

New Zealand Franchising Outlook

2026

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Research Summary

The *New Zealand Franchising Sentiment Survey – January 2026*, conducted by Franchise Consultants, provides a comprehensive outlook on the state of franchising in New Zealand, drawing insights from 47 franchisors and 12 service providers.

The report highlights both the challenges and opportunities that franchisors anticipate in the year ahead, amidst an evolving economic landscape.

Key Findings:

- **Stronger business confidence.** Franchisor confidence in general business conditions improved further to a net 68%, continuing the rebound from prior years. While economic pressures remain, sentiment indicates a more positive start to 2026.
- **Challenges to development.** The most pressing challenges continue to centre on recruiting suitable franchisees, economic uncertainty, and access to capital. Increasingly, franchisors are also focusing on strengthening the performance and

capability of existing franchisees as a foundation for sustainable growth.

Opportunities for development. Franchisors see economic stabilisation, improving consumer confidence, and easing lending conditions as potential catalysts for development. At the same time, AI, digital transformation, and operational efficiencies are viewed as key growth accelerators.

Sector sentiment: More sectors report stabilisation or early recovery than deterioration, although few describe strong momentum. Trades, automotive, and health-related services indicate relative resilience, while retail, hospitality, and some home services remain under pressure. Cost inflation, competition, and capability constraints continue to temper confidence.

Long-term forces. Economic pressures, digital transformation, marketing evolution, and workforce challenges were identified as the most significant megatrends shaping franchising over the next 5–10 years.

Outlook for 2026

While economic pressures and cost constraints remain, confidence across the franchising sector has strengthened, and conditions appear to be stabilising. Expectations for 2026 are increasingly positive, supported by improving business sentiment, gradual economic recovery, and continued investment in digital capability and operational discipline.

The adaptability, commercial focus, and innovation demonstrated by New Zealand franchisors position the sector well to convert cautious optimism into sustainable, measured growth in the years ahead.

Strategic Priorities for Franchisors in 2026

1. Protect Unit Economics

Topline confidence remains strong, but margin pressure persists. Sustainable growth will depend on disciplined cost control, pricing clarity, and protecting franchisee profitability.

2. Prioritise Quality in Development

The availability of capable, well-capitalised franchisees will define expansion more than market demand. Recruitment discipline will matter more than speed.

3. Turn Technology into Advantage

AI and digital capability are becoming structural differentiators in marketing, operations, and decision-making. Adoption and execution will separate leading systems from followers.

4. Strengthen Alignment and Governance

Clear standards, financial transparency, and consistent execution across the network will underpin resilience in a more complex operating environment.

5. Build System Change Capability

Continuous economic, technological, and regulatory shifts require structured change management. Systems that can bring franchisees with them, through communication, trust, and disciplined rollout, will outperform.

6. Sustain Leadership Capacity

The past several years have demanded sustained resilience. As transformation continues, leadership energy, clarity, and wellbeing become strategic assets enabling consistent execution and long-term performance.

About the Research

The research authors are Franchise Consultants, with the research led by Dr Callum Floyd.

This franchising outlook and sentiment survey represents the views and expectations of New Zealand franchising by franchise network and supplier leaders.

Franchising is a substantial and growing domain of business making up an important part of the New Zealand economy.

The recent Franchising New Zealand 2024 survey, conducted by Massey University, indicates New Zealand has 546 individual franchise systems comprising nearly 30,000 franchisee-owned units. Franchise systems employ some 114,300 people and total franchise system turnover is estimated to be around \$47.2 billion.

The survey here represents confidence in key measures critical to the success of franchising in this country.

This survey reports franchisor attitudes toward general business conditions, as well as key franchising growth determinants – including access to capital, suitable potential franchisees, staff and locations. It also addresses franchising health attributes and outcomes like franchisee sales, operating costs and profitability, and franchise system growth prospects.

The data and analysis presented represents the views of **47 franchisors** and **12 service providers** collected between 14th and 31st January 2026.

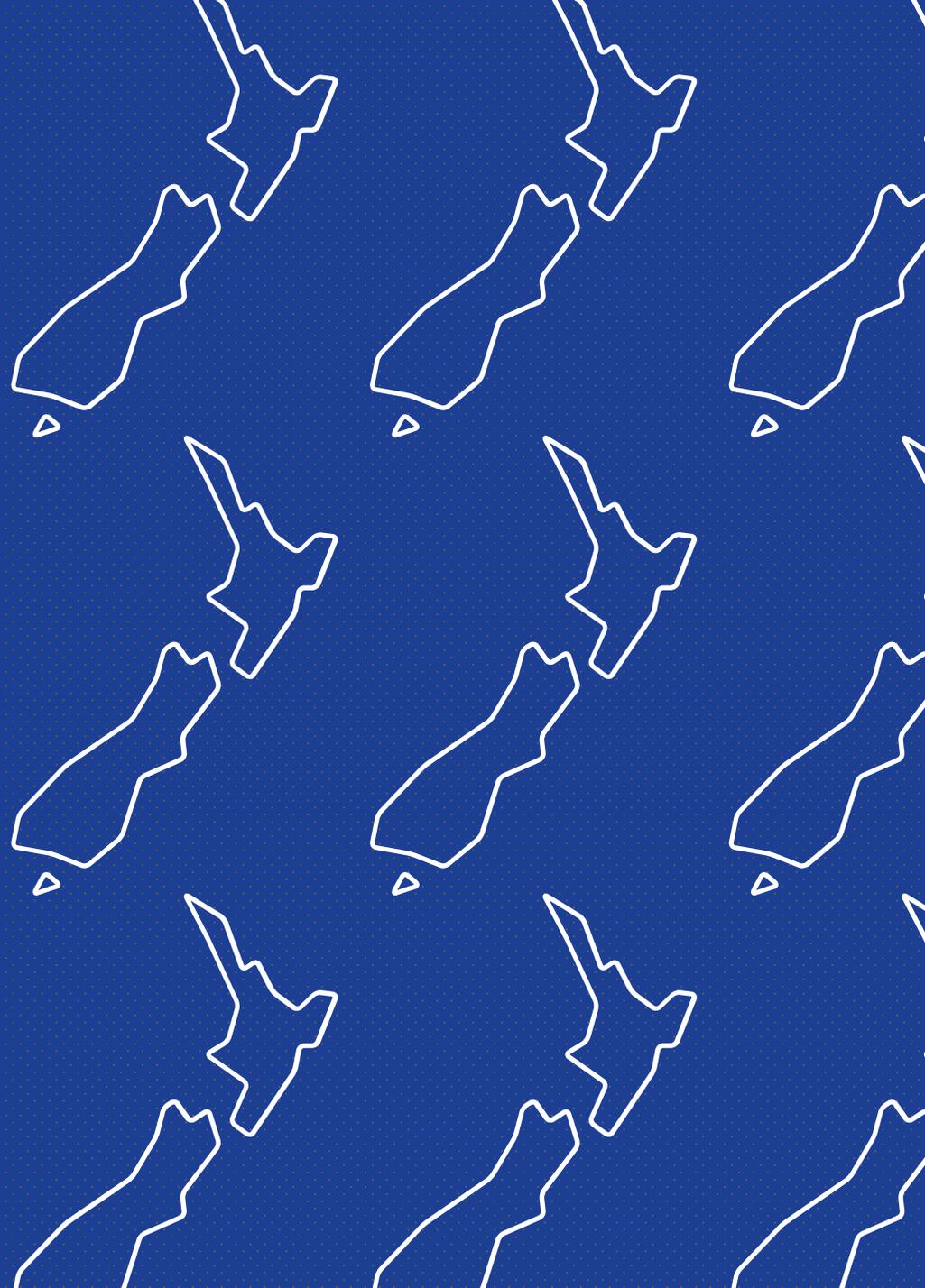
Respondents were asked whether they expected conditions to be 'better,' 'same' or 'worse.' 'Net' confidence is the difference between those reporting 'better' and 'worse.'

Franchise Consultants supported Womens Refuge, The Salvation Army and eight other charities with contributions of \$10/survey response – divided by respondent choice.

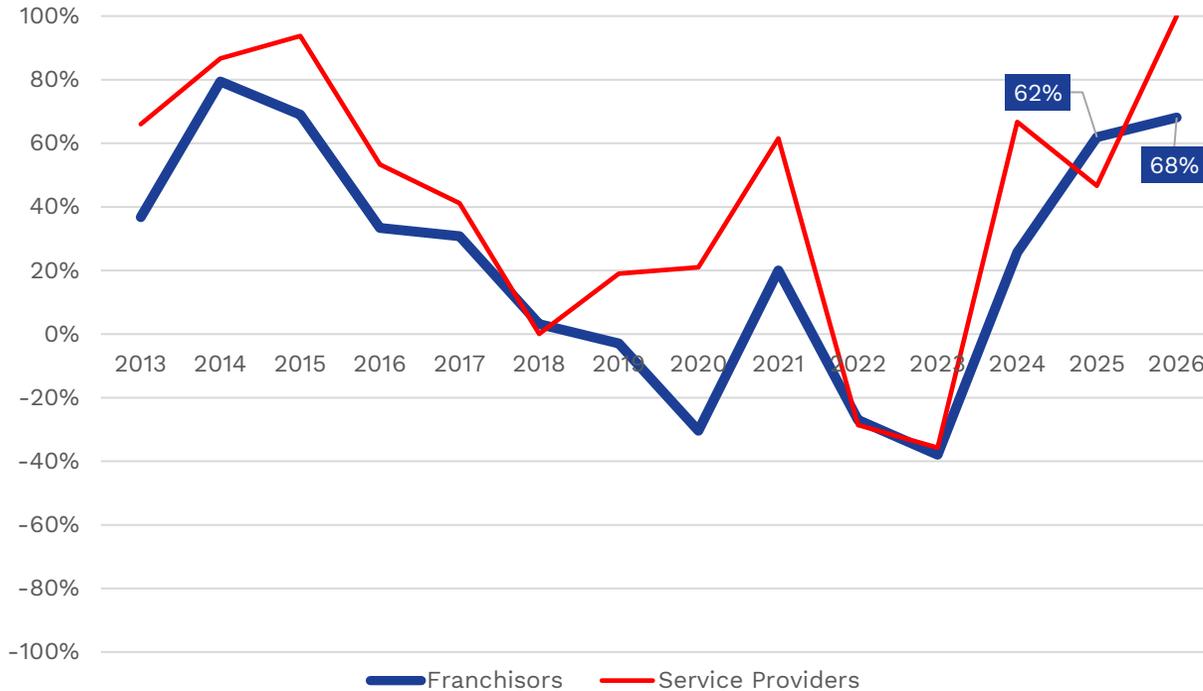


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Franchising Sentiment Levels



General Business Conditions

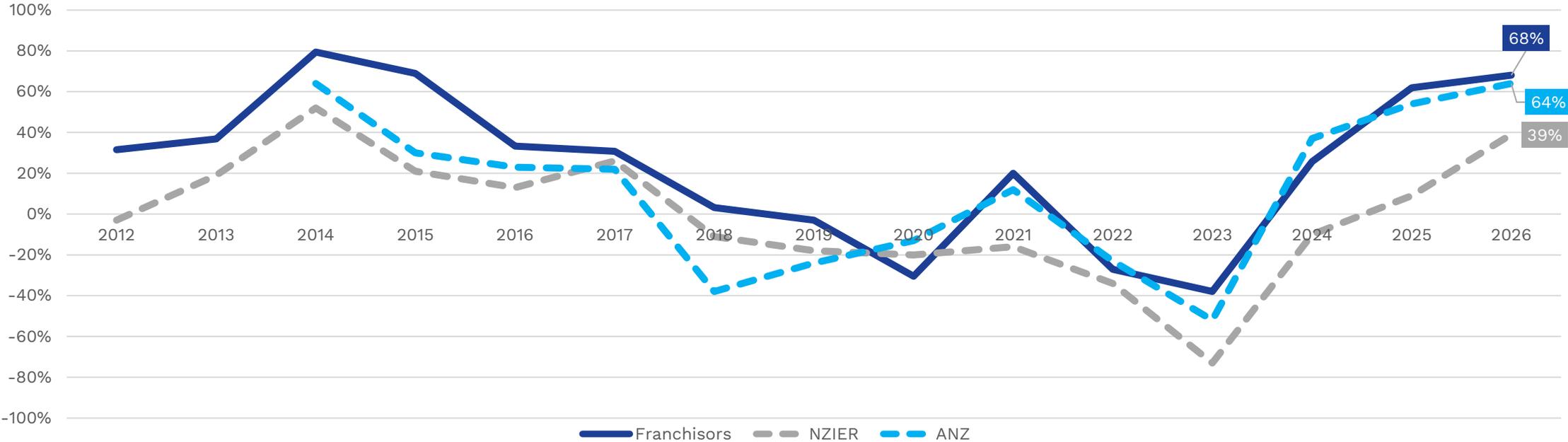


Franchisor outlook for general business conditions showed good improvement from a net 62% in January 2025 to a net positive 68% today. Clearly, much happened between these two dates – but we are off to a more positive start.

Service Provider sentiment rebounded from 47% to 100% – though important to note the small sample size (n=11).

Compared to NZIER & ANZ Surveys

General Business Conditions



Franchisor outlook for general business conditions continues to track and compare with other key surveys; namely the NZIER Quarterly Survey of Business Opinion and ANZ Business Outlook Survey.

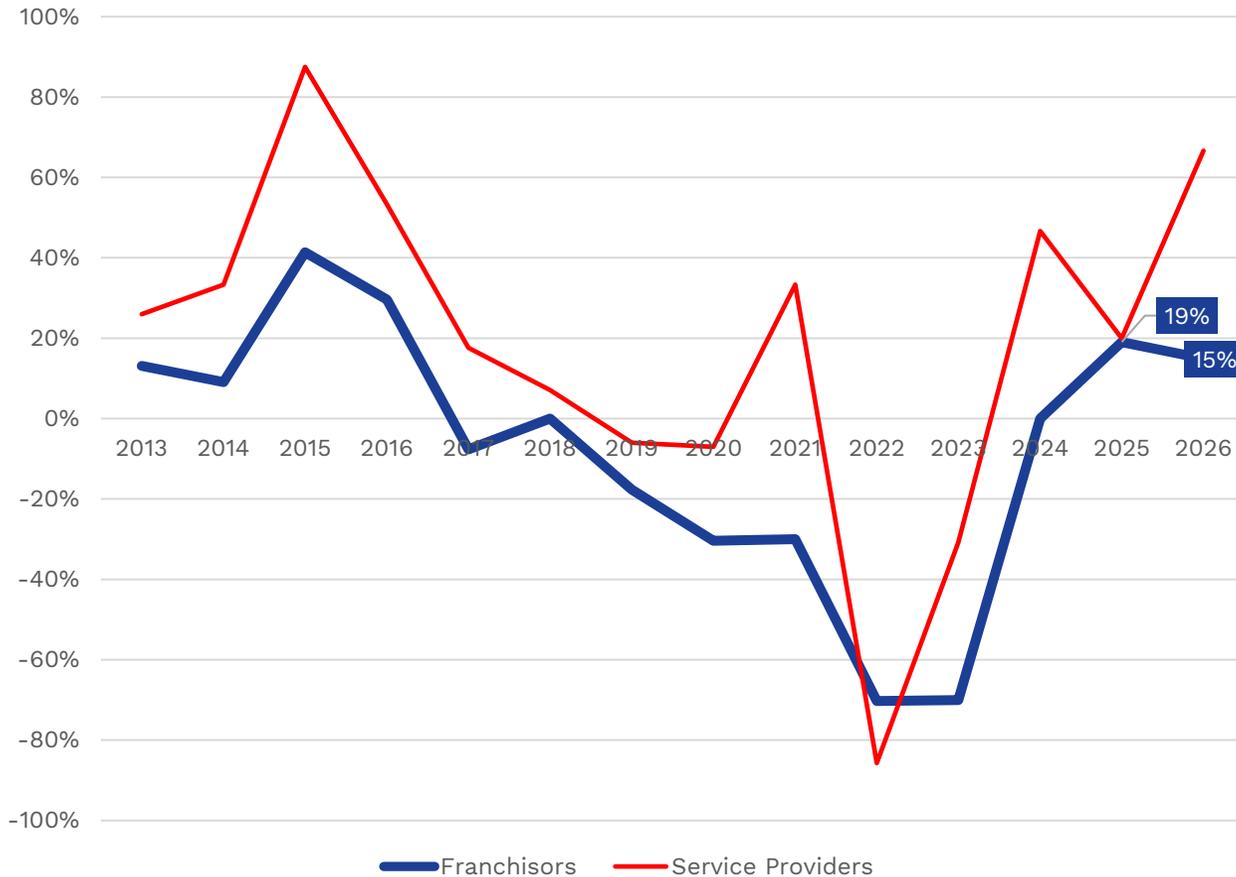
Ease of Finding Franchisees



Franchisor outlook for access to suitable franchisees eased to a net positive 24%, from 26% in January 2025.

Meanwhile Service Provider sentiment decreased from a positive 60% to a lower 33%.

Obtaining Finance for Franchisees

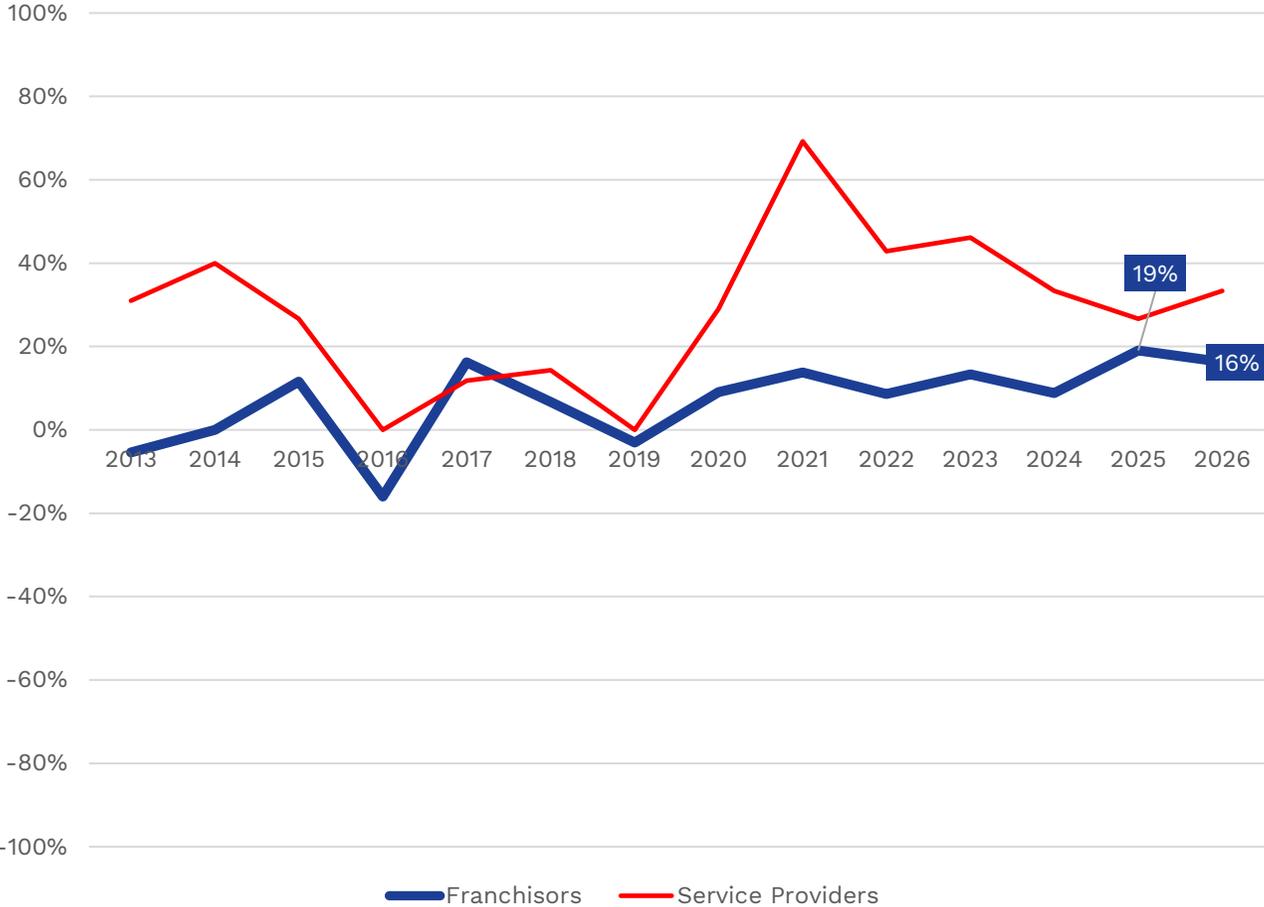


Franchisor outlook for access to financing eased from a positive net 19% (2025) to 15% today.

While in positive territory, this remains an area of considerable challenge and concern.

Meanwhile, Service Provider sentiment increased from net 20% to a very high 67%.

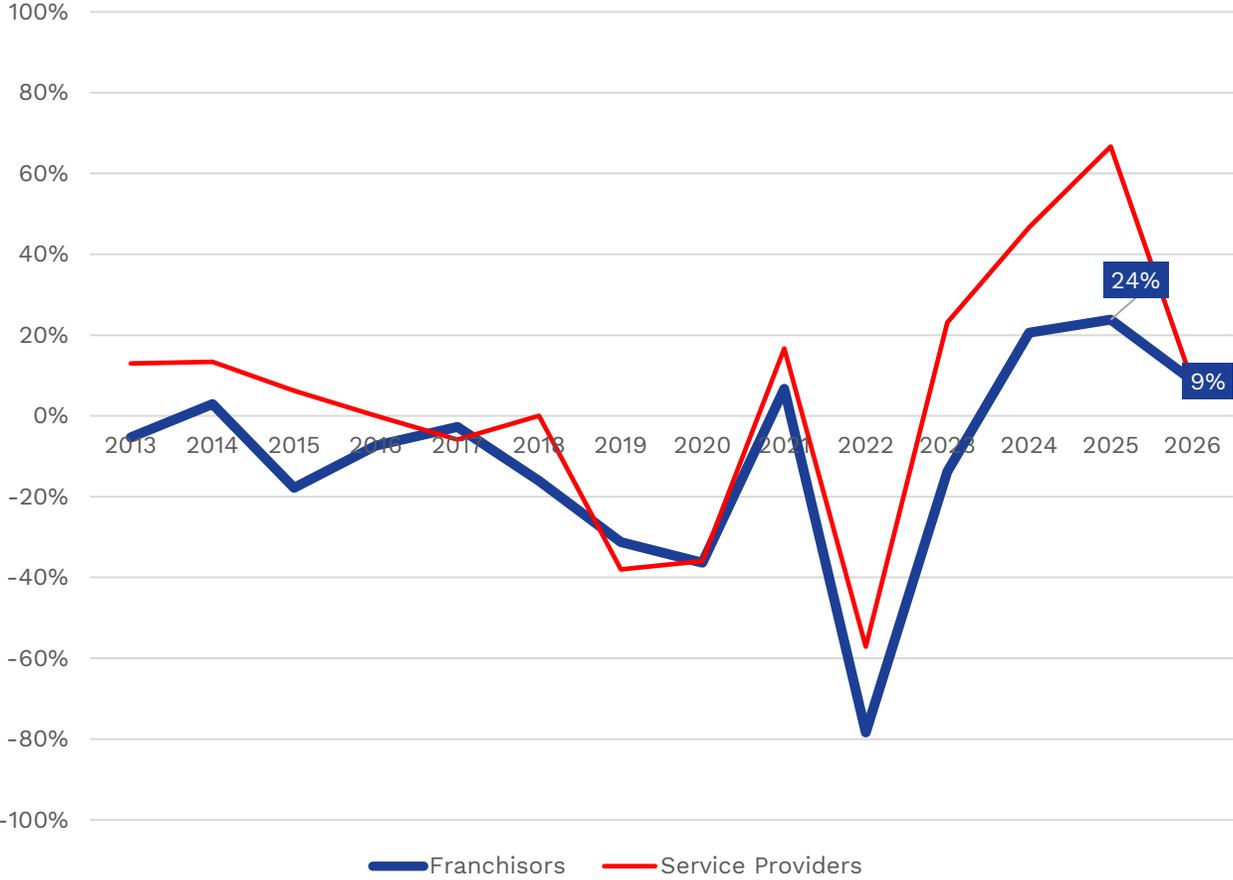
Finding Suitable Sites



Franchisor outlook for access to suitable locations eased marginally from a net 19% to 16% today.

Meanwhile, Service Providers sentiment toward the same climbed slightly from a net 27% to 33%.

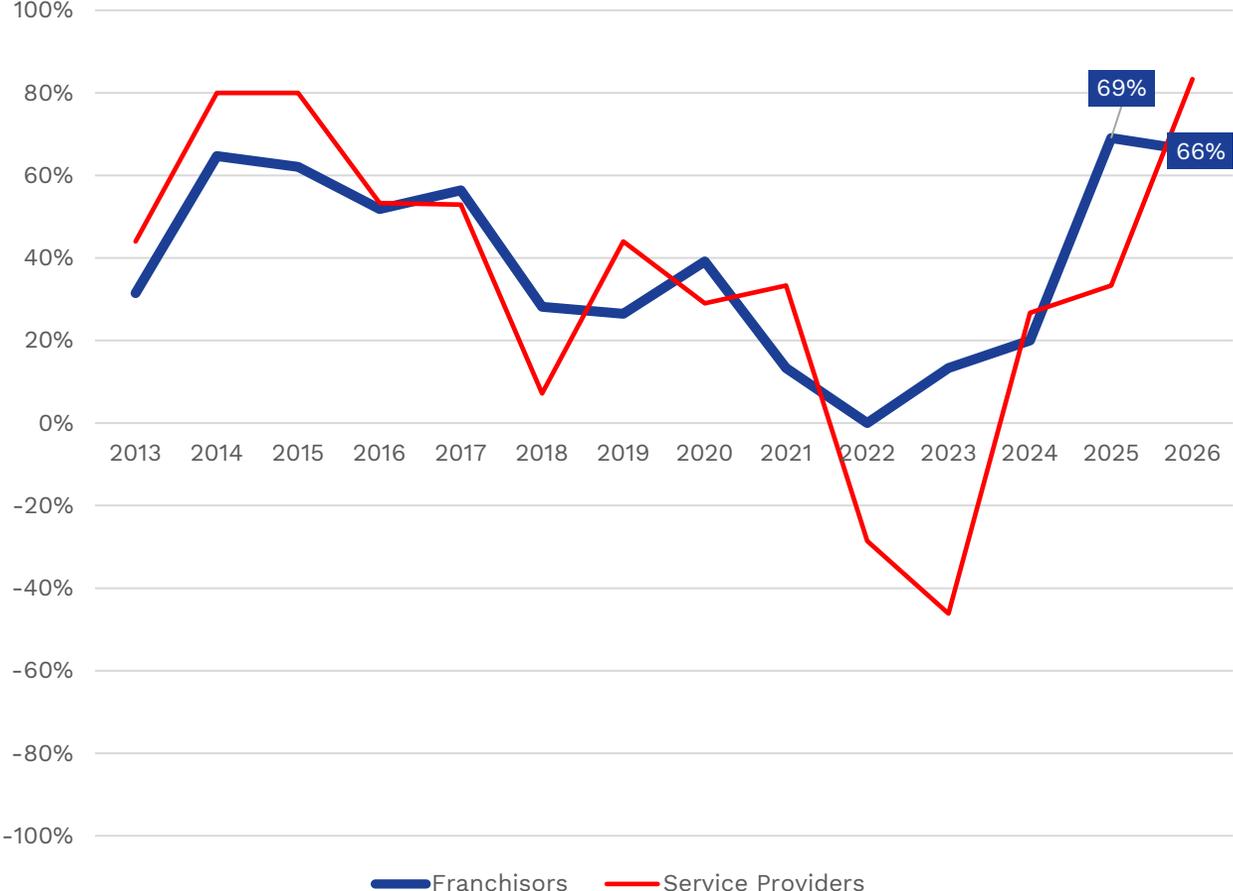
Finding Staff



Franchisor outlook for access to suitable staff reduced substantially from net 24% (2025) to 9% today - indicating still tough workforce challenges.

Service Providers echoed this reduction, falling further from a high 67% to 8%.

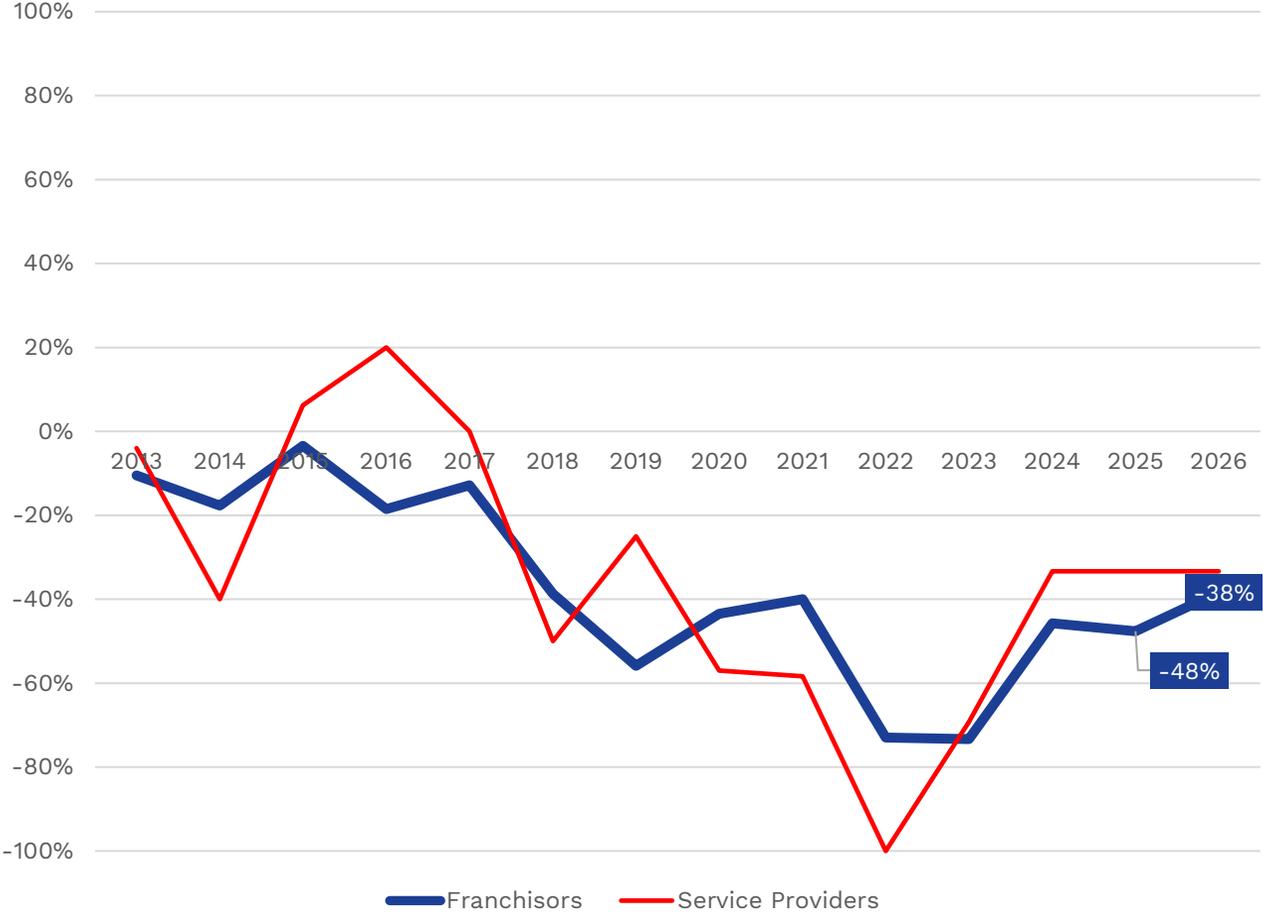
Franchisee Topline Sales



Franchisor outlook for franchisee sales levels eased from a net positive 69% (2025) to a still high net 66% - which is very encouraging news.

Meanwhile Service Provider sentiment for the same grew strongly from 33% to a much higher 83%.

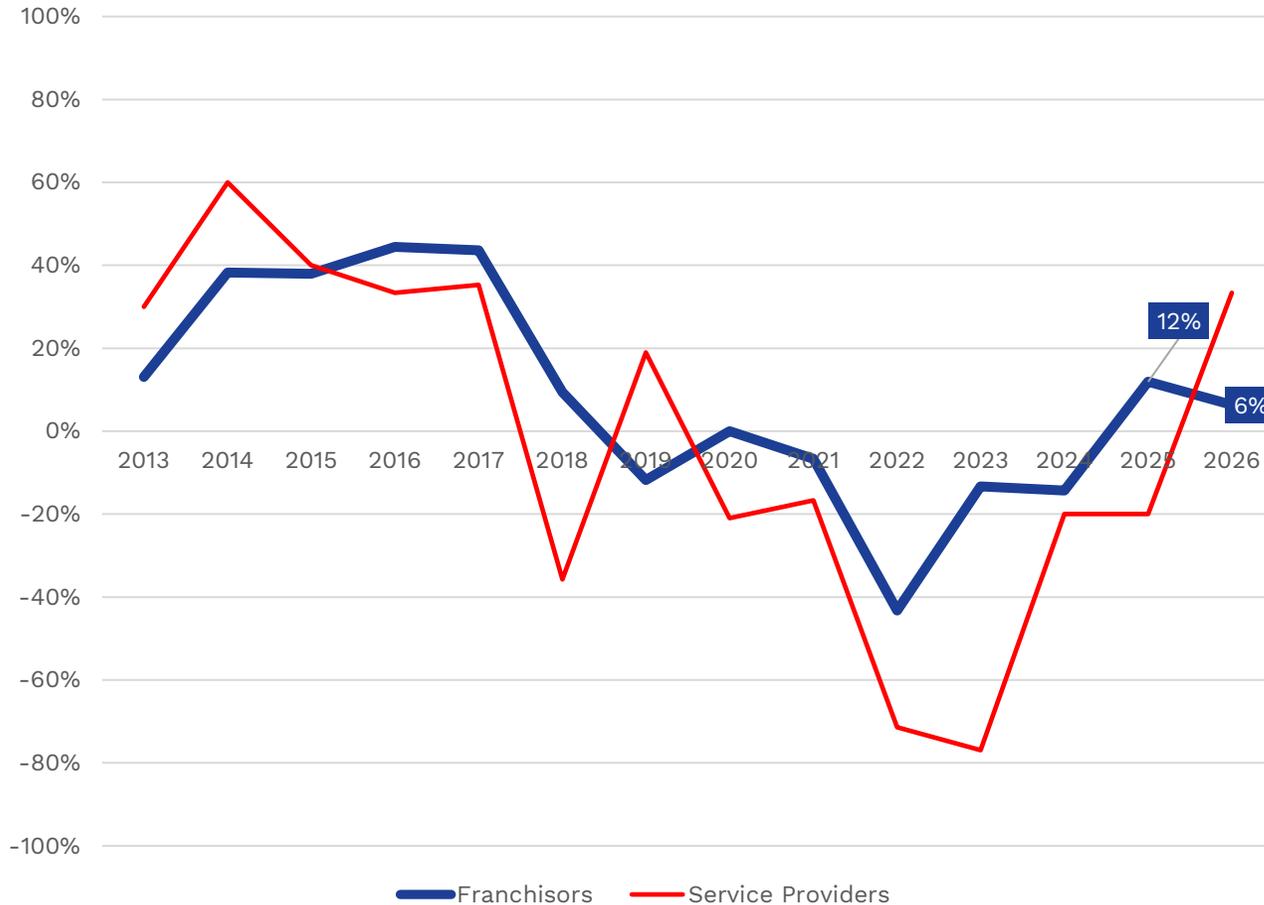
Franchisee Operating Costs



Franchisor outlook for franchisee operating costs continues to present a considerable area of concern. Today, the outlook sits at a net negative 38% - which is improved compared to a net negative 48% the same time last year.

Service Provider sentiment remained similarly negative at -33% for both years.

Franchisee Profits

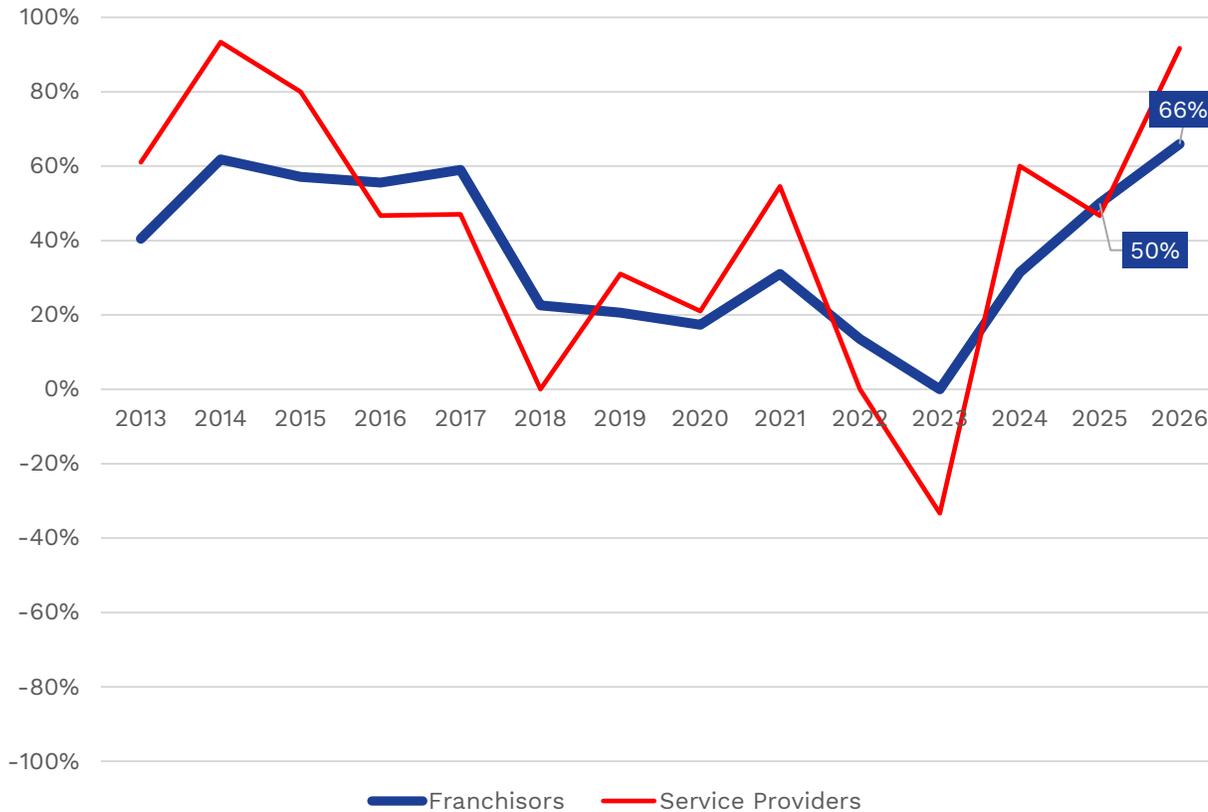


Franchisor outlook for franchisee profitability levels remained in positive territory overall, however reduced from 12% to 6%.

Meanwhile, Service Provider sentiment for the same jumped from a less positive -20% to a net positive 33%.

Protecting unit economics remains central to sustainable system expansion.

Franchisor Growth Prospects

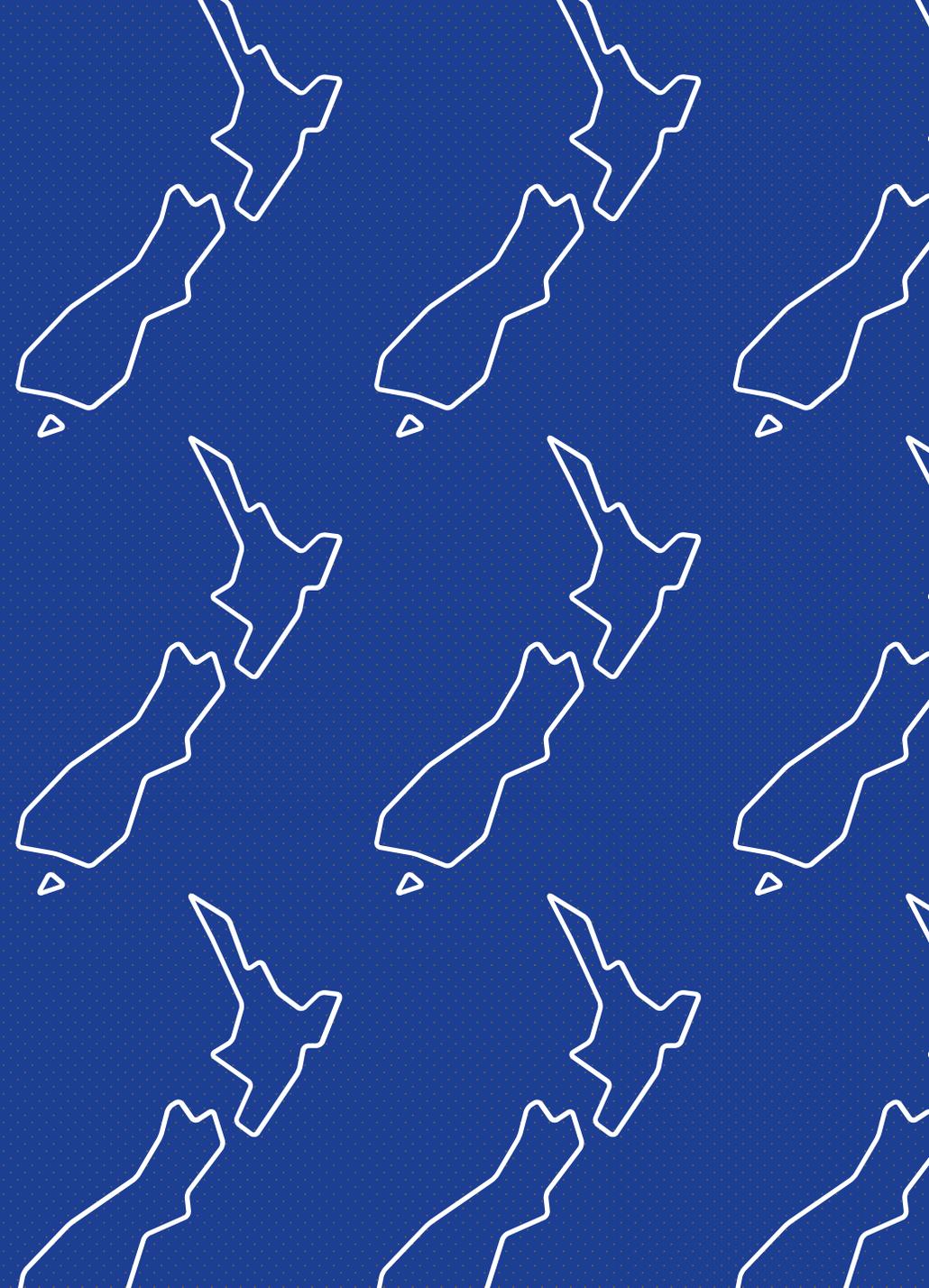


Franchisor growth sentiment improved again.

Franchisor outlook for growth improved from 50% to 66%.

Service Providers echoed this improvement, moving from 47% to a very high 92% - indicating better times are expected ahead.

Sector Sentiment



Sector Sentiment

Across New Zealand franchising, sentiment is cautiously improving, with most sectors seeing early recovery signals rather than full momentum. Cost pressure, competition, and capability remain the defining challenges heading into 2026.

Examples



Trades, Property Improvement & Handyman: One of the more positive sectors, driven by ongoing maintenance demand, enquiry growth, and operational improvements.



Construction and Home Building: Emerging from contraction. Forward indicators (consents, enquiries) are improving, but labour availability, cost inflation, and margins remain key constraints.



F&B / Hospitality: Hospitality has been under significant pressure, but many respondents are seeing early signs of recovery heading into 2026. Cost pressures remain the biggest challenge.



Retail: Sector may not yet be at the bottom of the cycle, but relative performance versus the broader market is providing some comfort.



Automotive Repairs: Continues showing resilience (including demand stability), with clear confidence for 2026.



Health, Beauty and Fitness: This sector remains one of the more resilient, with stable demand and growth, although some consumers are spacing out discretionary services.



Tourist Accommodation: Occupancy rates seem to be on the improve now.



Home & Commercial Services: This sector is experiencing intense price pressure, increased competition, and customer consolidation. Structural and ethical concerns were also raised.



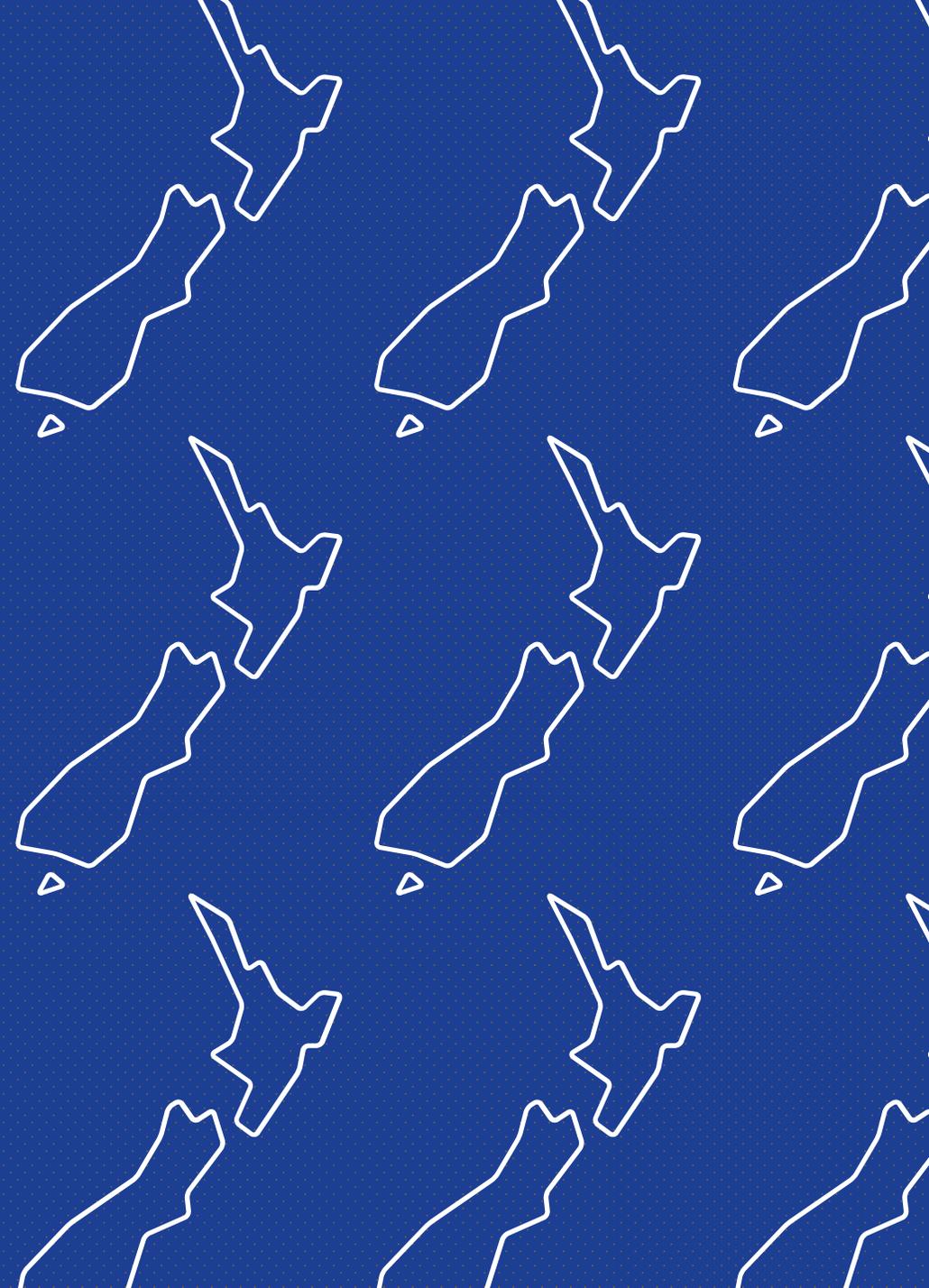
Home Retailing & Services: Conditions remain subdued, particularly in retail, but there are early signs of improvement and cautious optimism over the next 12 months.

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47 franchisors responded to the question How do you think things are looking in your sector?

Challenges & Opportunities to Development in 2026



Challenges to Development

Greatest challenges to franchising development

When asked what do you expect will provide the greatest challenge to franchising development 'this year,' the areas of greatest concern included finding franchisees, the economy, access to finance, existing franchisee performance, competition and price pressure, and regulation, legislation and the political environment.

A selection of respondent verbatim are provided below as examples.

- 1 Confidence is improving, but still fragile, influencing both franchisee recruitment and unit performance.
- 2 Economic uncertainty remains a key constraint on development.
- 3 Capital constraints are a structural brake on franchising development, even where opportunity exists.



38%

Finding suitable franchisees

"Recruitment of quality franchisees remains our toughest challenge."
"Lack of good quality prospective franchisee pool."
"Identifying the best candidates... with the capital to invest and prepared to put in the effort."



32%

Economic uncertainty & pressures

"Continued economic uncertainty and election year."
"People are always cautious of spending in an election year."
"Economic factors influenced by conflicts across the world."



26%

Access to finance & borrowing costs

"Access to finance."
"Tightening finance availability for prospective franchisees."
"Cost of capital."

Other challenges to development



Existing franchisee Performance

Refocus franchisees on the job they need to be doing to grow their businesses.”
“Existing franchise performance in the current macroeconomic environment.”
“Franchisee retention.”



Competition and price pressure

“Finding ways to compete without dropping prices.”
“Low priced imported products.”
“Small operators flying under the legislative radar.”



Regulation, legislation & political environment

“Regulation and business confidence.”
“Regulatory changes... will impact customer visits.”
“Potential change of government.”



Cost pressures and inflation

“Inflationary prices in the construction sector.”
“Increasing product costs versus customer expectations.”



Capability & leadership fatigue

“Change/volatility fatigue.”
“Keeping up with technology and marketing.”
“Soft skills as technical skills are being commoditised.”

While confidence is gradually improving, growth is constrained by franchisee recruitment & quality, access to capital, and economic uncertainty. In response, some franchisors are shifting focus inward prioritising the performance, capability, and retention of existing franchisees as a prerequisite for sustainable expansion.

Challenges Comparisons by Year

Top Challenges by Year

The evolution of challenges over time reflects a maturing set of constraints. Key themes for 2026 reflect 2025.



	2021	2022	2023	2024	2025	2026
#1	COVID-19	Staff	Finance	Finance	Franchisees	Franchisees
#2	Staff / Finance	COVID-19	Franchisees	Franchisees	Economy	Economy
#3	Costs	Franchisees	Staff	Staff	Finance	Finance

Opportunities for Development

Greatest opportunities for franchising development

Franchisors were asked what they expect will provide the greatest opportunity related to franchising development 'this year.' The areas of greatest opportunity covered, franchisee recruitment, economic recovery, operational improvements and cost reductions, AI and technology, and, consolidation and multi-unit growth. A selection of respondent verbatim are provided below as examples.

1

Franchisors see macro stability as the biggest unlock for development. Growth is expected to follow confidence.

2

Unlike the challenges question (where tech felt disruptive), here AI is seen as a growth accelerator.



36%

Economic Recovery, Confidence & Consumer Spend

"The economy recovering to allow modest growth and margins becoming slightly stronger."

"Consumer spend increases and stable inflation/interest rates will create increased business confidence."

"Slight upturn in the market and more confidence in the economic climate."

"Better economic outlook."



27%

Technology, AI & Digital Transformation

"Applying digital transformation to onboarding, office processes and marketing."

"AI opportunities in marketing... transforming SEO."

"Integration of AI tools."

"Use of AI to help improve our decision making with current data."

Further opportunities for development



Network Expansion: New Units, Multi-Unit, New Markets

- "Multi unit ownership."
- "New markets."
- "Expansion into ghost / cloud kitchens."
- "Launching a targeted network growth strategy."



Franchisee Recruitment & Resales Opportunity

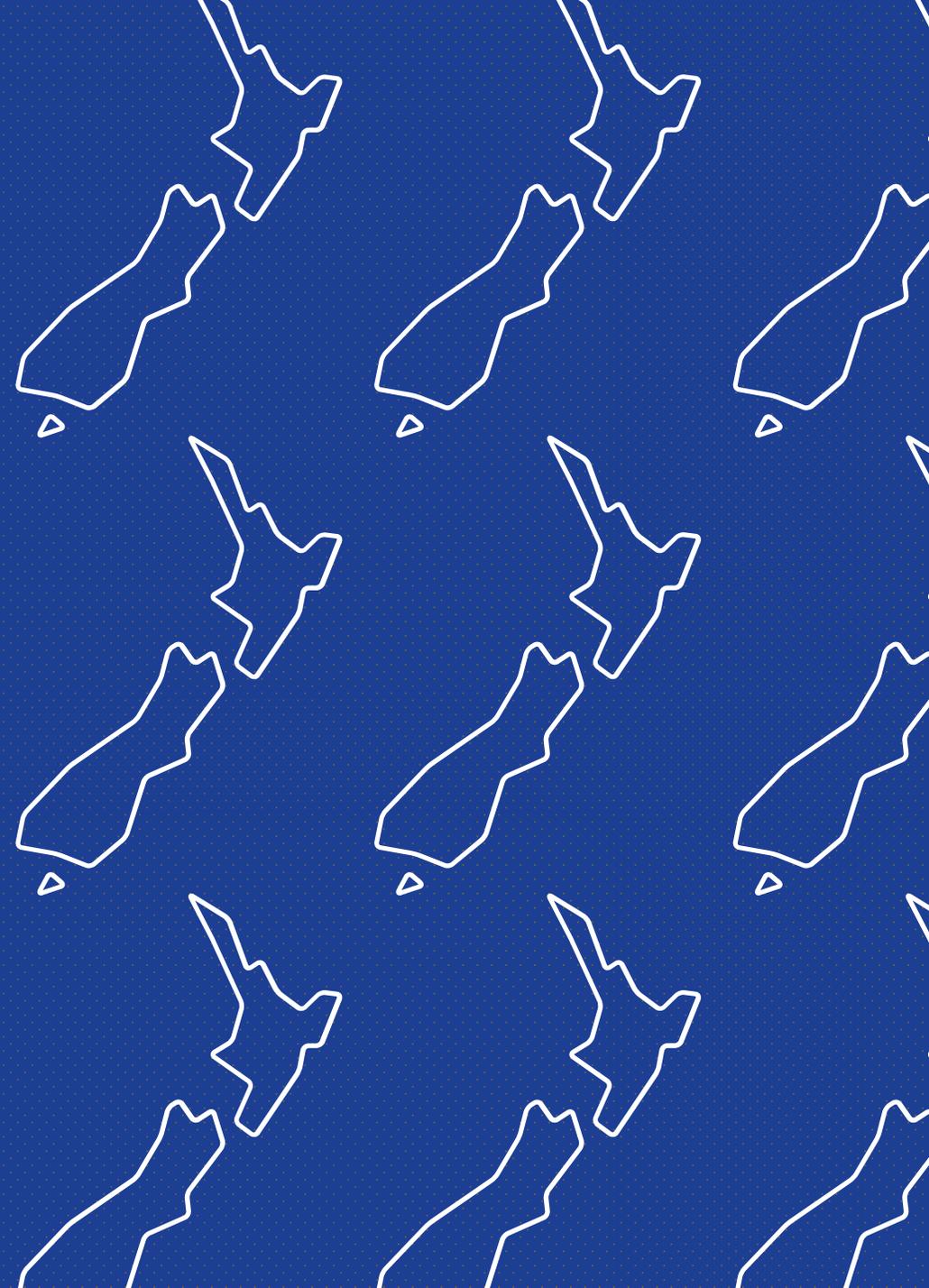
- "Large cohort of retiring franchisees... opportunity to bring in fresh eyes."
- "Resales are important... more important than new sites right now."
- "People looking for a change and security of a Franchisor."
- "Going outside the box — like seminars to attract franchisees."



Access to Capital & Improved Lending

- "The banks letting up on lending."
- "Access to cheaper financing."
- "Taking advantage of improving financing availability."

Mega Trends Influencing Franchising Businesses



Mega Trends Impacting Franchising

All 47 franchisors responded to the question “[l]ong term, which of these future major trends are likely to be most impactful on your business in the next 5-10 years?” Franchisors were able to select multiple trends.

Mega Trends



Economic Pressures: Like rising costs, inflation, interest rates and accessing finance



Consumer Behaviour Shifts: Like demand for sustainability, personalization, and wellness-focused offerings



Demographic Shifts: Like the rise of Generation Z as a significant consumer group



Workforce Challenges: Like labour shortages, rising wages, and evolving work models



Digital Transformation: Like AI, automation, and online ordering systems driving operational efficiency. Also data insights.



Climate Change: Like water and other resource management issues.



Marketing Evolution: Like Social Media, influencer marketing, and managing online reputations.



Regulatory Compliance: Like adapting to labour laws, data privacy, and franchise-specific legislation.



Supply Chain Resilience: Like addressing disruptions and focusing on sustainable sourcing.



Franchise Model Adaptation: Franchising best practice adoption, and growth of innovative and hybrid franchise models.

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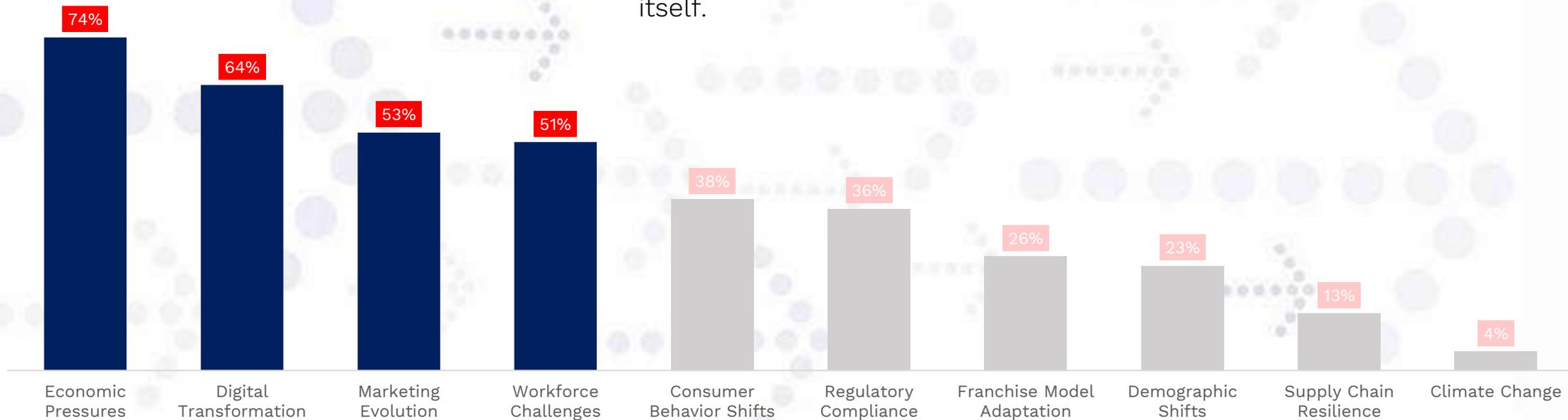
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Key Trends Impacting Franchising

- 74% Economic Pressures
- 64% Digital Transformation
- 53% Marketing Evolution
- 51% Workforce Challenges

All 47 responding franchisors identified a broad mix of structural, technological and economic forces shaping the future of franchising.

Over the next 5–10 years, franchising will be shaped by economic pressures, rapid digital transformation (particularly AI), workforce and demographic shifts, evolving consumer expectations, increasing regulatory complexity, supply chain resilience, and the continued adaptation of the franchise model itself.



Source: 2026 NZ Franchising Outlook Survey

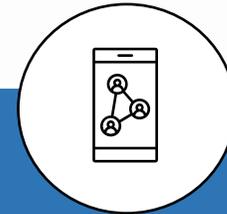
Key Trends and Implications



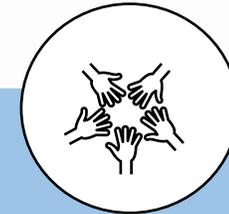
1. Economic Pressures
Like rising costs, inflation, interest rates and accessing finance.



2. Digital Transformation
Like AI, automation, and online ordering systems driving operational efficiency. Also data insights.



3. Marketing Evolution
Like Social Media, influencer marketing, and managing online reputations.



4. Workforce Challenges
Like labour shortages, rising wages, and evolving work models.

Franchisor implication

Protect unit economics through tighter supply structures, cost control, smarter pricing frameworks, and clearer financial guidance.

Finding opportunities and simplify operations through technology that improve consistency, efficiency, and decision-making across all units.

Utilizing and providing stronger digital frameworks while empowering local execution that protects and enhances brand reputation.

Design simpler, more resilient operating models that work in a tight and expensive labour market.

Franchisee implication

Operate with greater commercial discipline, focusing on margins, waste, labour efficiency, and pricing execution.

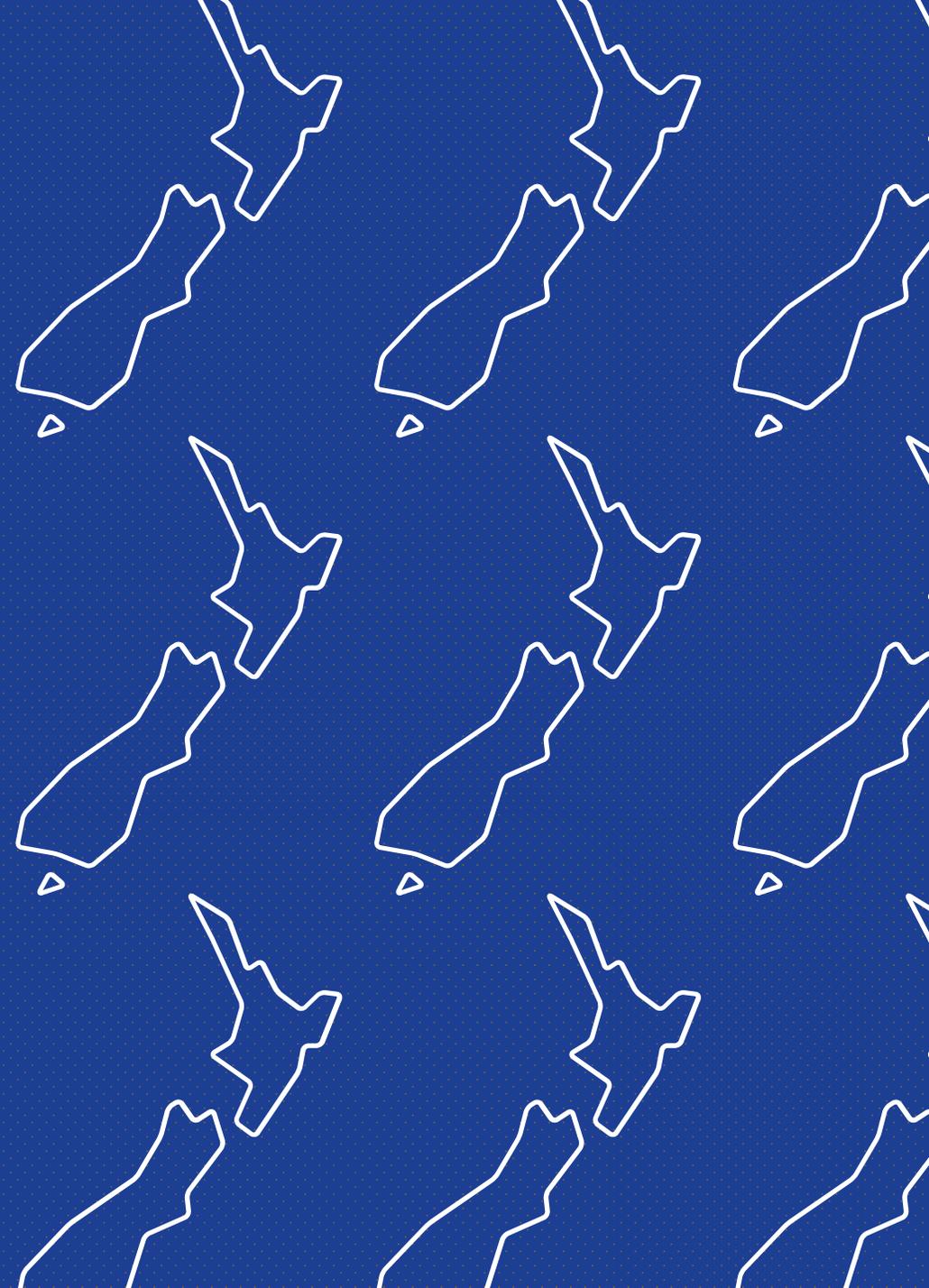
Fully adopt system tools and use data to run the business, not intuition alone.

Actively use national/local tools, manage local online presence, recognising reputation now directly drives sales.

Focus on retention, training, and operating models that perform with fewer or less-experienced staff.

Over the long-term, success will depend less on market conditions and more on how well the franchisor and franchisee execute together.

Concluding Comments



Concluding Comments

The 2026 New Zealand Franchising Outlook Survey highlights a steadily improving outlook for the year ahead, with confidence strengthening across key indicators despite ongoing structural pressures.

Franchisors demonstrated higher confidence in general business conditions and system growth prospects, while franchisee sales remain encouraging. However, franchisee operating costs, access to capital, and the availability of suitable franchisees continue to present meaningful constraints.

Franchisors identified economic stabilisation, improving consumer confidence, digital transformation, and structured network expansion as key opportunities for system development.

AI and technology adoption are increasingly viewed not as disruption, but as practical tools to enhance efficiency, marketing capability, and decision-making across networks.

Mega trends such as economic pressures, digital transformation, marketing evolution, and workforce challenges will continue to shape the future of franchising, requiring commercial discipline, adaptability, and stronger system alignment.

As economic conditions gradually stabilise, franchisors appear cautiously confident that 2026 can convert improving sentiment into sustainable, measured growth.

In summary, while challenges persist, the franchising sector in New Zealand appears to remain resilient, commercially focused, and well-positioned to evolve and capitalise on emerging opportunities in a dynamic and increasingly complex business environment.

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