business
for sale

Advantages and Disadvantages of Franchising

When considering starting a business, you'll need to decide whether you want to start from scratch, or if you want to join into a franchise. This decision will depend on your goals and vision. While it can be exciting to begin a business independently, it could also pose a few risks. A franchise brings with it a host of benefits that can't be found when you're on your own. We've done a little homework for you so that you can make an informed decision about which option is best for you. Take a look below at our lists of advantages and disadvantages of franchising:

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Take a look below at our lists of advantages and disadvantages of franchising:

Advantages of Franchise Business for Buyers

There are several advantages of franchising for the franchisee, including:

Support and Assistance

A huge benefit for franchisees is the 'safety net' they have in the franchisor. Depending on the business model, and the agreement between the two parties, the franchisor may provide the franchisee with the knowledge, equipment, supplies, and marketing strategy; basically everything they need to operate the business, without having to start from the bottom.

Already-Established Brand Presence

A business is always trying to build up brand recognition and trust with customers and potential customers. New businesses often struggle to gain momentum with their brand authority, while franchises are typically already established and have a reputation to maintain. Franchises also generally have a well-established existing customer base for new franchisees to delve into.

Buying Power

Standalone businesses don't have the same buying power as larger franchises, and will typically pay much more for supplies to manufacture products, depending on the size of the order. A network of franchises that offer the same goods will buy in bulk which saves a lot of money.

Lower Risk

Regardless of whether it's a standalone business or a franchise, there is always risk involved in buying and running a business. The risk of opening a franchise, however, is lower. Most franchises have tested and proven the business model of the franchise in multiple markets and are less likely to fail.

Disadvantages of Franchising for the Franchisee

There are also some disadvantages to take into consideration before buying a franchise.

Restrictions

Whilst the support of the franchisor is highly beneficial, it comes with the cost of needing to take the franchisor's opinion into account each time you want to make a big business decision. This limits your independence and could become frustrating.

Potential Disagreements

Because of these restrictions, there is a risk of conflict arising between the franchisee and the franchisor. The franchise agreement will stipulate limitations and boundaries for both parties, but sometimes disagreements will arise and will need to be sorted out efficiently and effectively.

Whether you're looking to buy a franchise or an existing business, Business for Sale is the place to find your best options! You can also list your business for sale on our platform to get it noticed by loads of potential buyers. Contact our experts for more information.