



The Franchise Development Outlook

CANADIAN EDITION | Q3 2026

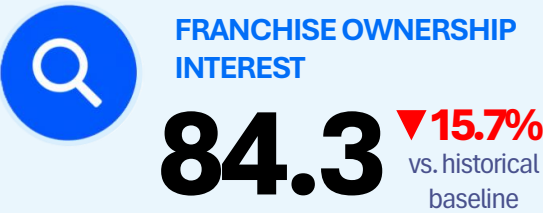
Franchise Development Industry Intelligence

Franchise ownership demand, marketing performance
and the economic factors shaping franchise growth



Canadian Franchise Ownership Demand Returns to Normal Levels While Advertising Engagement Surges

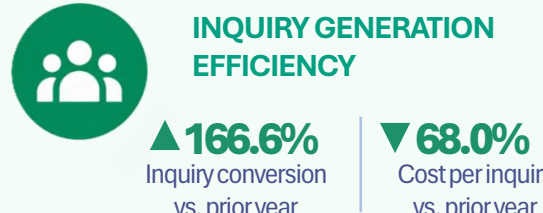
Following an exceptional period of franchise ownership interest in early 2026, Canadian search demand is trending toward historical levels. North American advertising data shows stronger engagement, higher inquiry conversion, and lower lead generation costs. Canadian demand is forecast to remain near historical levels in Q4 2026 before experiencing a seasonal rebound in Q1 2027, despite continued economic uncertainty.



September demand was 15.7% below the historical baseline and 12.2% below its typical seasonal level, following unusually strong interest earlier in 2026.



North American franchise advertising engagement increased 26.8% compared with Q3 2025, indicating stronger responsiveness to franchise recruitment outbound advertising.





Recognized as the world’s best franchise marketing agency

Reshift Media is a full-service digital marketing agency that helps franchise organizations attract new customers and prospective franchisees. Reshift supports more than 200 clients in 22 countries across all aspects of digital marketing, including social media, search, websites, and mobile apps.



A purpose-built platform for franchise development

Franify is Reshift Media’s proprietary franchise digital marketing platform that helps franchise organizations attract, engage, and convert qualified franchise candidates. Combining industry-leading technology, proprietary data, and award-winning innovation, Franify dramatically simplifies franchise development marketing.

AWARD-WINNING
AGENCY AND
TECHNOLOGY



— 4 YEARS IN A ROW —



— 4 YEARS IN A ROW —



— 3 YEARS IN A ROW —



Four Key Indicators to Understand Franchise Development Performance

Our analysis is based on four proprietary indices that track franchise ownership demand and the performance of franchise recruitment advertising. Together, these indicators provide a broad view of the franchise development environment.



Franchise Development Demand Index (FDDI)

Tracks active interest in franchise ownership

Measures Google search interest for franchise-related terms to indicate the level of active demand from prospective franchise owners.

What it tells us:

How franchise ownership search interest compares with historical trends and seasonal patterns.



Franchise Advertising Engagement Index

Tracks people's response to franchise advertising

Measures the rate at which people engage with franchise recruitment ads across social media platforms, providing an indication of their willingness to explore franchise ownership opportunities.

What it tells us:

How effectively outbound franchise advertising generates engagement among prospective franchise owners.



Franchise Advertising Inquiry Conversion Index

Tracks the conversion of clicks to inquiries

Measures the percentage of ad clicks that generate a recorded inquiry, providing insight into prospects' willingness to take the next step in exploring a franchise opportunity.

What it tells us:

The strength of prospective franchise owners' intent, with rising conversion rates indicating greater willingness to explore franchise opportunities.



Franchise Advertising Cost Per Inquiry Index

Tracks the cost to generate franchise inquiries

Measures the average cost of generating a franchise inquiry, providing insight into advertising efficiency and how readily prospective franchise owners are taking action.

What it tells us:

Reveals shifts in franchise advertising efficiency, with declining inquiry costs indicating that inquiries are becoming less expensive to generate.

Source: Reshift Media. The Franchise Development Demand Index (FDDI) uses Google Trends franchise ownership search data, indexed to the 2022–2024 average (100). The Franchise Advertising Engagement, Inquiry Conversion and Cost Per Inquiry indices use North American social media advertising data, indexed to the 2024–2025 average (100). Data through September 2026.

Canadian Franchise Ownership Interest Falls Below Baseline Levels

Following an early-2026 surge, Canadian franchise ownership searches fell below historical baseline levels in August and September, amid growing economic and geopolitical uncertainty and weakening business confidence.

SEPTEMBER 2026 FDDI

84.3

▼ -15.7%

vs. 2022-2024
baseline (100)

Franchise Development Demand Index (FDDI)

Canadian search interest for franchise ownership | January 2022 – September 2026



Note: The Franchise Development Demand Index (FDDI) measures relative Google search interest across a basket of franchise ownership search terms. It reflects search demand, not actual franchise sales, and is indexed to a 2022-2024 baseline (100).



Exceptional February Peak

Search demand reached 177.5 in February 2026, 77.5% above the historical baseline, marking an extraordinary surge in franchise ownership interest.



52.5% Decline From Peak

By September, franchise ownership search demand had fallen 52.5% from February's high, reversing the exceptional early-year surge.



12.2% Below Seasonal Norm

September's FDDI of 84.3 was 12.2% below its historical September average, indicating weakness beyond normal seasonal fluctuations.



Business Confidence Weakens

The late-summer decline coincided with falling Canadian small business confidence and heightened economic and geopolitical uncertainty.

Monetary Policy May Influence Franchise Ownership Interest

Historical analysis suggests that changes in the direction and pace of Canadian monetary policy have coincided with shifts in franchise ownership search demand.

SEPTEMBER 2026 FDDI

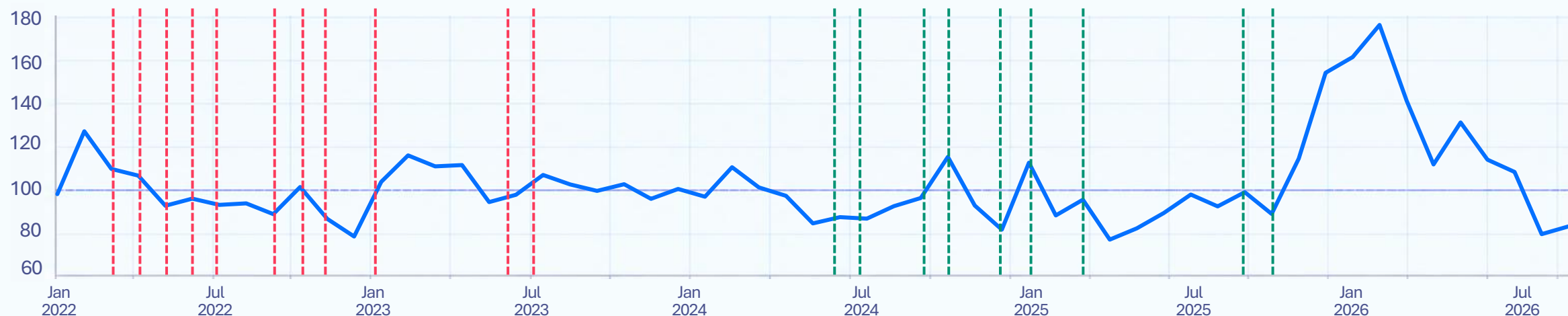
84.3

▼ -15.7%

vs. 2022-2024
baseline (100)

Franchise Development Demand Index (FDDI)

Canadian search interest for franchise ownership | January 2022 – September 2026



MAR 2022 – JUL 2023

Monetary Tightening

Franchise search demand fluctuated during the rapid rise in interest rates.



AUG 2023 – MAY 2024

Rates Remain Elevated

With rates on hold, franchise demand remained relatively subdued.



JUN 2024 – OCT 2025

Monetary Easing

As monetary easing began, franchise demand strengthened, reaching an exceptional peak in Feb 2026.

Canadian franchise ownership search demand has shown periods of weakness during elevated interest rates and stronger activity following monetary easing. However, the sharp decline in August and September 2026, despite rates remaining at 2.25%, suggests that interest rates alone cannot explain changes in demand. Broader economic conditions and business confidence may also play an important role.

Q3 2026 Demand vs. Historical Seasonality

The FDDI Historical Seasonality Comparison measures Canadian franchise ownership search interest against historical seasonal averages, revealing whether demand is above or below typical levels.

SEPTEMBER 2026 FDDI

84.3

▼ -12.2%
vs. seasonal average
(96.1)

Monthly Franchise Development Demand Index (FDDI)

2026 compared to 2022-2024 seasonal averages



6.2% lower year-over-year
The FDDI averaged 91.5 in Q3 2026, down 6.2% from 97.6 in Q3 2025.

Above seasonal levels in July
July 2026 reached 109.5, 13.2% above its historical seasonal average (96.8).

Sharp decline in August
The FDDI fell to 80.7 in August, 17.2% below its normal seasonal average (97.5).

September below seasonal average
September 2026 was 12.2% below its historical seasonal average (96.1), confirming below-normal franchise ownership search demand.

Franchise Ad Engagement Reaches Its Highest Level of 2026

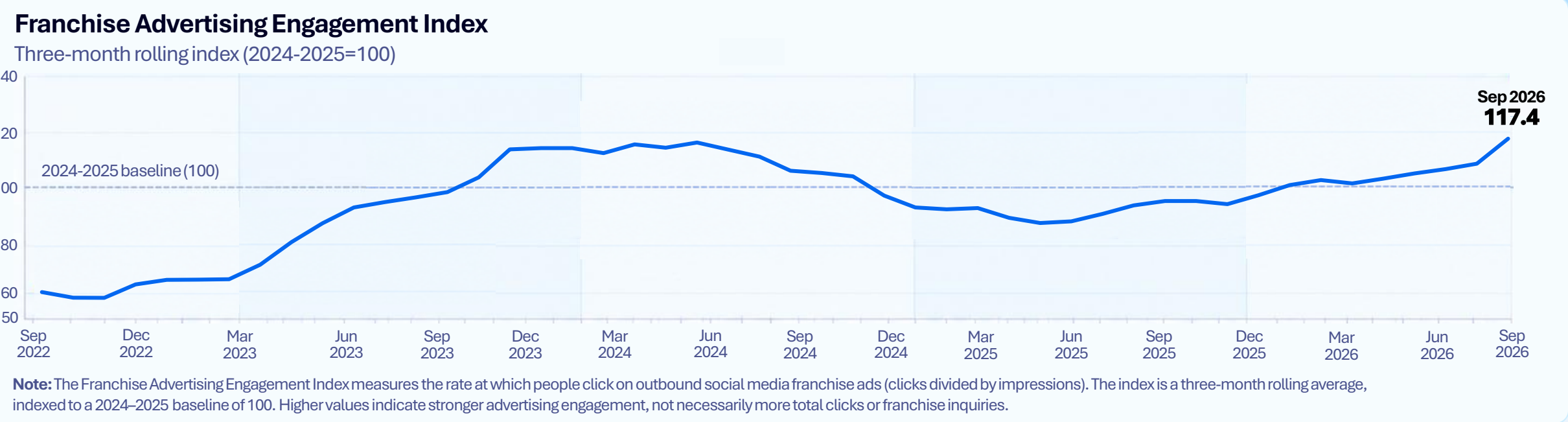
The Franchise Advertising Engagement Index measures consumer response to outbound social media franchise advertising, revealing shifts in interest relative to historical trends.

Q3 2026 ENGAGEMENT INDEX

117.4

▲ +26.8%

vs. Q3 2025 (92.6)



26.8% higher year-over-year

The Q3 2026 index reached 117.4, up 26.8% compared to Q3 2025 (92.6).

Strongest Q3 in the dataset

Q3 2026 is the highest third quarter engagement level since tracking began.

Prospective franchisees remain responsive

Engagement with outbound franchise advertising has increased, indicating strong passive interest in franchise opportunities.

Rebounding after 2025's decline

Following a softer period in 2025, engagement has strengthened through 2026, reaching its highest level in September.

Q3 Franchise Advertising Conversion Nears Its Highest Recorded Level

The Franchise Advertising Inquiry Conversion Index measures how frequently outbound social media advertising clicks turn into franchise inquiries, providing insight into the intensity of interest among prospective franchisees.

Q3 2026 INQUIRY CONVERSION INDEX

229.5

▲+166.6%

vs. Q3 2025
(86.1)

Franchise Advertising Inquiry Conversion Index
Three-month rolling index (social media ad click-to-inquiry rate) | January 2024 – September 2026



Note: The Franchise Advertising Inquiry Conversion Index measures the rate at which outbound social media ad clicks generate franchise inquiries. The index is a three-month rolling average, indexed to a 2024-2025 baseline of 100. Selected historical inquiry counts have been normalized to address outliers. Inquiries do not necessarily represent conversion to franchise purchases.

166.6% higher year-over-year
The Q3 2026 Inquiry Conversion Index reached 229.5, up 166.6% compared to Q3 2025 (86.1).

Strongest Q3 in the dataset
Q3 2026 recorded the highest third-quarter inquiry conversion rate in the available dataset.

September rebound
The three-month rolling index increased from 202.1 in August to 229.5 in September, reflecting a 13.6% improvement in inquiry conversion rates.

More inquiries per click
A higher proportion of advertising clicks resulted in inquiries in Q3 2026, suggesting greater willingness to explore franchise opportunities.

Franchise Advertising Cost Per Inquiry Drops Sharply in Q3 2026

The Franchise Advertising Cost Per Inquiry Index measures the cost of generating franchise inquiries through social media advertising, providing insight into whether franchise recruitment advertising is becoming more or less efficient.

Q3 2026 COST PER INQUIRY INDEX

40.2

▼ -68.0%

vs. Q3 2025
(125.8)



68.0% lower year-over-year

The Q3 2026 Cost Per Inquiry Index reached 40.2, down 68.0% compared to Q3 2025 (125.8).

Late 2025 saw higher costs

The index increased throughout much of 2025, peaking at 155.3 in December 2025 before dropping sharply in 2026.

Substantially more efficient in 2026

Cost per inquiry fell dramatically in early 2026, reaching a low of 33.5 in May and remaining well below 2025 levels.

Higher conversion rates contributed to lower costs

The increase in click-to-inquiry conversion rates, along with lower cost per click, contributed to the improvement in cost efficiency.

Franchise Demand is Normalizing, but Engagement Tells a Different Story

Canadian franchise ownership searches declined in Q3 2026, while North American franchise advertising data shows stronger engagement, higher inquiry conversion, and lower lead generation costs.

THE EVIDENCE



Franchise Development Demand Index (FDDI)

-6.2%

Canadian Data | Q3 2026 vs. Q3 2025

Canadian franchise ownership search demand declined 6.2% year-over-year, with September falling below historical norms.



Franchise Advertising Engagement Index

+26.8%

North American Data | Q3 2026 vs. Q3 2025

People exposed to franchise advertising are clicking at higher rates, indicating stronger responsiveness to opportunities presented through social media.



Franchise Advertising Inquiry Conversion Index

+166.6%

North American Data | Q3 2026 vs. Q3 2025

A greater proportion of ad clicks are converting into inquiries, suggesting that engaged prospects are increasingly willing to take the next step.



Franchise Advertising Cost Per Inquiry Index

-68.0%

North American Data | Q3 2026 vs. Q3 2025

The cost of generating franchise inquiries has fallen sharply, indicating improved advertising efficiency.

WHAT IT MEANS

A More Selective but Increasingly Responsive Market

Canadian franchise ownership searches declined in Q3, suggesting fewer people are actively exploring franchise opportunities. However, North American advertising data shows that prospects responding to franchise advertising are engaging more frequently and converting into inquiries at higher rates.

This divergence suggests that while active franchise ownership search demand has cooled, prospects engaging with advertising are increasingly likely to submit inquiries. Higher conversion rates and lower inquiry costs also indicate that franchisors may be able to generate leads more efficiently, even in a softer demand environment.

For Canadian franchisors, this presents an opportunity to attract candidates through both search and social advertising. However, with economic uncertainty affecting investment decisions, generating interest is only the first step. Qualifying leads, clearly communicating the value of the franchise opportunity, and following up consistently will be critical to turning that interest into franchise sales.

AI is Becoming an Important Franchise Discovery Channel

U.S. research illustrates the rapid adoption of AI-powered discovery tools, a trend with important implications for Canadian franchisors as prospective candidates increasingly use AI alongside traditional search and franchise directories.

Additional information

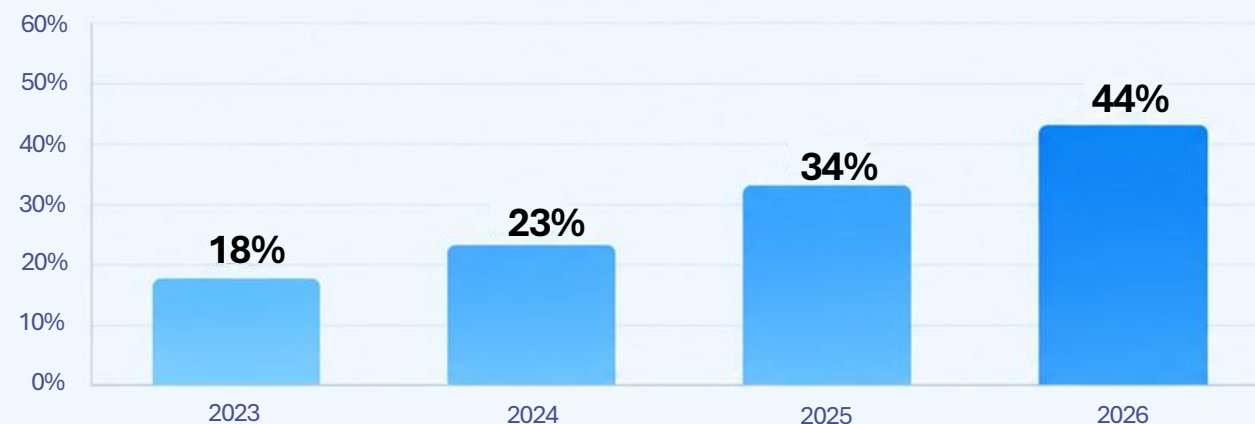


Scan or click to learn more about AI search for franchise development



ChatGPT Adoption Among U.S. Adults

Percentage of U.S. adults who report using ChatGPT



Source: Pew Research Center, Americans and AI 2026



42%

Using AI to search for information

42% of U.S. adults report using AI chatbots to search for information, demonstrating their growing role in how people research and evaluate options.



27%

Franchise prospects using ChatGPT

27% of surveyed franchise prospects identified ChatGPT as one of their most useful research tools when exploring franchise opportunities.

Source: Franchise Insights, September 2026



WHAT IT MEANS

AI is becoming an important part of the franchise research process

The rapid adoption of AI, combined with evidence that franchise prospects are already using AI to research opportunities, signals an expanding discovery landscape. For franchisors, traditional search and outbound advertising remain essential, but AI visibility is becoming increasingly important. Ensuring franchise information is accurate, accessible, and authoritative across digital channels will help brands remain discoverable as candidate research habits evolve.

Economic Uncertainty Weighs on Canadian Franchise Investment Decisions

Despite lower interest rates, rising inflation, weakening business confidence, and broader economic uncertainty may be weighing on Canadian franchise investment decisions.

Bank of Canada policy rate

2.25%

as of September 2026



Interest rates expected to remain stable

Rates are expected to hold at 2.25% through 2026, with modest increases possible in 2027. Economic uncertainty may continue to limit franchise investment.

Canadian CPI inflation

3.1%

in September 2026



Inflation edges higher

Canadian CPI inflation rose to 3.1% in September 2026, up from 3.0% in August. Higher energy prices contributed to the increase, adding to cost pressures for households and prospective franchise investors.

CDN unemployment rate

6.5%

in September 2026



Labor market shows continued softness

Unemployment rose to 6.5% in September, with 68,000 jobs lost. A weaker labor market may encourage entrepreneurship but signals broader economic challenges.

CFIB small business confidence

47.9

in September 2026 (12-month outlook index)



Small business confidence declines sharply

Business confidence fell to 47.9 in September from 57.7 in August, reflecting growing uncertainty among Canadian business owners.

Q4 2026 – Q1 2027 Forecast

Following an exceptional surge in early 2026, Canadian franchise ownership search demand is projected to return toward historical norms in Q4. A seasonal rebound is expected in Q1 2027, supported by stable interest rates, although weaker business confidence and broader economic uncertainty may limit the recovery.

KEY FACTORS IN OUR OUTLOOK



Stable Interest Rates

The Bank of Canada is expected to hold its policy rate at 2.25% through 2026. Stable policy rates may support franchise investment, although further rate relief is unlikely.



Normalizing Demand

Following the early-2026 surge, Canadian franchise searches have returned below historical levels. Demand is projected to settle closer to historical seasonal patterns during Q4.



Economic Uncertainty

Persistent inflation, trade tensions, and broader economic uncertainty may continue to influence investment decisions and temper franchise ownership demand.



Weaker Business Confidence

Canadian small business confidence fell in September, reflecting increased caution among business owners and prospective franchise investors.

OUR FORECAST EXPECTATIONS



Q4 2026

Return Toward Historical Levels

The FDDI is projected to average 96.3 in Q4, approaching the historical baseline of 100 despite continued economic uncertainty.



Q1 2027

Modest Seasonal Rebound

Demand is forecast to average 111.3, up 15.6% from Q4, reflecting a typical seasonal recovery without repeating the exceptional early-2026 surge.



Overall Outlook

Closer to Historical Norms

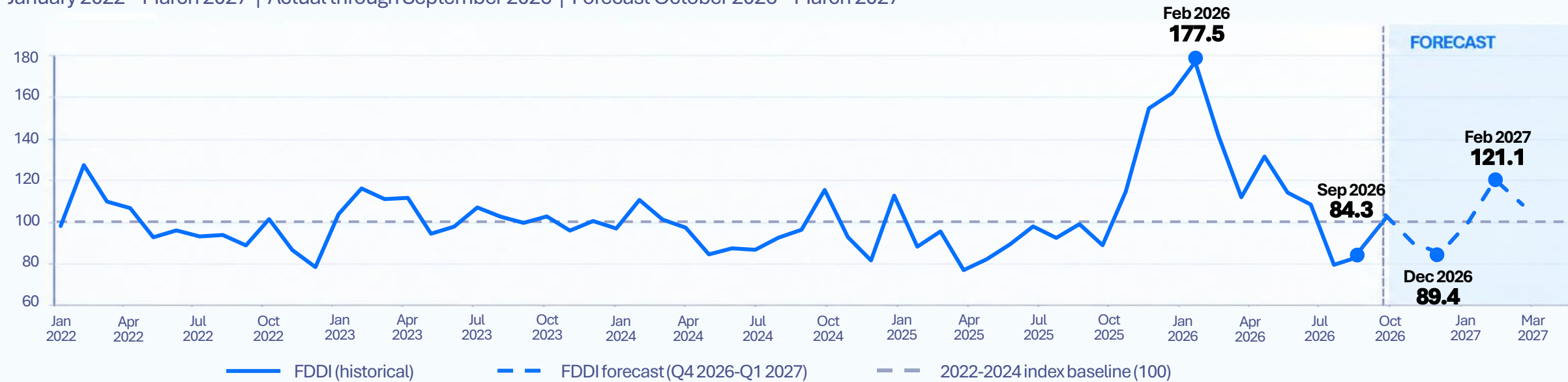
Stable interest rates and seasonal demand patterns support a gradual recovery, while weaker business confidence and economic uncertainty may limit upside potential.

Franchise Ownership Demand Expected to Return to Historical Norms

Following the early-2026 surge, franchise ownership search demand is projected to normalize in Q4, then recover modestly in Q1 2027.

Canadian Franchise Development Demand Index (FDDI)

January 2022 – March 2027 | Actual through September 2026 | Forecast October 2026 – March 2027



FORECAST HIGHLIGHTS

Q4 2026 Average

96.3

Demand returns near historical norms

December 2026

89.4

Expected to align with typical seasonal low

Q1 2027 Average

111.3

Modest seasonal rebound (+15.6% vs. forecast Q4)

March 2027

110.3

Expected to align with seasonal norms, but remain 22.6% below March 2026

Source: Reshift Media, Franchise Development Demand Index (FDDI) uses Google Trends franchise ownership search data, indexed to the 2022–2024 average (100).

Forecast: Reshift Media, based on historical seasonality, recent trends and current economic conditions.

Understanding What's Next in Franchise Development

Franchise development is entering a period of changing demand, economic uncertainty and evolving candidate behavior. As the market shifts, understanding how prospective franchisees discover, evaluate and engage with opportunities will be increasingly important.

Reshift Media and Franify will continue tracking the trends shaping franchise development, providing research and insights to help franchise organizations make more informed marketing and recruitment decisions.

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