



Franchise Council of Australia Media Release

Business positive but concerned about government lockdowns

3 May 2021

Franchise networks have reported further recovery in revenues in the March quarter as positive sentiment strengthens, according to the latest Australian Franchise Business “Pulse Check” survey.

However, the risk of further government lockdowns remains a key challenge, with 51% of survey respondents citing this as their main ongoing concern.

The Pulse Check survey includes responses from 113 Australian franchise systems covering 21,368 business outlets.

45% of respondents reported March 2021 quarterly revenue increases exceeding 10% compared to the March 2020 quarter. This is up from 33% in the previous quarter, reflecting the ongoing general recovery in trading conditions and a solid performance by many franchise networks.

The key areas reporting stronger trading were the health, building and construction, and courier and freight related industries.

Cafes, sit-down restaurants and travel businesses continued to report comparatively weaker performance.

“Business recovery is steadily improving and the Australian economy is in a strong position which is critical boost for small business right now”, said Franchise Council of Australia CEO Mary Aldred.

“As our results show, the risk of snap state government lockdowns is the number one cause for concern across the majority of businesses surveyed. The FCA is recommending a consistent national approach on agreed thresholds for snap lockdowns, to improve business and community confidence,” said Ms Aldred.

While the risk of further lockdowns and border closures was the major concern for more than half of survey respondents, other challenges included franchisee recruitment (33%), compliance (32%), wellness of franchisees and staff (32%) and workplace relations issues (30%).

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Despite these challenges, positive forward sentiment strengthened in the March 2021 quarter with 65% (up from 51%) of respondents anticipating a moderate (59%) or significant (6%) increase in revenue in the upcoming June quarter.

41% of respondents identified Queensland as their strongest performing state or territory over the past 12 months, followed by New South Wales (23%), Western Australia (16%) and Victoria (11%).

Respondents indicated that in the next twelve months they were most likely to expand business in New South Wales (49%), followed by Queensland and Victoria (both at 18%) and Western Australia at (10%).

Overall optimism increased to 85% (up from 75% in the December survey) towards business conditions for the next six months.

A total of 520 new units were opened across 85 brands during the March quarter. These were predominantly in the categories of retail stores and home maintenance services. For the corresponding period 109 franchised units were permanently closed across 28 franchise networks, predominantly in the retail food (café) category.

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.*