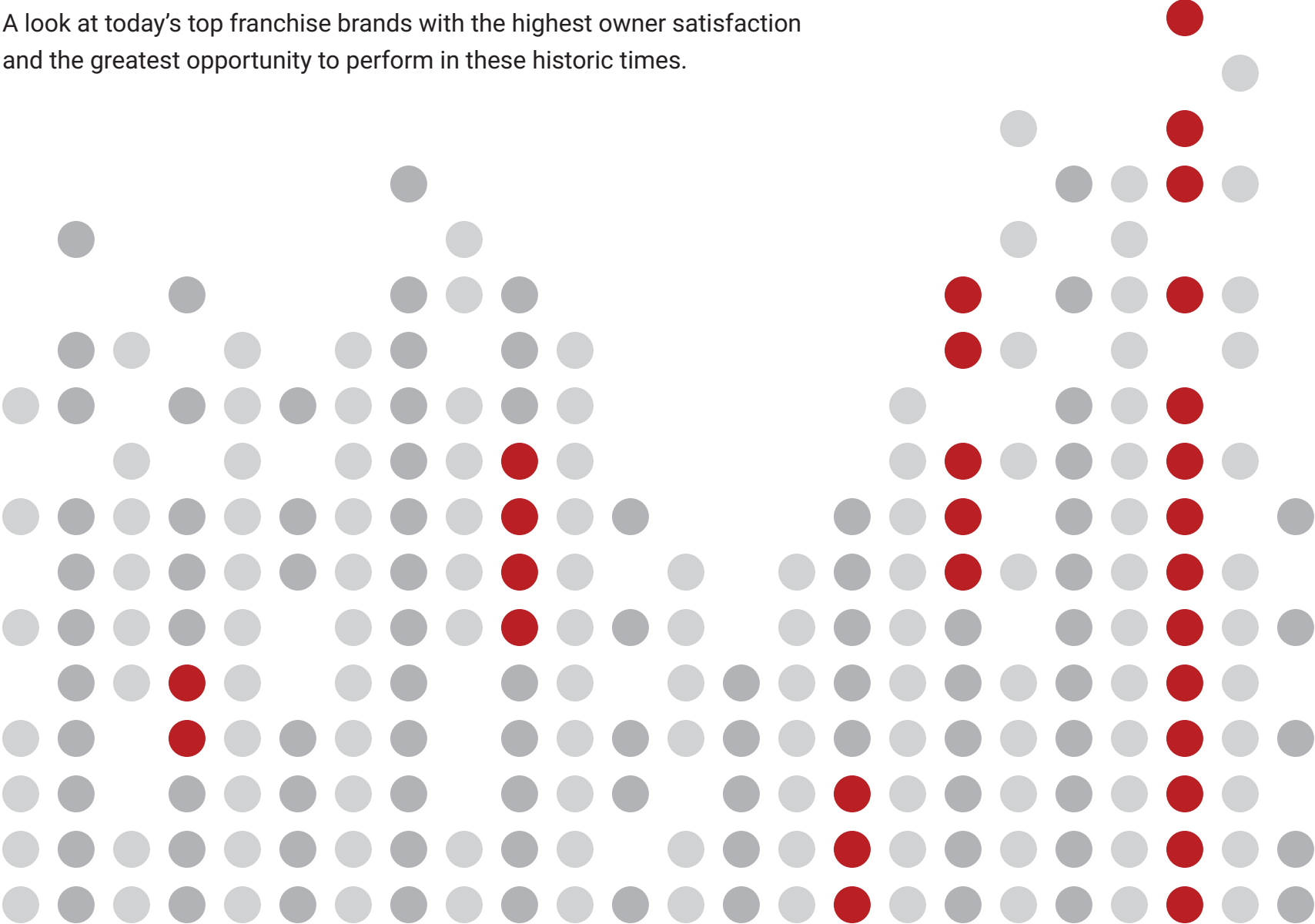


2020 SPECIAL REPORT

Top 50 Recession-Proof Franchises

A look at today's top franchise brands with the highest owner satisfaction and the greatest opportunity to perform in these historic times.



About FBR

Franchise Business Review is the leading market research firm in the franchise sector specializing in franchisee satisfaction and business performance.

Since 2005, we have researched more than 1,200 leading franchise brands across all industry segments.

Our mission is simple:

To empower franchise buyers with research about the true experience and satisfaction of franchise operators.

To help franchise companies achieve brand success by strengthening their relationships with franchisees and improving franchisee satisfaction and performance.

Franchise Business Review

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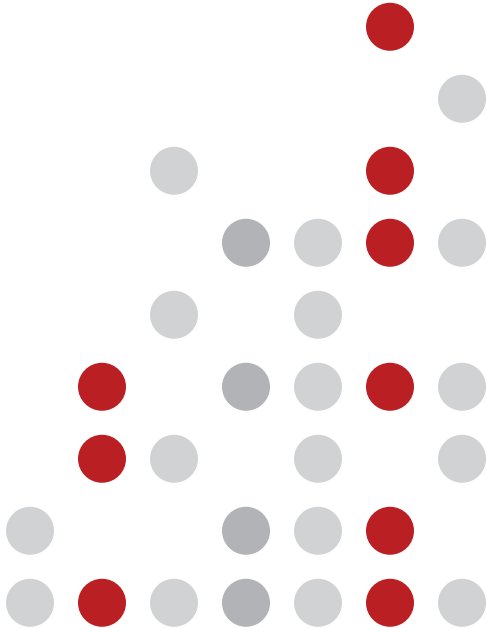
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The New Normal

At the beginning of 2020, the United States enjoyed a low 3.5% unemployment rate and one of the strongest economies in history. Then the coronavirus hit, forcing Americans to stay home and stop working, as they watched the stock market crash and unemployment soar. Within a few short weeks, the country slumped into a recession.

More than 36 million Americans have lost their jobs and economists predict that unemployment may soar over 20% in the months ahead. As a result, many small businesses previously thought to be recession-proof are now struggling to survive.

Business will come back, but how will owners and workers adjust to this new normal?

It's important to remember that in 2009, the U.S. Bureau of Labor Statistics reported that the unemployment rate had climbed to 10%. Workers in this period experienced the worst business conditions since the Great Depression and the longest recession since WWII. In fact, more than 170,000 small businesses closed between 2008 and 2009 based on a report by *The Business Journals*. And yet, the decade that followed brought historic growth for business owners.

While most experts agree that we will experience a fairly swift economic recovery beginning this summer, many senior and mid-level executives furloughed during the pandemic may experience difficulties finding comparable career options. Companies will want to run "lean and mean" over the next few years and will use this time to replace many corporate roles with younger, cheaper talent. For mid-career professionals looking to leverage their skills and find meaningful work, franchising may hold the key to their financial recovery.

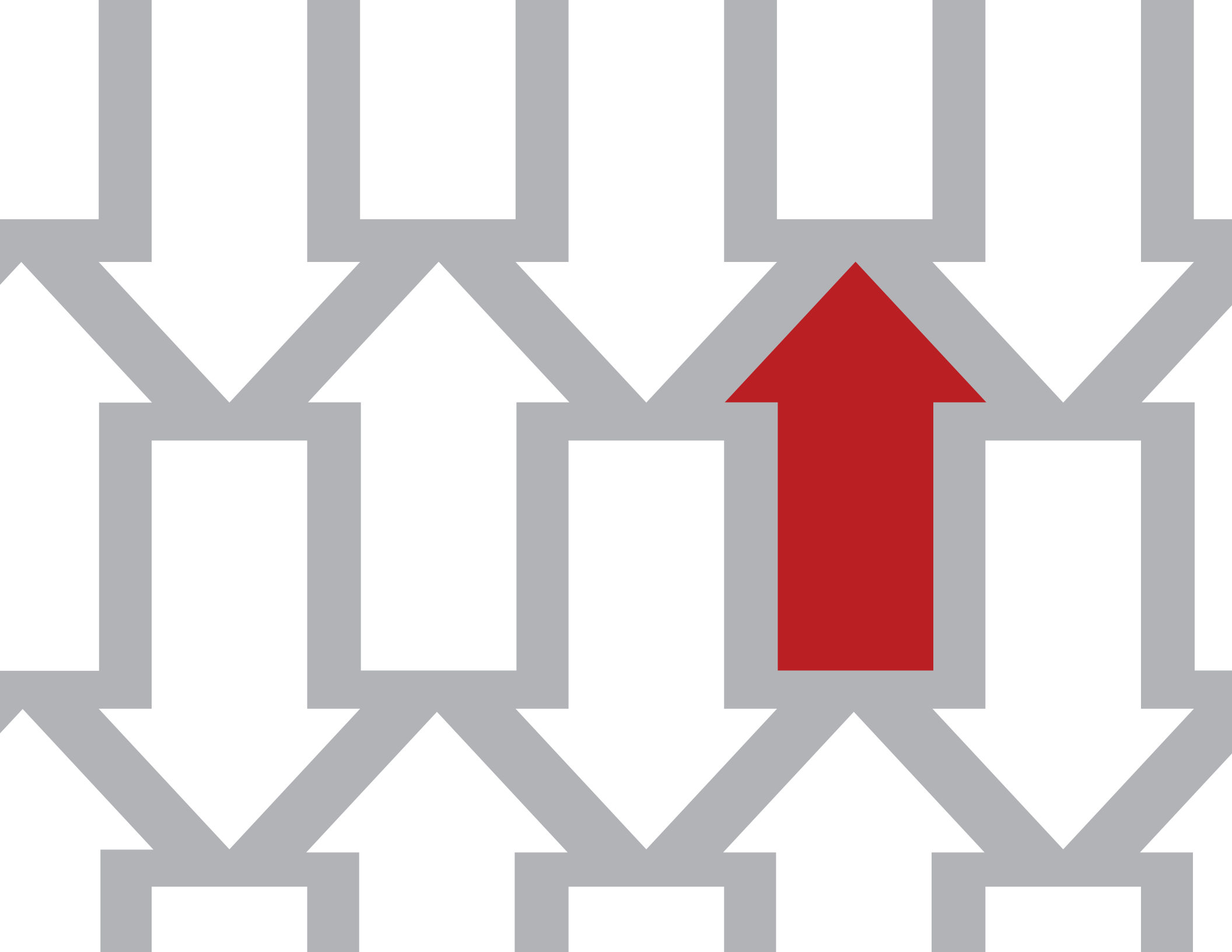
"Franchising has historically done very well under most economic conditions," said Eric Stites, CEO and managing director of Franchise Business Review. "During boom periods, the fear of missing out on a great opportunity fuels strong franchise growth. During a downturn on the other hand, lack of employment opportunities or fear of job loss drives many people to explore franchise ownership."

While some franchises had to pause business during the pandemic and may need time to recover, those sectors that provide goods or services that fulfill basic needs are likely to perform well and even grow during an economic downturn.

"Understanding how a business is likely to perform during a recession is an important consideration anyone should make before investing in a franchise," said Stites. He urges potential business owners to ask themselves, "Are the business's products or services luxury items or everyday necessities? Who are the typical customers and how may their purchasing decisions change?"

While no business is completely recession-proof, Franchise Business Review has identified 50 franchise opportunities that we feel have the greatest chance of performing very well over the next few years during this new normal.

Understanding how a business is likely to perform during a recession is an important consideration anyone should make before investing in a franchise. Are the business's products or services luxury items or everyday necessities? Who are the typical customers and how may their purchasing decisions change?



“As cities and states open back up, we expect huge growth. Our franchisees have held their own for the most part, by providing upgraded cleaning and disinfecting services to essential customers. Once non-essential customers return, at minimum, they should return to their previous levels of cleaning, but we actually expect most to increase the frequency of cleaning and special disinfecting services. Our franchisees have been preparing for this and proactively communicating with returning customers.”

**Todd Hopkins, CEO
Office Pride**

Office Pride provides commercial cleaning services across North America from over 130 franchise locations.

Opportunity Ahead: A Look at Recession-Resistant Sectors

In these uncertain times, history is our best guide. Even during the worst economic times of the past, some businesses thrived. The same will hold true now. As franchise companies adjust their business models or pivot completely, we expect a number of business sectors to outperform others. Here's a glimpse of what we see coming over the next few years:

Automotive Repair Franchises

During a recession, new car sales typically dip dramatically, while the demand for car repairs goes up. People tend to hang onto their current cars longer, and businesses specializing in used car sales and automotive repair benefit. *The Los Angeles Times* reported a \$36 billion increase in sales at auto repair businesses between 2010 and 2011. Additionally, an article in the *Journal of Marketing Channels* found that auto repair franchises that offer a wide range of services tend to be more successful during recessions than companies that specialize in one area.

Business Services & Staffing Franchises

For companies looking to slowly gear up again, it makes more sense for them to outsource certain business services like payroll, recruiting, and benefits management to franchises that can help them bridge those gaps cost-effectively. Additionally, those companies looking to bring on more contract workers as they scale up will look to temporary agencies or staffing firms that can help them find the right labor mix.

Child Services & Education Franchises

As parents re-enter the workforce in the coming months, there will be a need for all types of child services. Whether moms and

dads are looking for activity programs, summer camps, after-school programs, or tutoring services to bridge the distance learning gap, they'll rely on trusted brands that have a good reputation in this sector.

Cleaning Franchises

Whether offices or homes need freshening, people will depend on sanitation experts to bleach and clean every last corner. The coronavirus amplified the importance of thorough cleaning, and brands that offer these services for commercial and residential customers will likely clean up in the franchise world.

Financial Services Franchises

The coronavirus caused many families to revisit their portfolios. Whether they experienced tumbling stock returns, gaps in their insurance, or need to make adjustments to their financial plans to fit their current scenarios, they'll need trusted advice to help rebuild and protect their wealth. At the same time, favorable interest rates have prompted many families to refinance their mortgages – opening up opportunity in this market.

Fitness Franchises

Even if they haven't gained “The Quarantine 15,” fitness-starved men and women will be ready to rejoin newly reopened gyms and studios. To save money, many may be ready to leave full-service fitness centers and be shopping around for niche or lower-cost fitness concepts.

Food Franchises

People eat out even in a down economy. While some diners will tighten their entertainment budgets, post-quarantine trends will likely see Americans dining or ordering out just as much, if not more than, before COVID-19. Trends show that food franchises that offer lower-priced, value options and curbside pickup and delivery services will tend to recover more quickly.

Home Repair & Maintenance Franchises

Because people will be spending more time at home, the demand for home repair and maintenance services is expected to grow. While homeowners will put off major renovations and costly improvements, help for common repairs and maintenance of their homes, yards, and pools will be in high demand.

Personal Services Franchises

Hair salons, barber shops, and spa services were all forced to cease operation during the initial outbreak of the coronavirus. But, the demand for these services never cooled. As stylists and therapists get back to work and restrictions ease on other personal care services, customer will return to their regular

New Clothing sales were down 10% in 2009 while thrift store sales increased by 35%

Source: CNN Money

spending patterns.

Real Estate Franchises

When the economy takes a turn for the worse, real estate sales typically slow – especially high-end property sales. That said, real estate companies that focus on the lower and middle-tier markets have traditionally fared well during a recession, as many people end up relocating in order to find new employment. An increase in real estate foreclosures will also open up opportunities for businesses focused on flipping houses.

Senior Services & Home Care Franchises

Nursing homes and long-term care facilities have been particularly hard-hit by the coronavirus. In New York state alone, more than 4,800 nursing home residents have died from COVID-19, according to a May article published in *The New York Times*. Families will continue to look at in-home care service providers to support their elderly parents, as more than 58 million Baby Boomers will be between the ages of 66 and 84 by 2030. This industry is experiencing enormous growth and promises job-security, a very tempting offer for those striving to open their own businesses.

Specialty Retail & Resale Franchises

If your franchise fills a unique niche, it's likely your customers will stay loyal. While people were sheltered at home this spring, many found solace in hobbies and home-based activities. Activities like bird feeding and backyard fun cost a lot less than heading to a vacation destination. With less discretionary income, Americans also become more thrifty. The resale craze first hit shoppers during the 2008-2009 recession. While clothing stores' sales were down by 10% in 2009, the average sales at thrift stores had increased by an average of 35%, according to *CNN Money*.

Specialty Services Franchises

Any franchise that offers specialty services that consumers can't find anywhere else are bound to enjoy healthy returns. As Americans get back to work, they'll continue to spend money on home and office services, moving assistance, repairs, and other niche service offerings.

"These staggering numbers have prompted families to begin honest conversations about how they want to care for aging loved ones, prompting many to look at in-home care as an option. This has made us look at our health care system in a different way. Actively planning and proactively discussing care options is a really good thing and most people don't do it."

Brian Petranick, CEO Right at Home

Right at Home operates 650 franchises globally, including more than 500 locations in the United States.

2020 SPECIAL REPORT

Top 50 Recession-Proof Franchises

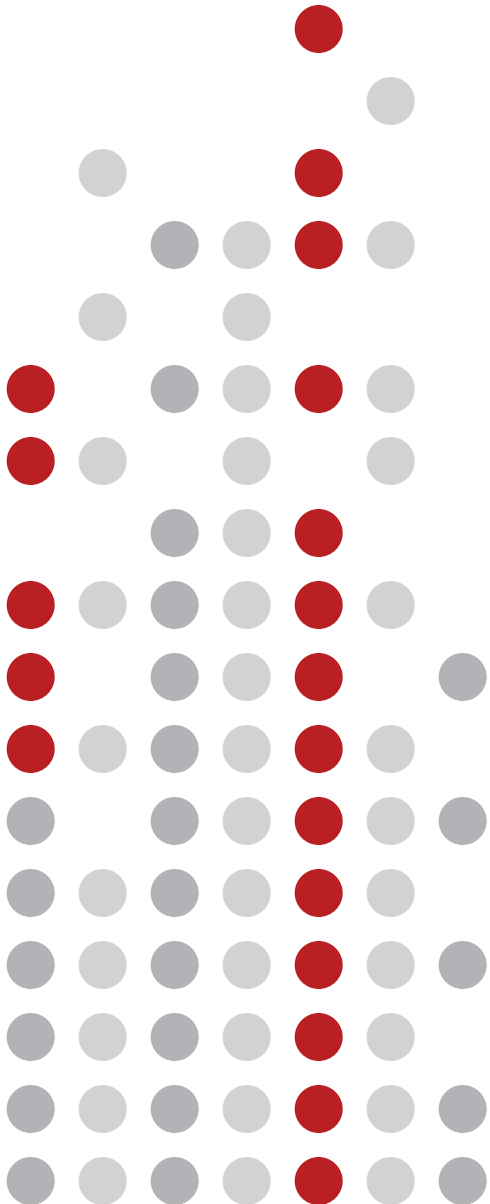
A look at today's top franchise brands with the highest owner satisfaction and the greatest opportunity to perform in these historic times.

Our 2020 list of the **Top 50 Recession-Proof Franchises** includes award-winning franchise companies from many different industry segments, as well as a wide range of investment levels – including a number of businesses you can start with an initial investment (cash required) under \$25,000.

At its core, franchising is about “being in business *for* yourself but not by yourself.” The COVID-19 pandemic has impacted every business owner in some way. Over the past few months, the franchise community has pulled together during this crisis to support and help protect their franchise owners. Independently-owned businesses don't have this support and community behind them. That makes franchising uniquely positioned to survive, innovate, and recover much faster than other businesses.

We have surveyed thousands of franchise owners in our many years of research. From our perspective, franchisee satisfaction is one of the most important factors to consider before investing in any franchise opportunity. Not only do the following companies have outstanding satisfaction among their owners, but we feel they hold a strong advantage to out perform their competitors in the years ahead.

At its core, franchising is about
“being in business *for* yourself
but **not** by yourself.”



Top 50 Recession-Proof Franchises List

Listed in alphabetical order by industry.

Industry Segment	Franchise Company	Description	Investment Range	Cash Required	Locations
Automotive	Christian Brothers Automotive	Automotive repair	\$458,950 - \$555,350	\$85,000	211
	Snap-on Tools	Tools and equipment retailer	\$172,207 - \$375,265	\$38,000 - \$53,366	4,723
Business Services	FASTSIGNS	Visual business communications	\$218,596 - \$298,697	\$80,000	726
	Nextaff	Staffing and recruiting services	\$98,800 - \$148,000	\$100,000	69
	TeamLogic IT	Commercial & residential IT services	\$104,750 - \$143,300	\$60,000	202
	The AtWork Group	Staffing and recruiting services	\$154,000 - \$231,000	\$150,000	71
Child Services	Amazing Athletes	Early childhood development	\$25,000 - \$55,650	\$17,500	125
	Soccer Shots	Youth sports	\$41,034 - \$53,950	\$38,000	249
Cleaning & Maintenance	360clean	Commercial cleaning services	\$15,800 - \$24,000	\$15,000	95
	Aire-Master of America	Commercial hygiene service	\$40,364 - \$145,900	\$50,000	114
	Image One	Commercial cleaning services	\$59,900 - \$123,700	\$59,900	71
	MaidPro	Residential cleaning services	\$74,560 - \$204,450	\$75,000	276
	Office Pride	Commercial cleaning services	\$59,500 - \$107,200	\$85,000	137
Education	Mathnasium	Math tutoring services	\$112,750 - \$149,110	\$112,750	1,082
Financial & Tax	Brightway Insurance	Home, auto, life and business insurance	\$89,488 - \$178,916	\$75,000	187
	Motto Mortgage	Mortgage and refinancing services	\$48,000 - \$68,000	\$12,000	82
	Payroll Vault	Payroll services	\$49,135 - \$74,254	\$42,985 - \$70,569	53

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Top 50 Recession-Proof Franchises List

Listed in alphabetical order by industry

Industry Segment	Franchise Company	Description	Investment Range	Cash Required	Locations
Fitness	30 Minute Hit	Boxing & kickboxing circuit	\$100,000 - \$165,000	\$40,000	95
Food	Chicken Salad Chick	Fast casual	\$515,000 - \$683,000	\$150,000	186
	Hungry Howie's Pizza & Subs	Quick-service pizza	\$228,300 - \$475,000	\$100,000 - \$300,000	551
	Kona Ice	Mobile frozen treats	\$127,750 - \$151,550	\$20,000	1,247
	Pizza Factory	Fast casual pizza	\$372,000 - \$562,000	\$90,000	108
	Tropical Smoothie Cafe	Fast casual	\$222,095 - \$569,335	\$125,000	738
Health & Personal Services	FYZICAL Therapy & Balance Centers	Physical therapy centers	\$82,250 - \$390,000	\$70,000 - \$140,000	386
	Sport Clips	Hair cutting	\$224,800 - \$373,300	\$200,000	1,858
Home Services	House Doctors Handyman Service	Home repair and improvement	\$98,000 - \$128,650	\$60,000	37
	Mr. Appliance	Appliance repair	\$60,800 - \$139,515	\$45,000	295
Real Estate	HomeVestors of America	Real estate renovation	\$56,000 - \$426,250	\$70,000	1,100
	NextHome	Real estate	\$14,500 - \$212,600	\$3,500 - \$7,500	400
	Weichert Real Estate Affiliates	Real estate	\$50,000 - \$324,700	\$50,000 - \$324,700	483
Retail	Just Between Friends	Consignment resale events	\$38,550 - \$54,509	\$45,000 - \$49,000	161
	Pinch A Penny	Pool supplies and maintenance	\$289,375 - \$411,200	\$150,000	254
	Rhea Lana's	Consignment resale events	\$19,050 - \$38,950	\$15,000	100
	Wild Birds Unlimited	Nature retailer	\$150,837 - \$260,991	\$40,000 - \$50,000	345

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Top 50 Recession-Proof Franchises List

Listed in alphabetical order by industry

Industry Segment	Franchise Company	Description	Investment Range	Cash Required	Locations
Senior Services	Assisting Hands	In-home senior care	\$80,050 - \$152,000	\$48,000	130
	FirstLight Home Care	In-home senior care	\$110,881 - \$167,876	\$100,000	205
	Home Care Assistance	In-home senior care	\$77,775 - \$245,250	\$80,000	175
	Home Helpers Home Care	In-home senior care	\$84,750 - \$136,900	\$100,000	300
	Home Instead Senior Care	In-home senior care	\$108,900 - \$124,910	\$55,000	1,049
	Homewatch CareGivers	In-home senior care	\$83,000 - \$141,500	\$50,000	201
	Qualicare	In-home senior care	\$65,800 - \$149,250	\$100,000	78
	Right at Home	In-home senior care	\$80,150 - \$147,150	\$150,000	614
	Visiting Angels	In-home senior care	\$84,085 - \$125,885	\$57,950	641
Services	Aire Serv	Heating and air conditioning services	\$82,600 - \$206,400	\$35,000 - \$35,000	183
	Fibrenew	Leather & vinyl repair services	\$75,000 - \$101,800	\$20,000 - \$100,000	250
	FRSTeam	Emergency home services	\$32,000 - \$380,500	\$25,000 - \$35,000	46
	Mr. Electric	Electrical services	\$97,600 - \$234,750	\$35,000 - \$35,000	178
	Paul Davis	Emergency home services	\$215,390 - \$449,700	\$300,000	322
	TWO MEN AND A TRUCK	Moving services	\$179,000 - \$585,000	\$80,000 - \$190,000	386
	U.S. Lawns	Commercial grounds care	\$53,500 - \$81,300	\$50,000	261

For the latest franchise ratings, reviews, special reports, and additional free resources, please visit us online at www.FranchiseBusinessReview.com

“Although the **Payroll Vault** brand and business model have proven to be recession resilient, it is important to recognize the importance of being committed, dynamic and communicative. Our leadership home office team made a commitment to support the Payroll Vault brand at the highest level possible and worked very hard to maintain a positive and collaborative brand. We became very focused on being prepared, so that any opportunities that might emerge, even during a global crisis, are considered for the long-term future of the brand.”

**Sean Manning, CEO
Payroll Vault**

Based in Greenwood Village, Colorado, Payroll Vault has grown to over 50 franchise locations in just eight years.

Methodology for Selecting the Top Recession-Proof Franchises

Our first steps in compiling our Top 50 Recession-Proof Franchises list included identifying and agreeing upon the criteria we would use – no easy task with thousands of franchise opportunities across the United States from which to choose from.

Our first criterion for inclusion on this list was high franchisee satisfaction scores. Franchise Business Review surveys tens of thousands of franchise owners every year, and owner satisfaction is always the first benchmark we begin with. We quickly narrowed our list down from more than 3,000 franchise companies to just the Top 200 franchise opportunities based on satisfaction alone. We recently published our **Top 200 Franchises for 2020** in January, so we felt this was a good starting point.

Once we put these minimum standards in place, we started to identify the specific criteria that would be used to measure franchise companies and franchisees against those standards.

Selecting the Very Best Recession-Proof Businesses

Narrowing our Top 50 Recession-Proof Franchises list from 200 potential opportunities down to the 50 top franchises proved to be even more challenging. After all, we’re currently living in historic times. As we stated earlier, no business is completely recession-proof, especially right now. As one reference, we can look back to the Great Recession of 2008 - 2010 and see how these franchises performed during this period. We can also look at more recent industry and consumer trends to help us predict how many of these businesses will perform over the months and years to come to determine which franchises are likely to be more recession-proof than others.

In addition to franchisee satisfaction, we looked at a number of key factors that would help us gauge how recession-resistant a business is likely to be, including:

1. A strong proof of concept in multiple markets.
2. A product/service that is a “need to have” vs a “nice to have.”
3. A steady and/or growing market sector.
4. Value-pricing for target consumers.
5. The required investment and development timeframe.
6. Past performance during a recession (2008-2010).
7. Strong historical unit-level economics.
8. Solid financial strength of the parent company.
9. A highly-regarded management team.
10. Clean review of the franchise disclosure document (FDD)

Proof of Concept

There are many new and innovative business concepts developing today, yet the primary benefit of investing in a franchise is access to a successful business system that has already been tested and proven in various markets. This key benefit can only be realized by investing in more established brands of a certain size, that have stood the test of time.

To satisfy this measure, we only considered top-tier franchises with well-established business models and strong networks of franchisees. With only a few exceptions, the majority of the franchise companies that made our recession-proof list have been operating for a decade or more, and most have over 100 locations nationally. Certainly, there are some interesting, smaller franchise opportunities out there that show strong signs of being recession-proof, but we favored those businesses with longer, more successful track records.

“Need to Have” vs “Nice to Have”

When consumer budgets tighten during a poor economy, spending often shifts toward products and services deemed necessary and vital, and away from items deemed unessential. This can obviously be subjective and varies from market to market based on financial demographics. For example, while homeowners may put off big-ticket items like new additions or fancy kitchen remodels, basic handyman services, plumbing, and appliance repair services often grow in demand, as people understand the importance of maintaining their home. Child services, education, pet products, and lower-cost fitness studios are other examples of businesses that often perform well during a downturn.

Value-pricing Options

During a recession, consumer spending slows – but it doesn’t stop. Businesses that are perceived as offering value-priced products or services have been historically recession-proof. Another example: while consumers may cut back or even eliminate visits to high-end restaurants, pizza shops, and other value-focused, quick service restaurant (QSR) franchises can thrive – especially businesses that are viewed as both values-focused and family-friendly.

Investment and Development Timeframe

There were a number of strong franchise opportunities that we removed from our recession-proof list simply because of their high investment requirements and longer development cycles. For example, [Planet Fitness](#), [The Goddard School](#), and [Wendy’s](#) were a few brands that we removed. While these brands have outstanding franchisee satisfaction scores, and we predict they will perform very well during the economic downturn, their higher investment costs and longer development time frames require a business investor with more capital and a longer-term investment horizon.

Unit-Level Economics

While top-line sales (gross sales or revenue) of a business are important performance metrics, the bottom line (net operating income) is where the rubber meets the road for franchise owners. Believe it or not, there are many small businesses that generate hundreds of thousands of dollars in revenue each year, but they don’t turn a profit – or worse, they lose money. Obviously, profit margins are critical, especially in a down economy. Understanding the economic potential of a particular unit (business outlet or location) is a must before investing in any business.

At a high level, we know the businesses on our Top 50 Recession-Proof Franchises list have historically performed well for their franchisees. In the current economic climate, it’s important for prospective franchisees to talk with many different franchise owners and learn first-hand how their business is performing for those business owners.

Franchisees Know Best

Nobody knows if a franchise business is a great investment or not better than the franchisees who have already invested in those brands. The questions we asked them were pretty straightforward:

- Are you receiving good support?
- Are the business systems and processes solid?
- Do the marketing programs actually drive business?
- Is the franchise performing well financially?
- Would you recommend your franchise to others?

“As a company founded 45 years ago, **Pinch A Penny** has seen a fair share of economic ups and downs. Despite all of these, we have recorded more than 40 years of positive growth and remain the leading swimming pool franchise. Our business model provides essential services through multiple revenue streams that combine retail, pool cleaning, and several backyard services including pool renovations, leak detection and power washing. With families hunkered down at home, our franchisees have been busily dedicated to keeping pools fully operational and maintained in order to create the safest, most sanitary water environment for family fun.”

Michael Arrowsmith, CDO Pinch A Penny Pool Patio Spa

Pinch A Penny serves the needs of pool and spa owners with over 250 locations across the Southeastern U.S. and Texas.

It's important to understand that franchising is NOT a silver bullet to success and wealth. Owning a franchise business, like any small business, requires a lot of time, capital, hard work, and a little luck.

Having surveyed franchisees from more than 1,200 franchise companies, Franchise Business Review understands how closely high franchisee satisfaction scores are tied to franchise performance. Low franchisee satisfaction scores immediately disqualified companies from our list, no matter how recession-proof we thought their business might be.

It's important to note that some franchise companies don't allow third-party research firms like Franchise Business Review to survey their franchise owners; or if they do, they don't share this information publicly. In these cases, these brands were disqualified for their lack of available data.

The Highest of Standards

In the final phase of identifying top-tier franchise brands, we conducted a Franchise Disclosure Documents (FDD) review of each company. We reviewed the FDDs for items such as:

- Management experience
- Previous bankruptcies
- Litigation against and/or filed by franchisees
- High unit turnover (in excess of 15% over the past 3 years)
- Healthy corporate financial statements.

Identifying the Best Recession-Proof Franchises of 2020

We've said it multiple times already, but it's worth repeating here – no business is completely recession-proof. That said, given all of our research and experience observing the franchise economy, we feel strongly that our list of the Top 50 Recession-Proof Franchises for 2020 represents some of the best potential business investments for investors over the next few years.

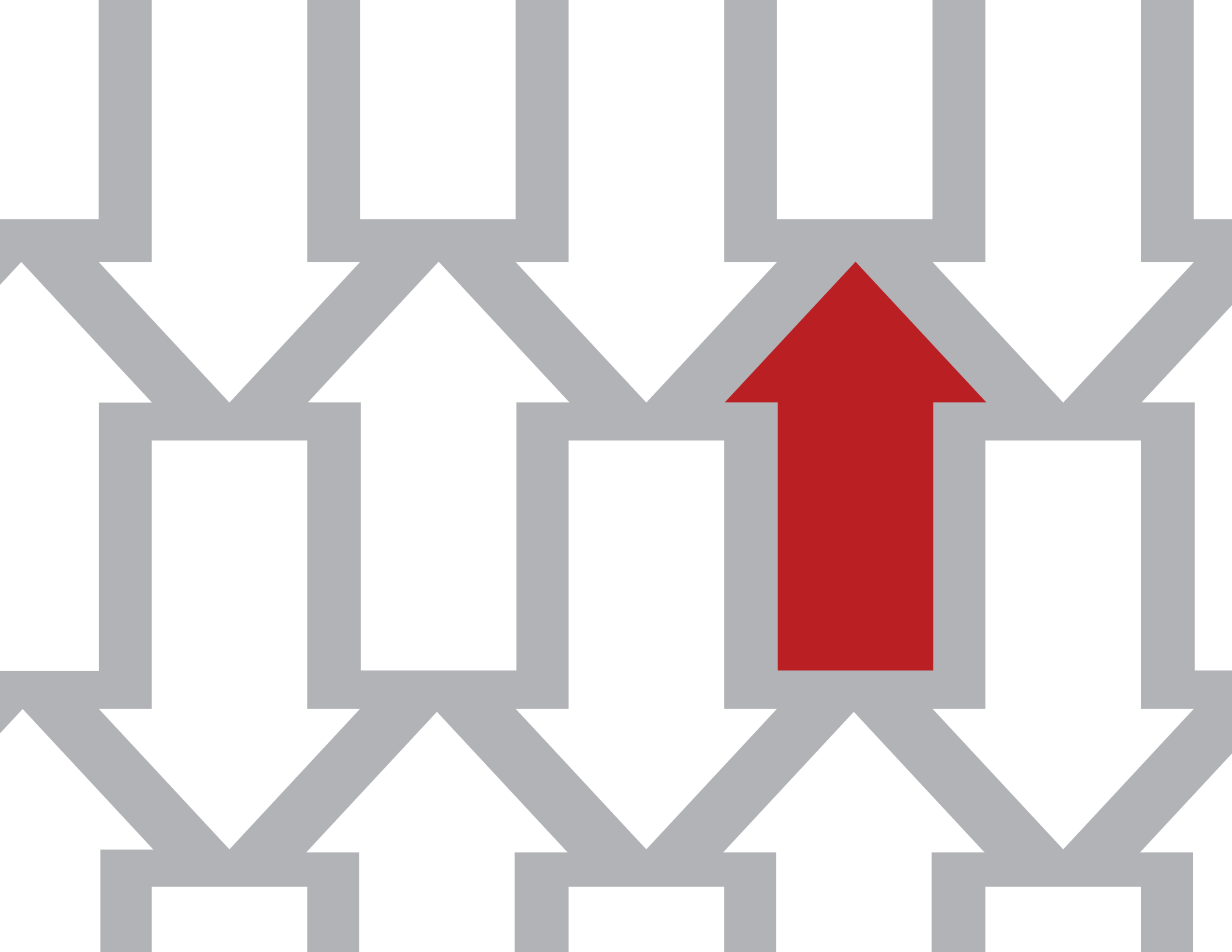
A Note to Potential Investors

In our 15-year history as the leading research firm in the franchise sector focused on franchisee satisfaction and performance, we have surveyed and interviewed tens of thousands of franchisees. We have met hundreds of amazing, successful people along the way that have built significant wealth through franchising. Their stories inspire us everyday.

That being said, we have also talked with people who have not succeeded in their franchise business and have lost significant amounts of money that they had invested. These stories inspire us even more to continue our research and help educate franchise investors about the potential risks and rewards of any franchise business.

While we remain very pro-franchising, it's important to understand that franchising is NOT a silver bullet to success and wealth. Owning a franchise business, like any small business, requires a lot of time, capital, hard work, and a little luck. Not everyone is suited for business ownership, and it is important that you do an honest self-assessment to understand your own strengths, weaknesses, goals, and motivations before making a decision to invest in a franchise.

Franchise Business Review always recommends that before anyone invests in a franchise business, they should hire a franchise attorney to help them review both the Franchise Disclosure Document (FDD) and the franchise agreement. A qualified franchise attorney can help educate you about the detailed contents in the franchise agreement and FDD so that you can make a well-informed decision. Additionally, a good accountant can help you develop realistic business plans and assist with analyzing the potential financial viability of a franchise business in your local market.



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