



The Franchise Development Outlook

Q3 2026

U.S. Franchise Development Industry Intelligence

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

Franchise Development Demand is Normalizing, but Advertising Performance Remains Strong

Active interest in franchise ownership has declined from its early 2026 peak but remains above historical levels, while franchise recruitment advertising is generating stronger engagement and converting more clicks into inquiries at lower costs. Franchise demand is expected to return to historical norms through Q4 2026, with a modest seasonal rebound in Q1 2027.



FRANCHISE OWNERSHIP INTEREST

107.6

+7.6% vs. 2022-2024 baseline

Our Franchise Development Demand Index (FDDI) declined 40.7% from its February 2026 peak but remains above both its historical baseline and typical September seasonal levels, indicating franchise ownership interest is normalizing but remains active.



FRANCHISE ADVERTISING ENGAGEMENT

117.4

+26.8% year-over-year

Engagement with outbound franchise advertising has strengthened, reaching its highest level of 2026. This suggests that although the number of people actively seeking franchise opportunities may have decreased, there remains strong passive interest.



INQUIRY GENERATION EFFICIENCY

+166.6%

Inquiry conversion vs. prior year

-68.0%

Cost per inquiry vs. prior year

A substantially higher proportion of advertising clicks are generating franchise inquiries, contributing to a sharp decline in cost per inquiry. This suggests that although active search demand has declined, prospects responding to advertising may be showing stronger intent.



ECONOMIC HEADWINDS PERSIST

3.4%

Inflation (YoY)

4.2%

Unemployment rate

48.1

Consumer sentiment

Elevated financing costs, persistent inflation, market uncertainty and weak consumer confidence are expected to continue to weigh on franchise investment decisions, limiting the level of demand in the near term.

Q4 2026 FDDI forecast

102.8

Demand returns to historical norms

Q1 2027 FDDI forecast

111.0

A modest seasonal rebound

Our forecast anticipates continued normalization through Q4 2026, followed by a seasonal recovery in Q1 2027. However, economic uncertainty is expected to limit the strength of that rebound, keeping franchise ownership interest much closer to historical levels than the exceptional highs of early 2026.



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 social media advertising data, indexed to the 2024–2025 average (100). Data through September 2026.

Franchise Ownership Interest Remains Above Historical Levels

The Franchise Development Demand Index (FDDI) tracks how actively people are searching online for franchise ownership opportunities, providing insight into whether interest in franchise ownership is growing or declining.

SEPTEMBER 2026 FDDI

107.6

▲ +7.6%

vs. 2022-2024
baseline (100)

Franchise Development Demand Index (FDDI)

U.S. 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).



7.6% above historical baseline

The FDDI reached 107.6 in September 2026, which is 7.6% above the 2022–2024 baseline.



Peak in February 2026

Demand reached a peak in February 2026 (181.4), the highest level since tracking began, reflecting exceptional early-year interest.



40.7% decline from February peak

Since the February peak, search interest has moderated, with September 2026 down 40.7% from the high (181.4), though still above historical norms.



Above historical average despite recent decline

Franchise ownership search interest remains above the 2022–2024 baseline, indicating stronger than typical levels even after the recent cooling period.

Franchise Development Demand is Sensitive to Monetary Conditions

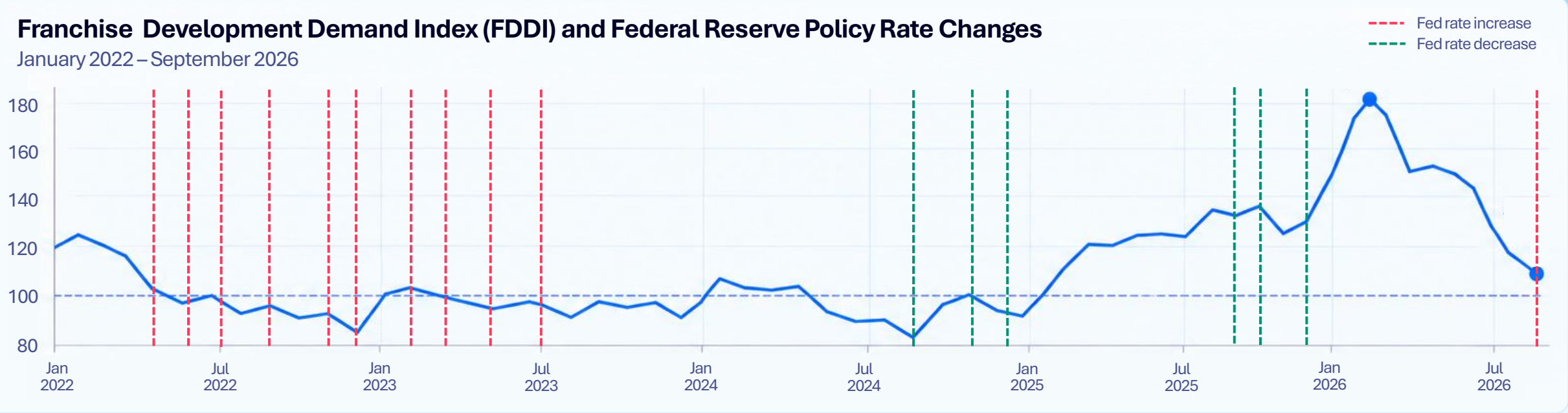
Historical analysis suggests that changes in the direction and pace of U.S. monetary policy have coincided with shifts in franchise ownership search demand.

SEPTEMBER 2026 FDDI

107.6

▲ +7.6%

vs. 2022-2024 baseline (100)



MAR 2022 – JUL 2023

Monetary Tightening

Franchise demand weakened during the period of rapid rate increases.

AUG 2023 – AUG 2024

Policy Stabilizes

With rates on hold, franchise demand remained relatively subdued.

SEP 2024 – AUG 2026

Easing and Demand Recovery

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

Historical trends suggest that franchise ownership interest is influenced by broader economic conditions, including changes in Federal Reserve interest rates. As illustrated above, demand was subdued during periods of monetary tightening before strengthening as interest rates declined, pointing to a relationship between monetary conditions and franchise ownership search demand.

Q3 2026 Demand vs. Historical Seasonality

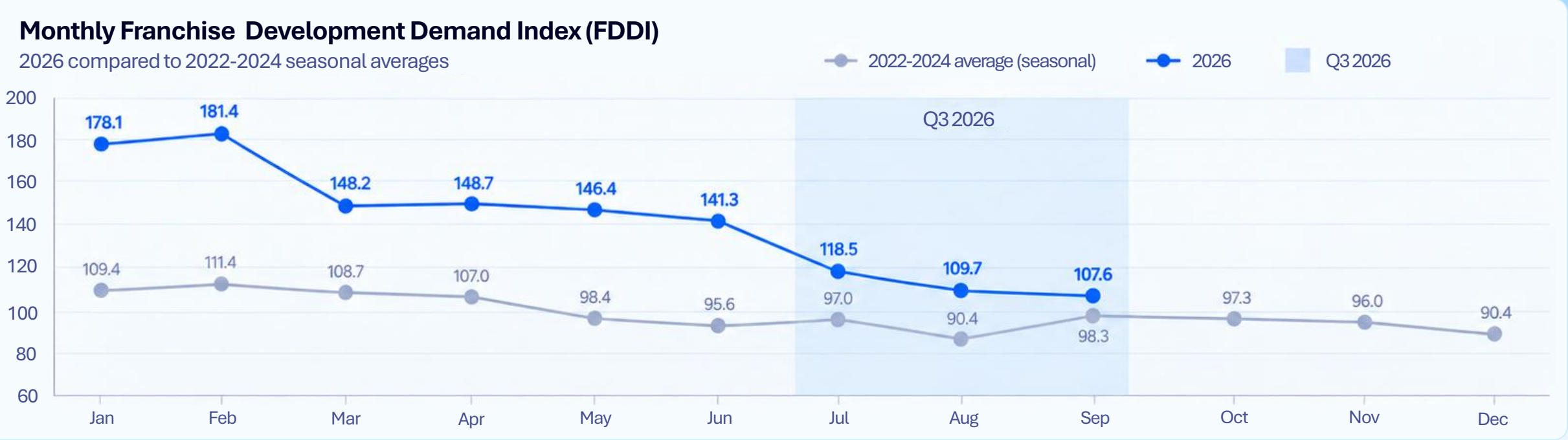
The FDDI Historical Seasonality Comparison measures franchise ownership search interest against historical seasonal averages, revealing whether demand is above or below typical levels.

SEPTEMBER 2026 FDDI

107.6

▲ +7.6%

vs. 2022-2024
baseline (100)



15.2% lower year-over-year
The FDDI averaged 111.9 in Q3 2026, down 15.2% from 131.9 in Q3 2025.

Above seasonal averages
Franchise search interest remained above historical seasonal averages in every month of Q3 2026.

Cooling from an early-year peak
The FDDI declined from 181.4 in February to 107.6 in September, a 40.7% decrease.

Seasonal premium is narrowing
September 2026 was 9.4% above its historical average (98.3), down from 22.2% in July, indicating demand is moving closer to typical seasonal levels.

Franchise Ad Engagement Reaches Its Highest Level of 2026

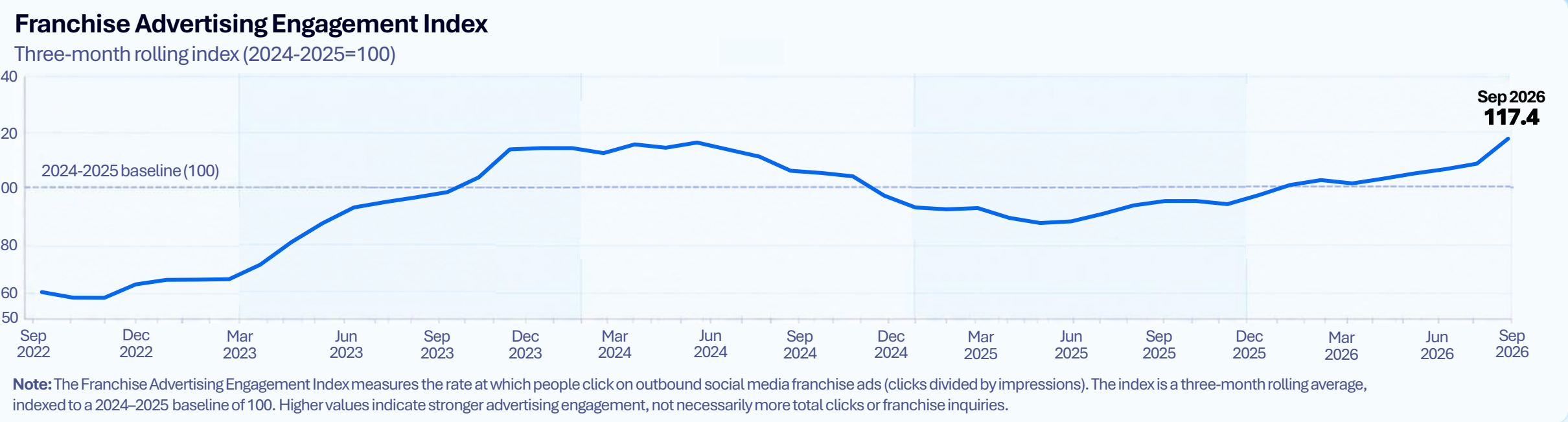
The Franchise Advertising Engagement Index measures consumer response to outbound social media franchise advertising, revealing shifts in interest relative to historical trends.

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 is Near an All-Time High

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

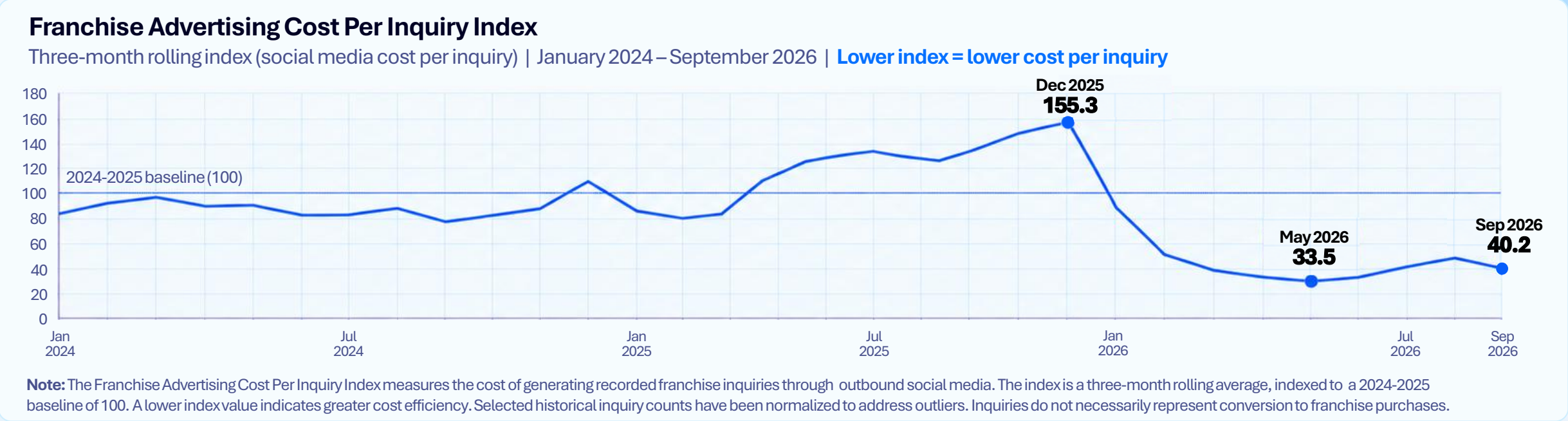
The Franchise Advertising Cost Per Inquiry Index measures the cost of generating franchise inquiries through social media advertising, providing insight into whether franchise recruitment advertising is becoming more or less efficient.

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

Our four proprietary indices reveal a divergence between active franchise ownership search demand and advertising engagement, suggesting that prospects responding to advertising may be increasingly engaged even as broader search demand declines.

THE EVIDENCE



Franchise Development Demand Index (FDDI)

-15.2%

Q3 2026 vs. Q3 2025

Franchise searches have declined, suggesting fewer people are actively exploring opportunities, although demand remains above historical norms.



Franchise Advertising Engagement Index

+26.8%

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%

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%

Q3 2026 vs. Q3 2025

The cost of generating franchise inquiries has fallen sharply, indicating improved advertising efficiency and higher levels of prospect engagement.

WHAT IT MEANS

A narrower but more responsive market may be emerging.

Active franchise ownership searches are declining, suggesting a smaller pool of people proactively exploring opportunities. Yet those encountering franchise opportunities through social media advertising are increasingly likely to engage and submit inquiries.

This divergence suggests that while overall franchise exploration is cooling, interest among responsive prospects may be intensifying. Stronger engagement and conversion rates are also driving significantly lower inquiry costs.

For franchisors, the findings reinforce the importance of combining search and outbound advertising. Search remains essential for capturing prospects actively exploring franchise ownership, while social media advertising can uncover interest among those not proactively looking. As search demand moderates but advertising responsiveness strengthens, a balanced approach offers the greatest opportunity to reach and engage prospective franchisees.

AI is Becoming an Important Franchise Discovery Channel

AI adoption is accelerating among consumers, and franchise prospects are already using AI-powered tools as part of their research process alongside traditional search and franchise directories.

Additional information

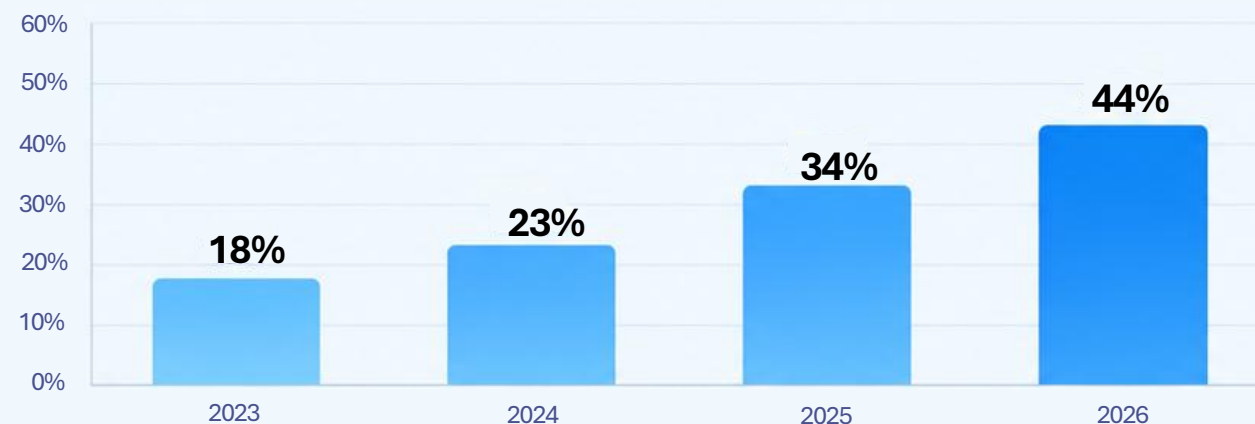


Scan or click to learn more about AI search for franchise development



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 Headwinds Put Downward Pressure on Franchise Investment Decisions

Financing costs, persistent inflation, and weak consumer confidence may complicate franchise investment decisions, even as our franchise development indices indicate stronger engagement and a lower cost per inquiry.

Federal Reserve policy rate

3.75%-4.00%

as of September 16, 2026



Financing costs remain elevated

The federal funds rate is 3.75% to 4.00%, keeping borrowing costs higher than pre-2022 levels for prospective franchise owners.

U.S. CPI inflation

3.4%

in August 2026



Inflation continues to add pressure

Consumer prices are 3.4% higher than a year ago, which can affect both personal finances and the cost of starting and operating a franchise.

U.S. unemployment rate

4.2%

in September 2026



Labor market shows moderate softness

The unemployment rate is 4.2%, up slightly from 4.1% in August, which can influence career transitions and may lead some individuals to consider business ownership.

U.S. consumer sentiment

48.1

in September 2026 (final)



Consumer confidence remains depressed

The University of Michigan index fell to 48.1, well below pre-2022 levels, indicating continued caution toward major financial commitments.

Q4 2026 – Q1 2027 Forecast

Following an exceptional surge in early 2026, franchise ownership interest is expected to continue normalizing through the fourth quarter, potentially returning to levels comparable to late 2024. While historical seasonal patterns suggest a rebound in the first quarter of 2027, elevated economic uncertainty, tighter monetary conditions, and weak consumer confidence may limit the strength of that recovery.

KEY FACTORS IN OUR OUTLOOK



Higher Interest Rates

The Federal Reserve increased interest rates in September 2026, potentially adding downward pressure on franchise ownership demand.



Normalizing Demand

After an exceptional peak in early 2026, search interest has been declining and is expected to return to levels closer to historical norms in Q4.



Geopolitical Uncertainty

Ongoing geopolitical tensions continue to weigh on consumer sentiment and business confidence.



Weaker Consumer Confidence

Consumer confidence remains below long-term averages, as concerns around inflation, jobs and global uncertainty persist.

OUR FORECAST EXPECTATIONS



Q4 2026

Return to Historical Levels

Active demand is expected to continue normalizing through Q4, potentially reaching levels comparable to Q4 2024 and in line with broader 2022-2024 trends.



Q1 2027

Modest Seasonal Rebound

A seasonal increase in franchise exploration is expected in Q1, but likely more subdued than early 2026, closer to 2023 levels.



Overall Outlook

Closer to Historical Norms

Elevated economic uncertainty and tightening monetary conditions are expected to limit upside potential, resulting in demand that aligns more closely with historical levels.

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.

Franchise Development Demand Index (FDDI)

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



FORECAST HIGHLIGHTS

Q4 2026 Average

102.8

Near historical Q4 levels

December 2026

94.8

Expected to align with typical seasonal low

Q1 2027 Average

111.0

Modest seasonal rebound (+8.0% vs. forecast Q4)

March 2027

108.7

Expected to align with seasonal norms, but remain 27% 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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