

# ECONOMIC AND GENERATIONAL IMPACTS ON FRANCHISE DEVELOPMENT

## ECONOMIC FACTORS

## GENERATIONAL FACTORS

## IMPACT ON FRANCHISING INDUSTRY

1970

**1975+**  
Franchising as a business format

### BABY BOOMERS

Career Characteristics:  
Believe in the American Dream  
Ambitious  
Materialistic  
Idealistic  
Competitive  
Optimistic

Baby Boomers discover franchising as a profitable route to business ownership

1980

**1980 – 1982**  
“Deep Recession”

Money = Status  
Value = Success  
Reward = Recognition  
Company Loyalty = High

Recession drives more Baby Boomers to franchising for stability and ownership

1990

Real estate values soar and home equity loans are abundant

### GEN XERS

Career Characteristics:  
Distrustful of Institutions  
Work/Life Balance  
Self-Reliant  
Adaptable  
Skeptical  
Motivated

Franchising as a means to business ownership grows dramatically as Baby Boomers continue to invest as franchisees

Early Baby Boomers begin exiting franchising to ensure the safety of retirement funds

2000

**2001**  
9/11 creates fear and risk aversion

Money = Means to an End  
Value = Time  
Reward = Freedom  
Company Loyalty = Low

401K conversion becomes a strong option for investment and is used by late Baby Boomers and Gen Xers

**2008 – 2010**  
“Great Recession” and mortgage crisis

**2008 – 2015**  
Inflation at 0%  
Lack of available capital is widespread

Internet creates franchisor “value-add” transparency for new franchisees

2010

Wealth creation is being replaced by wealth transfer/inheritance

Banks require small business loans to be 100% secure

Very little new wealth is being created by home ownership

### MILLENNIALS

Career Characteristics:  
Non-Linear Career Path  
Seek Diversity  
Non-Conformity  
Sheltered  
Entitled  
Realistic

Baby Boomers sell or close businesses as a means to retire

Technology advancements and DIY movement adversely affect many business models

2020

Millennials have the highest college debt of any generation

Money = Today’s Payoff  
Value = Individuality  
Reward = Meaningful Work  
Company Loyalty = Low

Economic generational factors lead to a potentially bleak future for many franchise systems under 100 units