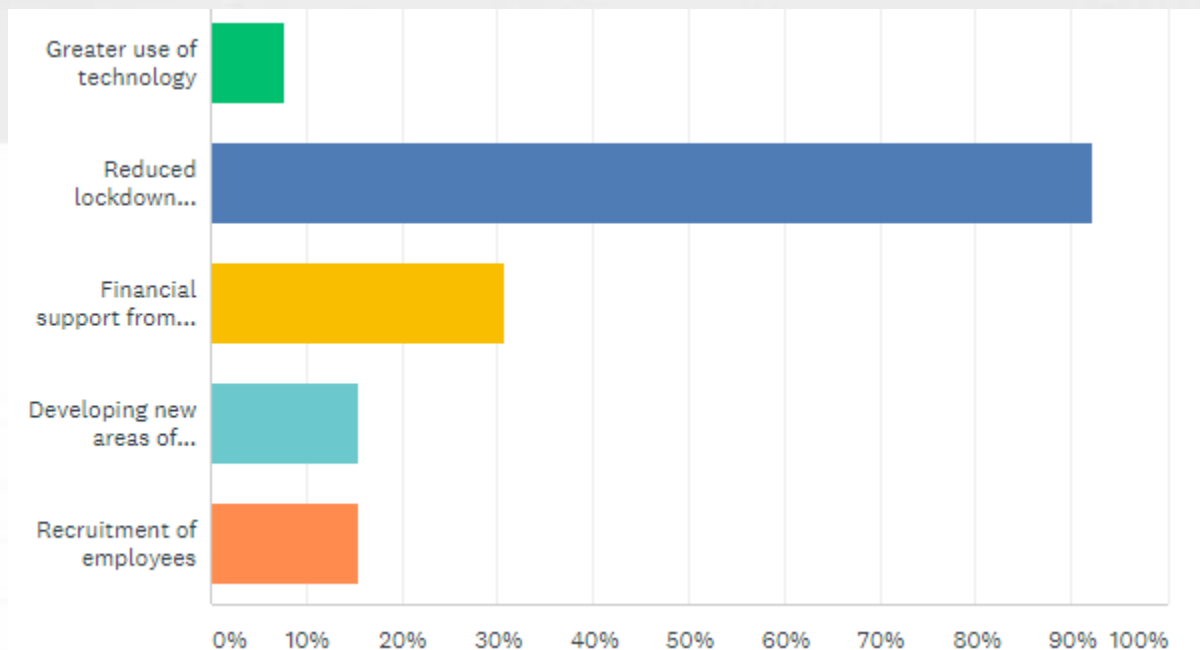


11.2.20 If yes, how many employees do you plan to recruitment?



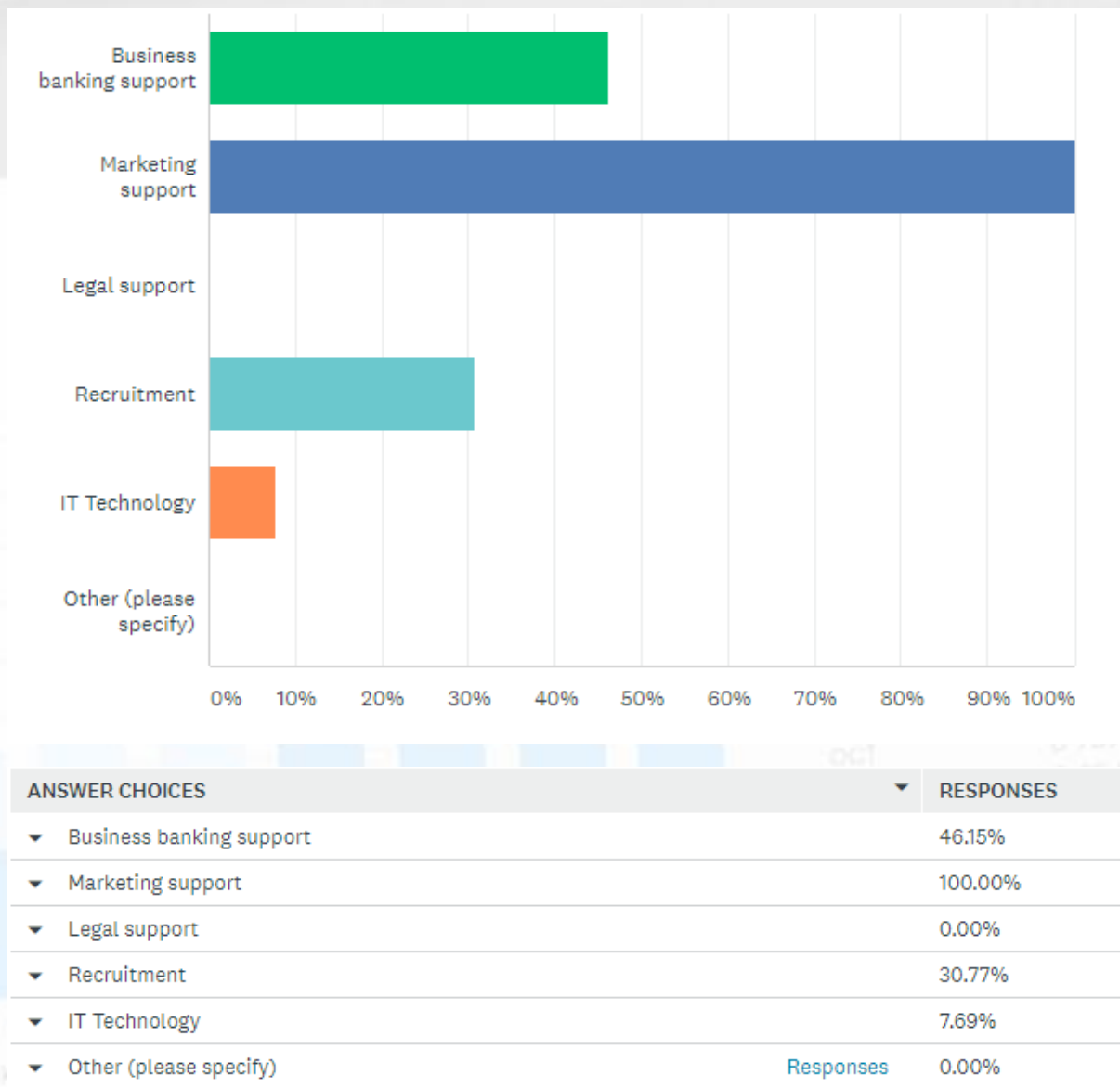
ANSWER CHOICES	RESPONSES
Less Than 5	100.00%
5 - 10	0.00%
10 - 20	0.00%
20 - 30	0.00%
30+	0.00%

11.2.21 What are the most important factors for supporting the growth of the franchise business?

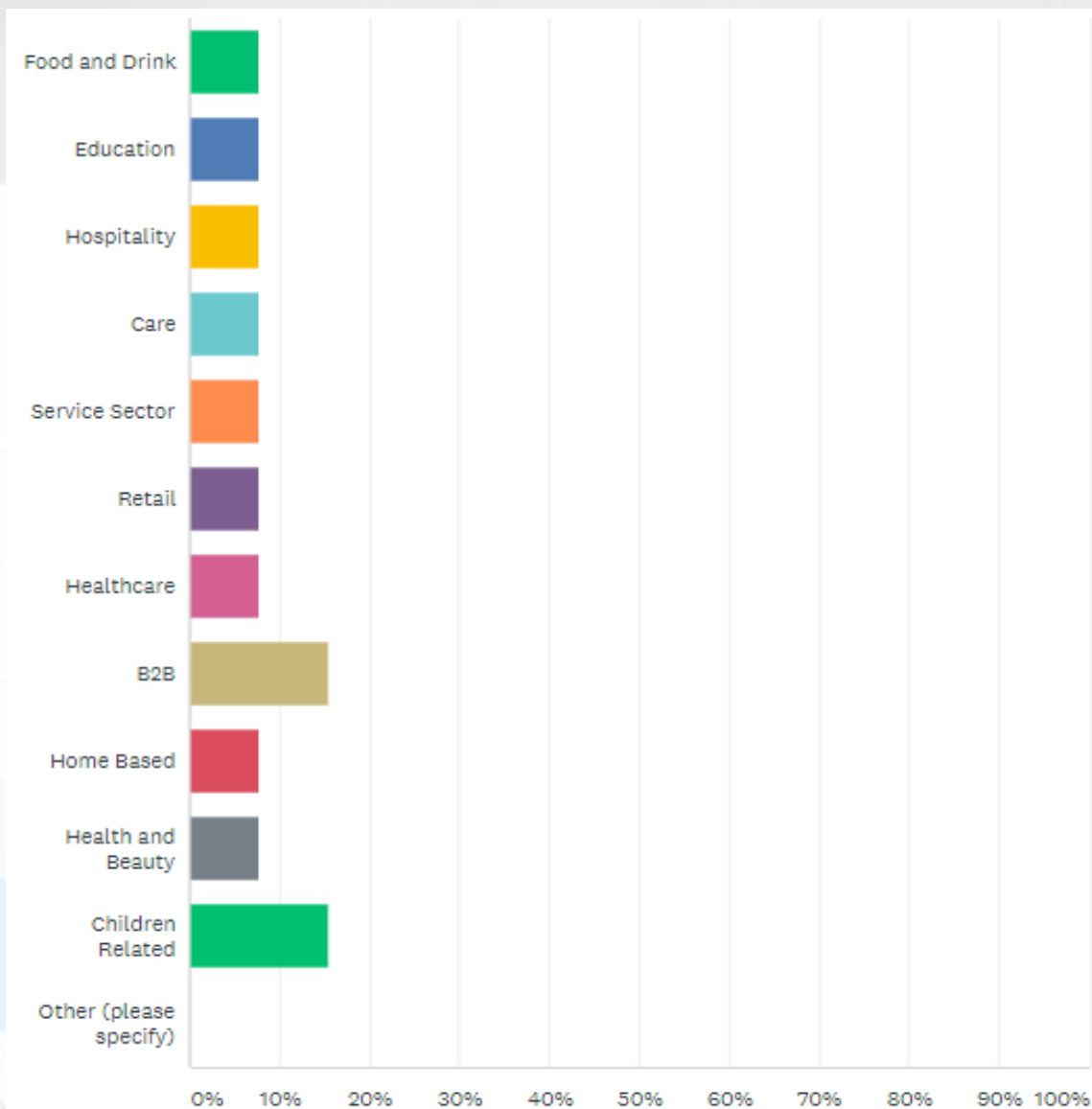


ANSWER CHOICES	RESPONSES
Greater use of technology	7.69%
Reduced lockdown measures	92.31%
Financial support from bank	30.77%
Developing new areas of business	15.38%
Recruitment of employees	15.38%

11.2.22 What support do you need to achieve future growth?

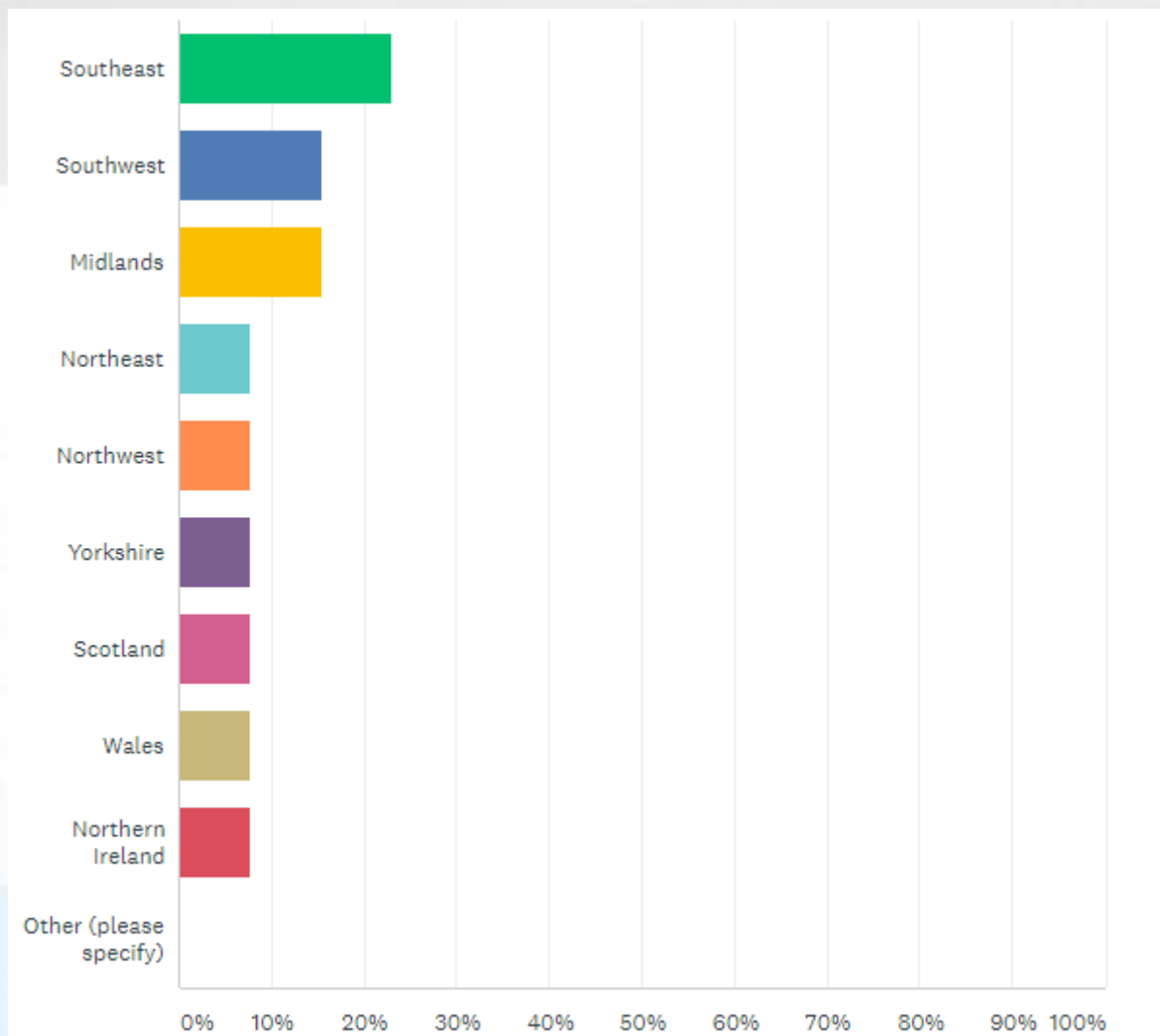


11.2.23 What sector best describes your franchise business?



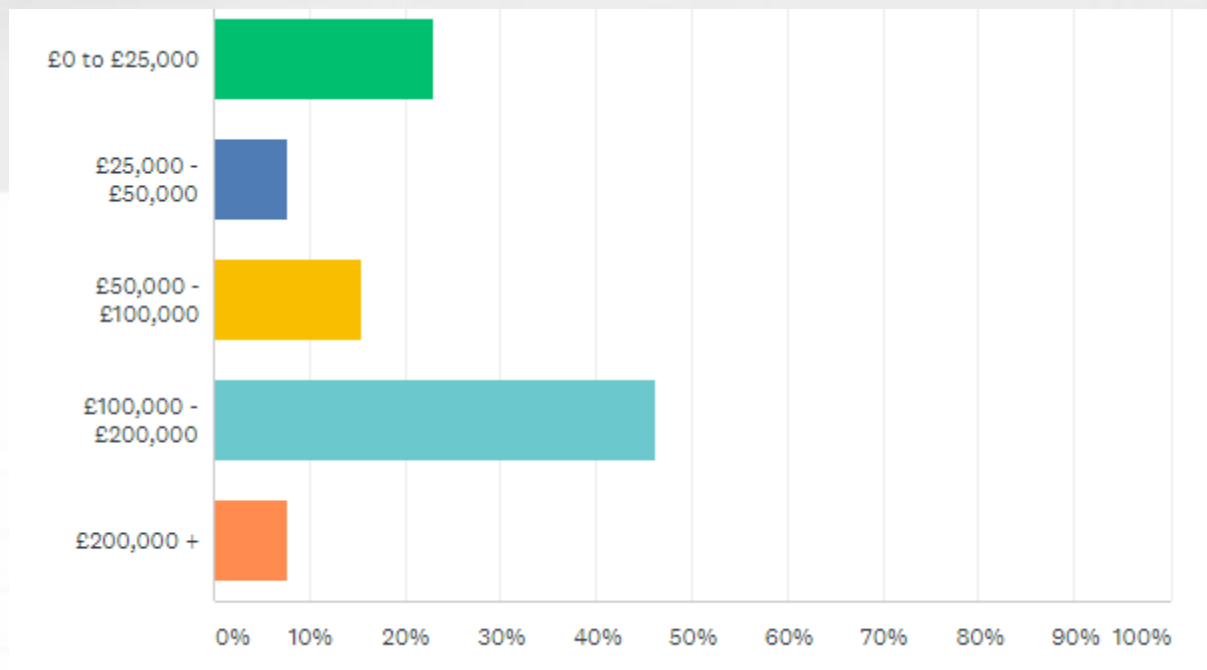
ANSWER CHOICES	RESPONSES
▼ Food and Drink	7.69%
▼ Education	7.69%
▼ Hospitality	7.69%
▼ Care	7.69%
▼ Service Sector	7.69%
▼ Retail	7.69%
▼ Healthcare	7.69%
▼ B2B	15.38%
▼ Home Based	7.69%
▼ Health and Beauty	7.69%
▼ Children Related	15.38%

11.2.24 Which part of the country is your franchise business located



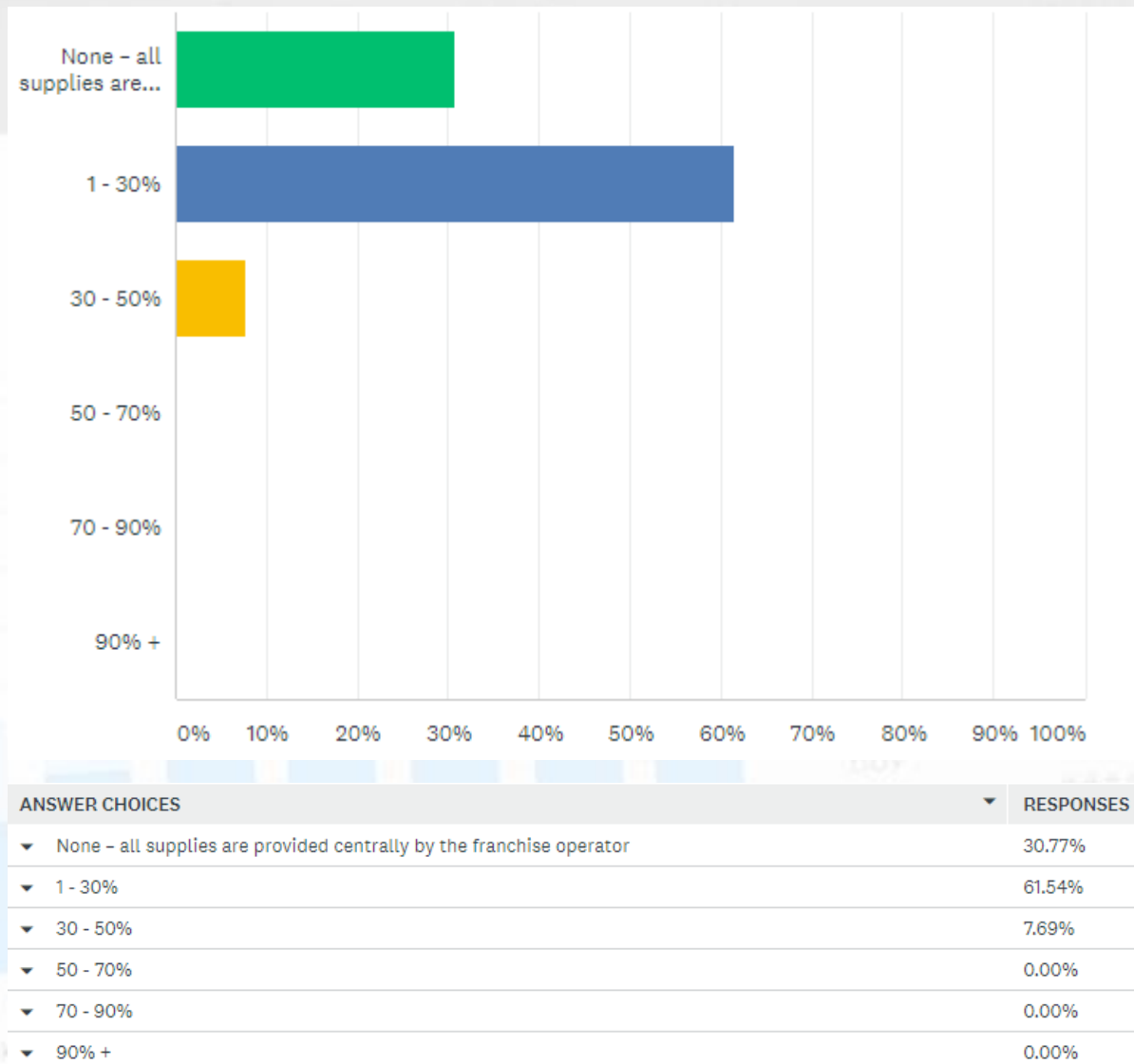
ANSWER CHOICES	RESPONSES
▼ Southeast	23.08%
▼ Southwest	15.38%
▼ Midlands	15.38%
▼ Northeast	7.69%
▼ Northwest	7.69%
▼ Yorkshire	7.69%
▼ Scotland	7.69%
▼ Wales	7.69%
▼ Northern Ireland	7.69%
▼ Other (please specify)	Responses 0.00%

11.2.25 What is the annual turnover of your business?

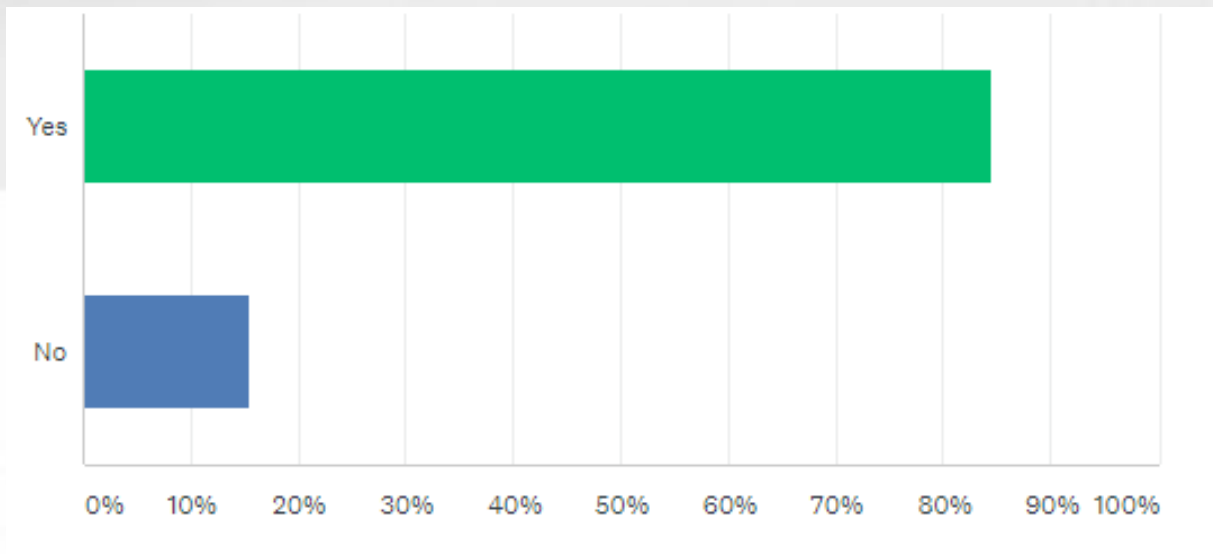


ANSWER CHOICES	RESPONSES
▼ £0 to £25,000	23.08%
▼ £25,000 - £50,000	7.69%
▼ £50,000 - £100,000	15.38%
▼ £100,000 - £200,000	46.15%
▼ £200,000 +	7.69%

11.2.26 Thinking about your suppliers, what percentage of those businesses supplying goods/services to your franchise are located within your territory?

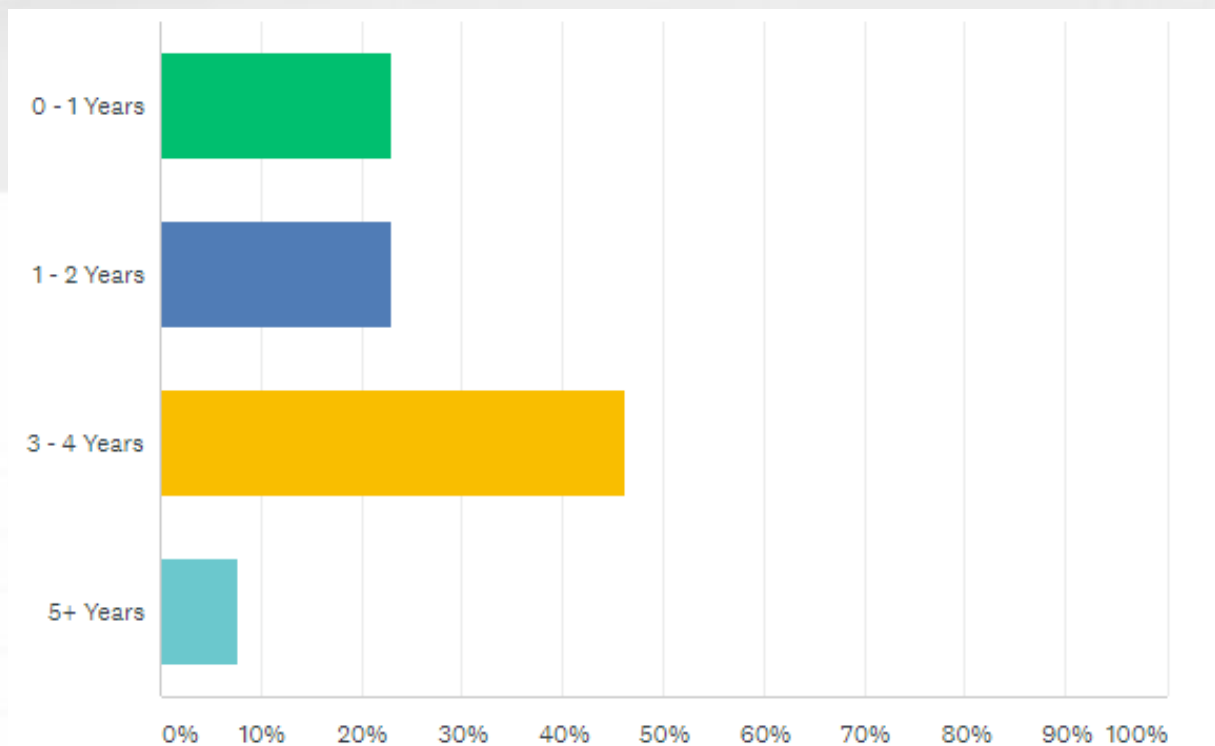


11.2.27 Is the franchise business your first time as being a business owner?



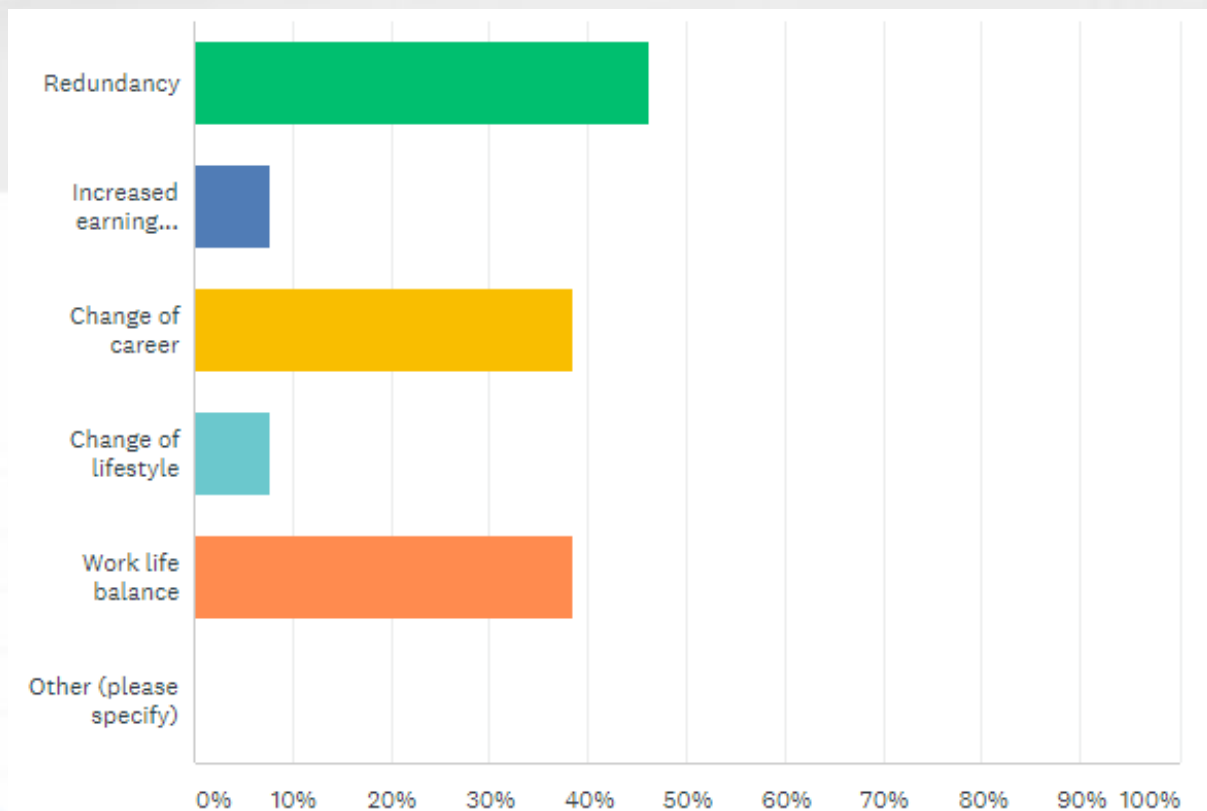
ANSWER CHOICES	RESPONSES
▼ Yes	84.62%
▼ No	15.38%

11.2.28 How long have you been operating your franchise business?



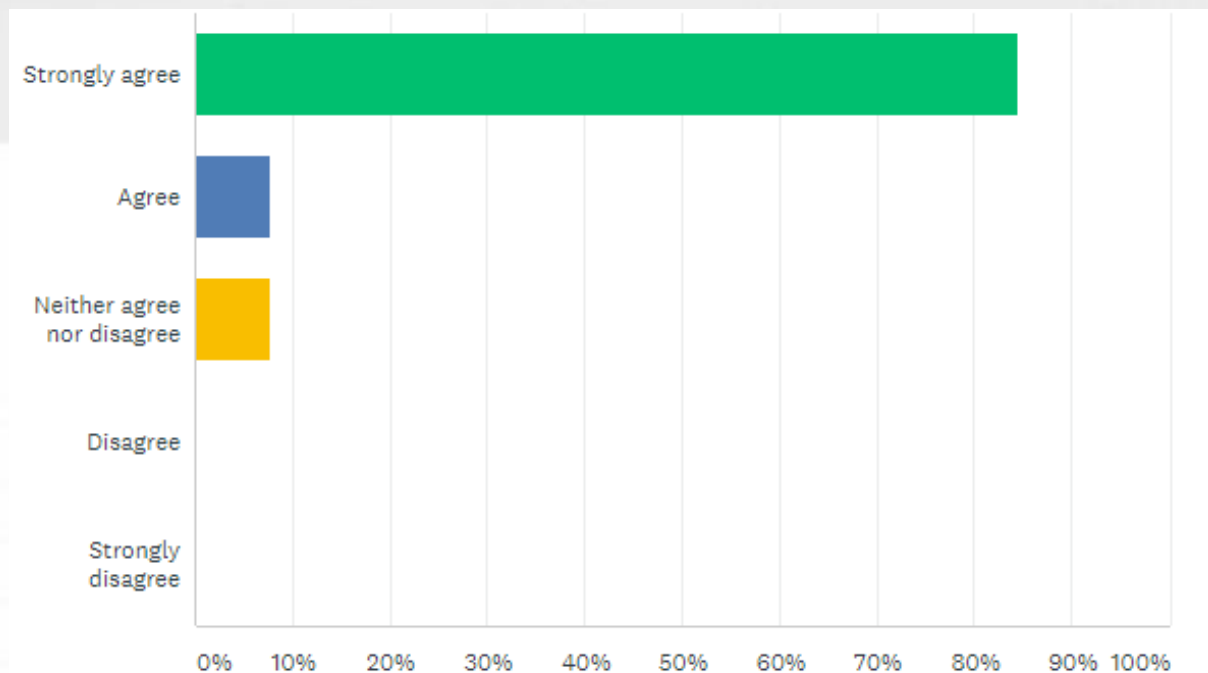
ANSWER CHOICES	RESPONSES
▼ 0 - 1 Years	23.08%
▼ 1 - 2 Years	23.08%
▼ 3 - 4 Years	46.15%
▼ 5+ Years	7.69%

11.2.29 What was your reason for deciding to purchase a franchise?



ANSWER CHOICES	RESPONSES
▼ Redundancy	46.15%
▼ Increased earning potential	7.69%
▼ Change of career	38.46%
▼ Change of lifestyle	7.69%
▼ Work life balance	38.46%

11.2.30 The support offered through the franchise model was a contributing factor in the decision to become a business owner. Do you:



ANSWER CHOICES	RESPONSES
Strongly agree	84.62%
Agree	7.69%
Neither agree nor disagree	7.69%
Disagree	0.00%
Strongly disagree	0.00%