

# RESEARCH REPORT

February 2017

THIS IS A SAMPLE OF A RESEARCH REPORT.  
FOR A FULL REPORT CONTACT THE  
FRANCHISE RESEARCH INSTITUTE:  
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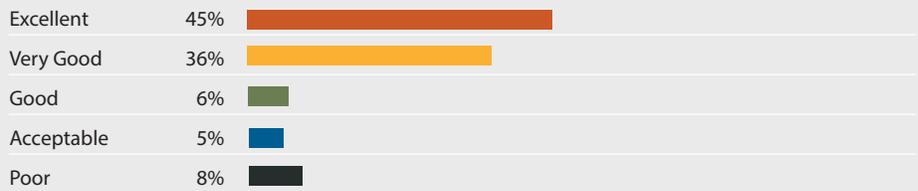
Franchise Opportunity Provided

**Overall Quality**

92%<sup>1</sup>

In one all-encompassing question we ask the franchisee to rate the quality of the franchisor. This question provides insight (without any specifics or qualifiers) about their overall impression of the franchise.

**Q:** In general, how would you rate the overall quality of your franchisor? (n=206)

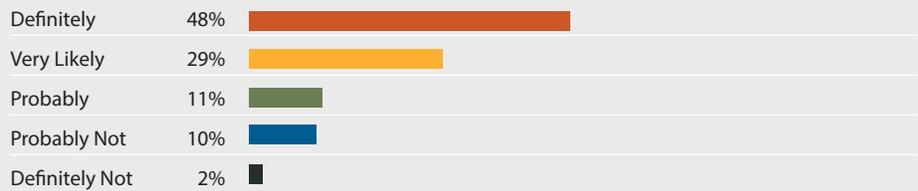


**Investment**

88%<sup>2</sup>

This question is extremely important when evaluating a franchise. However, occasionally a franchisee will rate this question low because the concept has changed significantly since they purchased the franchise, or because of personal issues.

**Q:** Knowing what you know now, and if you had to do it all over again, would you invest in this franchise? (n=206)

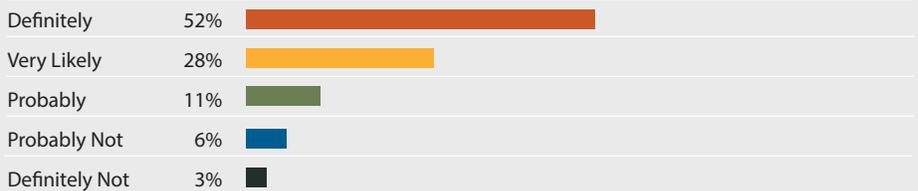


**Recommend to Others**

91%<sup>2</sup>

When evaluating franchise investments, it is extremely important that existing franchisees (when asked confidentially) will recommend the franchise to prospective franchisees.

**Q:** Would you recommend this franchise to a prospective franchisee? (n=205)



(n=#) represents the total respondents that answered each specific question.

<sup>1</sup> Combined scores of *Excellent*, *Very Good*, *Good*, and *Acceptable* responses.

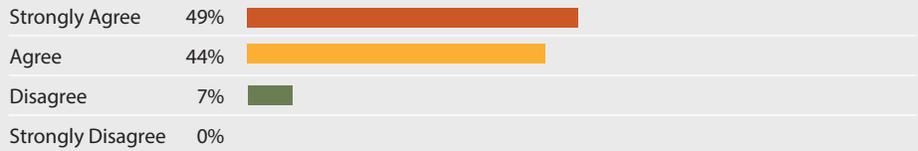
<sup>2</sup> Combined scores of *Definitely*, *Very Likely*, and *Probably* responses.

Relationship With Franchisor

**Long-Term Commitment**

**93%<sup>1</sup>** From the point of view of the franchisee; is there a commitment on the part of the franchisee and the franchisor for a "positive, long-term" franchise relationship?

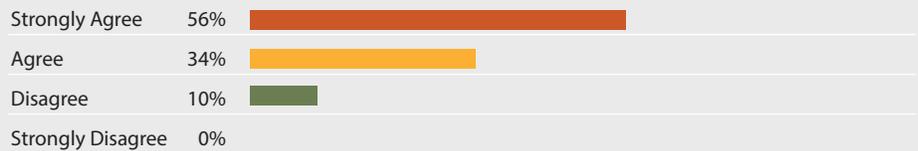
**Q:** My franchisor and I are committed to a positive, long-term relationship. (n=207)



**Joint Success**

**90%<sup>1</sup>** In the most successful franchise systems there is a very clear understanding of the interdependent relationship between the success of the franchisee and the franchisor. This question measures the level of confidence in the understanding of that concept by the franchisor.

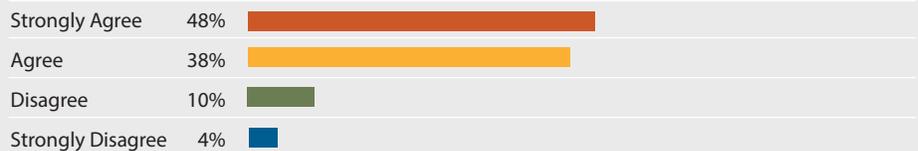
**Q:** My franchisor understands that if I am successful, they will be successful. (n=201)



**Franchisor Competence**

**86%<sup>1</sup>** Does the franchisee believe that the franchisor has the talent and skills necessary to assist the franchisee in succeeding? It is important that the franchisor not only have this ability, but also that their franchisees look to it for guidance and expertise.

**Q:** My franchisor is a competent, skillful organization which I can rely on for help. (n=205)



(n=#) represents the total respondents that answered each specific question.

<sup>1</sup> Combined scores of *Strongly Agree* and *Agree* responses.

Training and Support

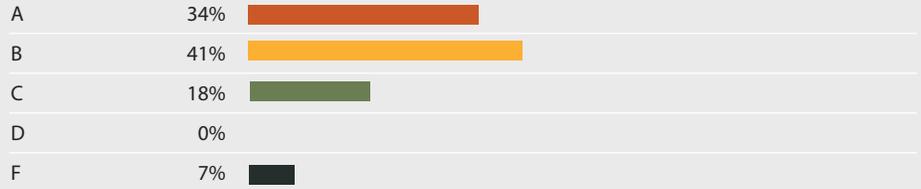
**Initial Training**

93%<sup>1</sup>

The initial training provided by the franchisor is crucial to

the success of new franchisees. Every franchise provides some form of initial training, and the quality of this training is of tremendous importance to high-quality franchise companies.

**Q:** How would you grade the initial training supplied by the franchisor? (n=208)



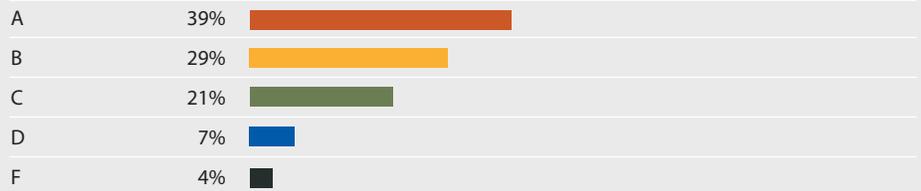
**Opening Support**

89%<sup>1</sup>

Opening support can be incredibly important in creating

a customer's positive first impression of your business. However, this depends on the franchisee category and product or service offered. In many cases, the franchisor may be required to offer little or no opening support.

**Q:** How would you grade the initial opening support supplied by the franchisor? (n=206)



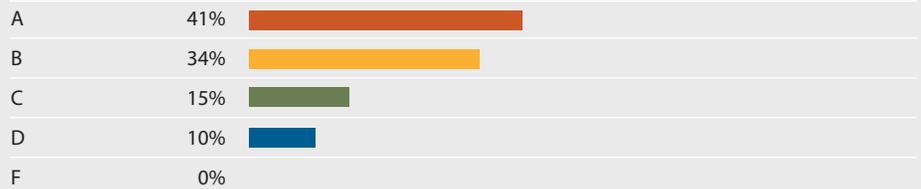
**Ongoing Training and Support**

90%<sup>1</sup>

While the importance of opening support can vary with the

franchise category, the post-opening training and support provided by the franchisor is extremely important to franchisees' long-term success.

**Q:** How would you grade the ongoing training and support supplied by the franchisor? (n=206)



(n=#) represents the total respondents that answered each specific question.

<sup>1</sup> Combined scores of A, B, and C responses.

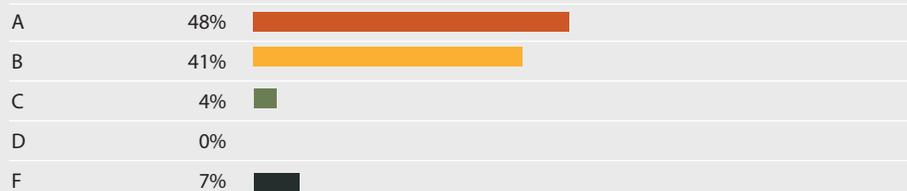
Helpfulness, Communication and Products/Services

**Field Representatives**

93%<sup>1</sup>

Almost every franchise system has individuals that are responsible for assisting franchisees when they have questions and/or problems. This question is designed to measure the helpfulness of these individuals.

**Q:** How would you grade the helpfulness of the franchisor's field representatives? (n=202)

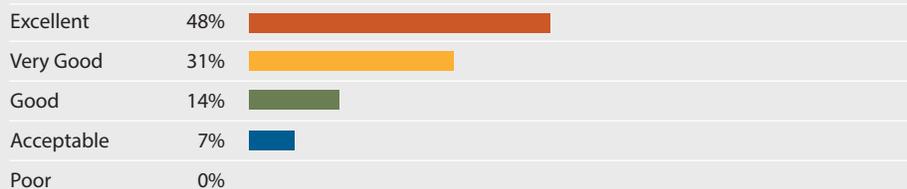


**Overall Communication**

100%<sup>2</sup>

We believe that quality communication is a critical aspect of successful franchising.

**Q:** How would you rate the overall communication between home office personnel and franchisees? (n=206)

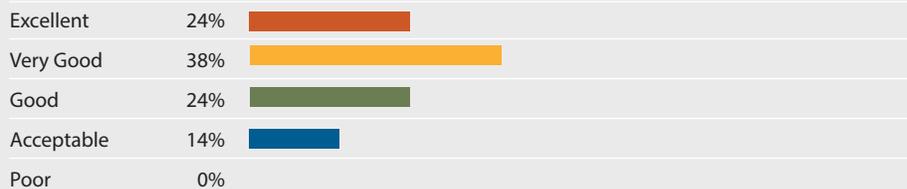


**Product/Service Quality**

100%<sup>2</sup>

In most systems, franchisees receive some type of products and/or services directly from the franchisor. This question asks the current franchisees to rate the quality of these products and/or services.

**Q:** How would you rate the quality of products and/or services received from your franchisor? (n=207)



(n=#) represents the total respondents that answered each specific question.

<sup>1</sup> Combined scores of A, B, and C responses.

<sup>2</sup> Combined scores of Excellent, Very Good, Good, and Acceptable responses.

Management

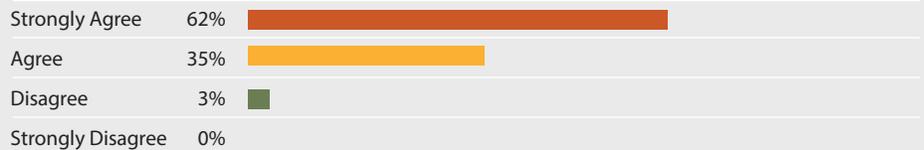
**Problem Solving**

97%<sup>1</sup>

This question measures the franchisee's perception

of the effectiveness of the franchisor's ability to solve questions and problems in a timely manner.

**Q:** My franchisor responds in a timely way to my questions and minor problems. (n=206)



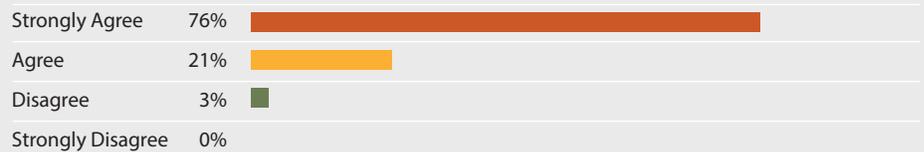
**Communication with Senior Management**

97%<sup>1</sup>

As we measure high-quality franchise organizations, one

thing always stands out - the ability of franchisees to feel that they can directly interact with senior decision makers.

**Q:** I am able to communicate directly and effectively with senior management. (n=208)



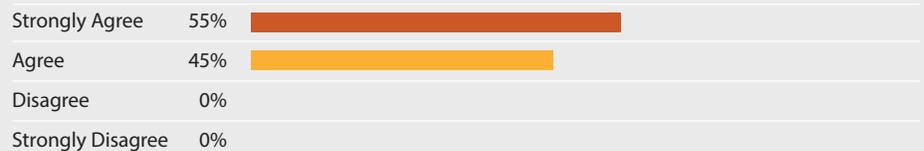
**Performance Standards**

100%<sup>1</sup>

High-quality franchising requires high standards

throughout the system. Leadership for these standards starts at the top.

**Q:** My franchisor encourages high standards of quality performance throughout the organization. (n=202)



(n=#) represents the total respondents that answered each specific question.

<sup>1</sup> Combined scores of *Strong Agree* and *Agree* responses.

## Methodology

Franchise Research Institute® sent a study-solicitation notification, to all two hundred fifty-four (254) Joe's DELI franchise owners. The study was completed in February 2017. Joe's DELI personnel gave franchisee contact information to Franchise Research Institute. The notification included the URL (web address) of the Franchise Research Institute franchisee satisfaction online survey as well as a numeric "pass code" to insure no duplication of responses.

Franchise owners were encouraged by the company and by Franchise Research Institute to complete the survey and were assured that their individual responses to the questionnaire would never be revealed to anyone outside of Franchise Research Institute, including Joe's DELI management.

Franchisees logged on to the online survey questionnaire, entered their individual "pass code", completed and submitted the survey. Two hundred and eight (208) of the two hundred fifty-four (254) total franchisees, or 82%, responded and took the survey. Franchise Research Institute has no reason to believe that non-respondents answers would vary substantially from those respondents.

The maximum error range on this study is plus or minus (  $\pm$  ) 0.9% at the ninety five percent confidence level.

\*Note: Franchise Research Institute® does not endorse any franchise companies. Investing in a franchise is an important decision. Franchise Research Institute research services are intended to provide basic, high-level information about franchise opportunities from current franchisees and should not replace the standard due diligence performed by any investor. Franchise Research Institute recommends that prospective franchise buyers consult a lawyer, accountant, and/or other professionals before signing any franchise agreement. See terms and conditions on [www.FranchiseResearchInstitute.com](http://www.FranchiseResearchInstitute.com) for more information.



12 Verbatim responses to the question:

**"Knowing what you know now, why would you not do it over again?"**

Still feel we do not appeal to everyone.

I would have investigated other franchise opportunities with other companies.

The amount of work required compared to the profitability of the restaurant does not justify the endeavor with this franchise.

The ROI at this point is not up to the re-investment necessary to stay up to standards.

Joe's Corporate converted several restaurants surrounding my restaurants taking a substantial portion of my sales resulting in putting my restaurants in a losing position.

Investment is high with no profit.

Lower Sales and ROI versus other Brands.

You continue to demonstrate over and over again that you don't care about the profitability of my company. You care more about expansion than you do about the profitability of a location. 8 years ago you forced me to expand via an ultimatum, I lost money for 8 years, now that I'm finally profitable you're allowing another franchisee to build 3 miles from me. When I showed my representative the whole story he didn't care. They haven't shown me 1 piece of data showing me that I won't be affected. if I lose 10 % of my sales that's 100% of the profits.

Because the ROI is not there with the high cost of building and equipment a unit that does less than a million is a poor ROI.

More profitable opportunity.

Too many years of bad management and marketing so not very profitable

We focused on non-traditional locations thus it depends on landlords what concept they are looking for. Most landlords are looking for something unique, local, special, fresh, mid to



13 Verbatim responses to the question:

**"What do you like most about your franchisor?"**

They are reachable and accessible.

The positive attitude and leadership of Joe (founder) and the executive team.

They indicate (and mostly act like) they believe that the success of the franchisee is a critical component to the success of the corporate entity. Success often breeds arrogance - I'm hopeful that isn't the case with this newest team. I respect that Joe has been up front and a straight shooter. He supports the franchisee community as a partner, not the "ivory tower handing down laws" that we've seen in the past.

The current commitment to grow the brand after establishing a solid base for this growth.

RECENTLY, they have focused on becoming professional - credentialing etc., is the correct focus combined with new products with LOW food costs.

Right now it looks like they are doing everything right, sales are up, product line is great and we are almost back to our 2007 numbers. What's not to like.

Decisions are made based upon what is best for the entire system.

National Media purchasing and the number of Flights.

PROFITABLE, BUT RELICENSING CAPITAL INTENSIVE. RISKY FUTURE R.O.I.

Joe's product line and marketing campaign.

They seem to communicate to their franchisees well.

There has been an amazing transformation in the collaboration and culture in the past 3 years. Mostly credited to the Executive Team and the sincerity in which they operate.

I feel the product is very good.



12 Verbatim responses to the question:

**"Why would you not recommend this franchise to a prospective franchisee?"**

Consumer awareness.

It makes no sense to have this expansive of a menu and to try to offer drive thru service. In order to make service times reasonable the food production has to be compromised. Either that or have 6 minute service and/or waste a tremendous amount of food. Also, the menu is WAY overblown. Why it is this large is very confusing. We have many, many required items that do not sell and cause waste, poor service, storage issues and more complex operations.

Joe's Corporation cannot be trusted to be a good partner.

No profit.

They do not let you have flexibility for your local. The US is made up of many locals such as big cities and small towns and sometimes their thinking is not enough about small towns and we do not have the option to adapt to that in foods and pricing. What goes good in big city does not always fit small rural areas.

ROI poor.

You don't care if we make money.

I have found that I just would not recommend any franchise because of the risk.

No matter how good anything may be I shy away from recommending anything.

The volume is the problem with Joe's, its a good product, I just wouldn't recommend it to anyone right now.

I would not recommend any food business. This is not specific to Joe's.

Joe's saw fit to assess a store closing fee on me. The store was costing me too much money to operate and jeopardizing the future of my other store.