

Where the BOOM Is Really Booming

Why is business so great for home improvement, chicken, health-and-wellness, and pet brands? The answer tells you a lot about where franchising is going next. **by KIM KAVIN**

It's been a wild year for franchising. Some categories reinvented themselves in the earlier days of the pandemic, like tutoring, when it moved from in-home to virtual. Others experienced a massive boom once vaccines rolled out and people began resuming a version of normal life. So what comes next? How can we predict which ones will do well in 2022?

Here's a theory: Major clues to franchising's future can be found inside the home improvement, chicken, health-and-wellness, and pet categories.

Why those? Let's back up. Every December, *Entrepreneur* publishes a list of 10 thriving areas in franchising where, based on an analysis of industry trends and year-over-year growth,

we expect to see continued success. (You can find this year's list on page 103.) Last year, these four categories were among those we identified, and when we looked at how they had performed since then, our predictions that they would thrive amid challenging circumstances proved true—which led us to place them on the list again this year.

By understanding why these sectors are thriving, can we get a better sense of where the industry is going? That's what we set out to explore—and in doing so, a pattern emerged. All these categories are responding to the shifting lifestyles of consumers. On the following pages, you'll find an examination of each, an interview with a franchisee who recently joined it, and, we hope, insights that can help you prepare for your own year ahead.



→ Why Home Improvement Is Booming...

When people spend far more time at home than usual, they start thinking about all the things they'd like to change about their homes. That's why, since the start of the pandemic, Americans have been doing everything from putting up window treatments to installing new kitchens to ordering pools. And because travel restrictions prevented many people from spending money on annual vacations, there was more cash than usual to put into home projects.

"You name it, people were doing it," says Matt Haller, president and CEO of the International Franchise Association. "That's not an area people think of as franchising, but a lot of that type of work is out there, and these concepts have done tremen-

dously well. Especially the outdoor ones with no COVID issues, like housepainting."

Jonathan Thiessen, chief development officer at Home Franchise Concepts, says that throughout the pandemic, home improvement franchises without a brick-and-mortar presence have done particularly well. One of his company's brands is Budget Blinds, which doesn't require any retail space—and saw 42 percent of business from repeat customers and referrals during the pandemic.

"You don't have customers physically coming to you, so there's no concerns about contact and masks," he says. "When people are looking for franchise businesses, they realize they can operate this relatively small. They don't need a lot of employees; they don't need a lot of space."

Those attributes are especially attractive to franchisees now, he says, with so much uncertainty about restrictions going forward. "If someone is looking to start a business,

they may be hesitant to sign a big lease for something like a gym because they're unsure of what that environment is going to look like," he says.

Lynlea Rudell, director of marketing at Pool Scouts, says the same thinking brought a lot of interest in her brand from new franchisees, who can buy into a territory for \$25,000. A little more than a year ago, Pool Scouts had about 33 territories in six states. Now there are 45 franchises (and two company-owned locations) in 12 states. (That number, like all unit counts in this story, is as of July 31—the cutoff for data submitted for our annual Franchise 500 issue.)

"People learned that they really liked working from home, so they're getting out of the corporate world and trying this," she says. "We're a home-based franchise, which keeps startup costs down. And they see that the pool industry seems to be on fire right now. It's a low-cost business they can get into."



→ From a Franchisee's Perspective...

Michelle Stern and her husband became first-time franchisees in their early 50s, after careers in corporate marketing. In September, they celebrated the first anniversary of owning their Pool Scouts franchise in North Dallas.

Why did you choose a Pool Scouts franchise?

We were interested in recurring services, where it's like the lawn guy. We worked with a franchise coach, and we looked at 13 or 14 different models before we found Pool Scouts.

What was it about the recurring-services business model that appealed to you?

We are more account management and relationship development people than we are salespeople. We wanted something where we could onboard clients and have long-term relationships with them.

How has your first year been?

It's been crazy but great. People have shifted their priorities to be at home with their families, and that's going to stick. We just love that we can help them do that.

PHOTOGRAPH BY SHUTTERSTOCK/STILIFX



→ Why Chicken Is Booming...

If you look at how burger franchises developed, there were two big waves. First was the McDonald's and Burger King wave, with a business model that helped parents get burgers with their kids at an affordable price. Then came the gourmet burger wave, with brands such as Five Guys and Burger 21 adding toppings like garlic aioli and cilantro cream.

Experts say that same business pattern is now repeating with chicken. Whereas brands such as KFC, Popeyes, and Church's Chicken are long-established and beloved, a new wave of franchises like Pollo Campero, El Pollo Loco, and the Shaquille O'Neal-backed Big Chicken are offering sandwiched with smashed avocado and low-calorie, fire-grilled chicken breast dinners.

"We call it the better chicken category," says Sam Rothschild, chief operating officer at Slim Chickens, an 18-year-old company that has 120 restaurants in the U.S., U.K., and Kuwait, with nearly 700 restaurants under development commitments. "We offer a different lineup of products that are of better quality than those of the people who have been around a long time."

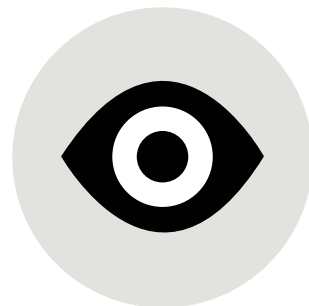
Christina Coy, vice president of marketing at the Korean fried-chicken franchise Bonchon, says consumers looking for new tastes are also driving growth. "People's taste buds are changing," she says. "They're more willing to try new flavors. That's why more consumers are getting excited about fried chicken. It's Korean fried chicken or Nashville hot fried chicken. There's just so many different ways now to have fried chicken."

Bonchon has been in the U.S. since 2006. It now has more than 370 locations

worldwide, with 110-plus in America. Same-store sales are up 14 percent in 2021 versus 2019. That kind of success is luring even more competitors, Coy says. "We're definitely starting to see more companies, and especially ones coming over from Korea and other Asian companies that do fried chicken," she says. "They're mainly hitting the East and West coasts."

Those new franchises are going to keep coming, according to Mark Siebert, CEO of iFranchise Group, a franchise development and consulting firm. There's widespread consumer demand for the product right now, along with advantages in leasing space.

"When you have a restaurant in a prime location that did not survive COVID, suddenly the landlords have to make good deals for restaurateurs in prime locations," he says. "Not only are franchisees looking at these, but the multifranchise operators are jumping on them."



→ From a Franchisee's Perspective...

Henry Lee was done with corporate life. After working for Microsoft and PricewaterhouseCoopers, he opened his first Bonchon in 2018 in Denver. His second opened in Aurora in 2020, and he is now opening two more in Colorado.

Why did you leave consulting to open a franchise?

I did it for, like, 15 years, and it just wears you down. But owning these franchises? I've never been happier.

What drew you to Bonchon?

There's American fried chicken, and then there's Korean fried chicken. There's a huge distinction. In my opinion, Korean fried chicken is going to take over the scene. The texture is a light kind of crispy, and the flavors are very unique.

What's the best part of your day?

The interaction with the customers. They've never had anything like this in their life. They usually come back the next week. Sometimes it's the next day. It's an extremely addictive product. And I know the feeling. I have a few wings with the soy-garlic sauce to get my fix on.



→ Why Health and Wellness Is Booming...

There are about 70 million baby boomers, and they'll all be at least 65 by 2030. They have supported health-and-wellness franchises for years.

But the pandemic's stressors added new demand from all age groups. That rush, in turn, led franchisees to take another look at the sector, says Sean Hart, vice president of franchise sales and development for American Family Care. "Everybody assumed you had to be a physician," Hart says. "The truth is that not only do you not have to be a physician, but there are benefits to not being a physician. A well-run restaurant, a well-run hotel, a well-run gas station—they all have something in common: customer service. It's the same for us."

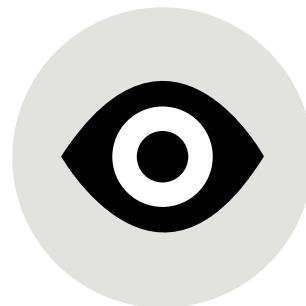
Between 2019 and today, he says, American Family Care grew from three million to six and a half million patients annually. There are 171 franchises nationwide, with another 30 coming by January. "With this shift in focus, people are learning things they wouldn't have learned otherwise," Hart says. "And that's in terms of patients and franchisees."

Eric Simon, vice president of franchise sales and development for The Joint Chiropractic, also says the pandemic led people to seek new services (like fixing sore backs from working at dining-room tables). That demand helped The Joint open about as many franchises in 2020 as in 2019. "Demand is increasing," he says. "There is no sign of it slowing down. Consumers want this."

David Essuman sold his food franchise in 2019 and opened a Joint Chiropractic franchise in Idaho this

year—with another two territories already purchased for openings in 2022. "It goes in conjunction with your diet; this is ancillary to that," he says. "I think the more people are becoming educated about their health, the more they're going to the chiropractic clinics."

David Fossas, chief marketing officer for Restore Hyper Wellness—which is growing quickly and had 87 franchises open by July—says the trend of people wanting services beyond traditional medicine is here to stay. His brand specializes in cryotherapy, IV drips, and mild hyperbaric oxygen therapy, to treat everything from inflammation to vitamin deficiencies. "All these kinds of alternative services are picking up steam right now," Fossas says. "Most people would typically wait until they're sick and then go to a doctor and treat it. What we're seeing now is more people trying to be preventive."



→ From a Franchisee's Perspective...

Latrice Basden-Clarke was an attorney, and her husband, Clarence Clarke, was an emergency room physician. They opened their first American Family Care franchise in Virginia in 2018 and are opening their second in early 2022.

Your career switch came right swiftly, didn't it?

CLARENCE: My wife called me. She said she had quit her job. I said, "What?" And she said, "God spoke to me, and we're going to open up an urgent care."

What drew you to American Family Care, Latrice?

LATRICE: AFC allows you to connect with the community the way you want to connect. Especially at the height of the pandemic, we were giving free services to people who needed it.

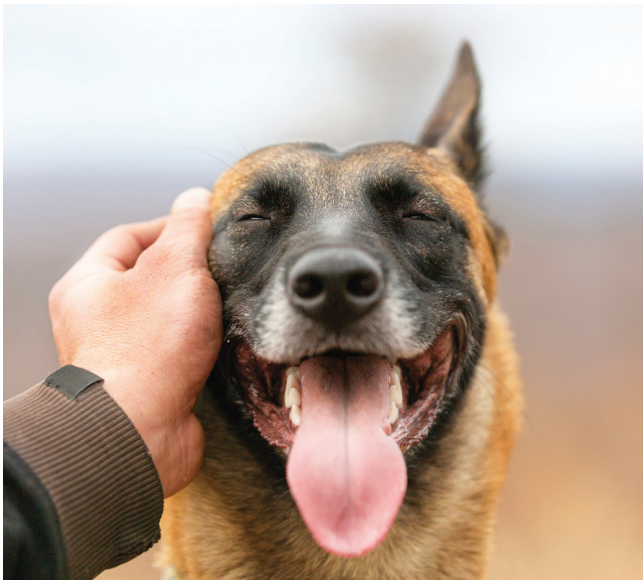
How has the response been?

LATRICE: We're a Black family, and people ask us, "How in the world were you able to do this?" To be in a position to tell people who think they can't do it that they can do it if they save and invest their money wisely—that helps the community.

→ **Why Pet Care Is Booming...**

It's estimated that 70 percent of American households own a pet, so the segment has always been strong. But when much of America got sent home in early 2020, tails *really* started wagging. In short, families added even more pets. All those dogs need food and supplies. They need veterinary care. They need groomers. And as they're hitting adolescence now, they also need trainers and caretakers. "We've had 30 years of year-over-year growth, and the pet industry has had 30 years of year-over-year growth," says Chris Rowland,

CEO of Pet Supplies Plus. "The past two years have been significantly better. We've seen stores that have been open 25 years that were flat to slightly positive in revenue jump up significantly, with double-digit comps." Dogs have driven the category the most—there's a reason the phrase "pandemic puppy" became popular. But people in the industry say that growth extends far beyond Fido. "What we've seen and heard from franchisors in this space is that as folks have been sheltering in place, there are fewer entertainment options and connections with others, so pets are naturally a way to have loving and compassionate interaction with another being," says Edith



PHOTOGRAPH BY SHUTTERSTOCK/BELVAEVA TATYANA

Wiseman with Frandata, which does franchise market research and consulting. "Even in the bird-watching subcategory, there's increased demand. It's another activity that can be safely done at home."

But while some of that may have been expected, this influx of pets is having some more surprising effects, too. For example, many pet owners reevaluated their own lives during the pandemic—and decided they wanted to enter the pet care industry themselves. That has helped drive a surge of franchisee interest in Pet Supplies Plus, says Rowland. The brand now has more than 580 locations, with nearly 100 opening in 2021. Also, as the shifting economy wreaked havoc on young people's career plans and older people's existing careers, many looked to franchising as a viable route

they could take together. Corporate refugees ready for a change felt excited to work for themselves and build a business that they could pass down to their children, while the younger entrepreneurs saw a way to control their own destinies going forward. "The son or daughter went off to college, and they're probably in their initial job, and maybe they weren't following their passion and told their parents, and the parents had a nest egg," he says. "By store number two, it's a 50-50 relationship going forward. That's really cool, to see that multigenerational aspect coming into the business."



→ **From a Franchisee's Perspective...**

Julie Barnes spent nearly 20 years as a corporate retail executive before being laid off in 2020. She wanted a meaningful next chapter, and she'd always loved dogs, so she bought a Dogtopia franchise that opened in October.

How did you pick your location? My location is two blocks from the biggest hospital system in Milwaukee, so I can be of service to people who are servicing humans. And the location is surrounded by pet-friendly apartments.

Is the neighborhood responding? We had a goal of a certain number of dogs we wanted to have enrolled by the time we opened in October. We reached that goal by August 15.

How is Dogtopia as a franchisor? I feel like I've been supported. What they told me is what has actually happened. And the owner network at Dogtopia is fabulous. I would do it again in a heartbeat. **E**

Kim Kavin is a writer and editor in New Jersey and winner of the Donald Robinson Prize for Investigative Journalism.