

# Franchising Outlook Report Reveals Widening Performance Gap Between Large and Emerging Brands

*New research finds optimism and franchisee satisfaction are high despite mounting headwinds*

PORTSMOUTH  
NH, UNITED STATES, April 9, 2026  
/EINPresswire.com/ -- [Franchise Business Review](#) (FBR), the leading independent research firm specializing in franchisee and employee satisfaction and brand performance, today released its [Franchising Outlook 2026 industry report](#).

Drawing on survey data from 107 franchise brand executives and more than 26,000 franchise owners, the report offers one of the most comprehensive portraits of the U.S. franchise economy available—and reveals a sector defined by both striking divergence and enduring resilience.



FBR Industry Report: Franchising Outlook for 2026

## NET OPERATING MARGINS ILLUSTRATE THE PERFORMANCE GAP



The franchise economy is consolidating. Capital, consumer attention, and top-tier franchisee talent are gravitating toward proven systems with scale."

*Michelle Rowan, President,  
Franchise Business Review*

The headline finding of this year's report is the widening performance gap between large, established franchise systems and emerging brands with fewer than 100 units. Large brands grew unit counts over three times faster than smaller systems in 2025, and posted revenue nearly seven times higher. While smaller brands saw some revenue growth, net operating income was essentially flat, squeezed by labor costs, inflation, and limited purchasing power.

"The franchise economy is consolidating," said Michelle

Rowan, president of Franchise Business Review. "Capital, consumer attention, and top-tier franchisee talent are gravitating toward proven systems with scale. That creates real urgency for emerging brands to prioritize a compelling consumer proposition, unit economics, and franchisee quality over raw expansion."

#### FRANCHISEE SATISFACTION REMAINS HISTORICALLY HIGH

Despite economic pressures, franchisee satisfaction across the industry remains at historically high levels. Among the more than 26,000 franchise owners surveyed:

- 86% would recommend their franchise to others
- 85% enjoy being part of their franchise organization
- 82% enjoy operating their business
- 78% respect their franchisor
- 76% trust their franchisor

Franchisees in FBR's 50 [highest-ranked brands](#) were more than twice as likely to trust their franchisor, and nearly three times as likely to recommend their franchise to others—underscoring how much the franchisor-franchisee relationship drives system-wide performance.

#### CHALLENGES AND PRIORITIES HEADING INTO 2026

Franchise leaders identified their most significant growth constraints for the year ahead. Among the top five challenges were economic uncertainty and macro conditions, labor and staffing, and technology.

Technology and digital innovation was also ranked one of the highest strategic priorities for franchise leaders in 2026. Brands in the top quartile for franchisee satisfaction on effective use of technology outperformed those in the bottom quartile by 90%, a finding that underscores the competitive stakes of technology investment at every scale.

"Technology is no longer optional," said Eric Stites, founder of Franchise Business Review. "For many brands, it's existential. The brands that identify the specific problems where technology can have the most impact and invest there first are the ones that will compound their competitive position over time."

#### OPTIMISM PERSISTS ACROSS THE INDUSTRY

Despite the challenges, both franchise executives and franchisees expect strong growth in 2026. The so-called "optimism gap" between franchisors and franchisees, which FBR first measured in 2012, has narrowed significantly.

The complete findings, including data on unit-level growth, franchise owner income, drivers of franchise performance, and the strategic implications for franchise brands, is available in the full report.

Access the report at: <https://fbrinfo.franchisebusinessreview.com/franchise-industry-outlook-report>

Franchise Business Review will host a virtual event to discuss the findings on June 5, 2026.

Register here:

[https://us02web.zoom.us/webinar/register/WN\\_s1cuEqIQRIImZBAI3qvaf8w?ampDeviceId=85fd6f69-0a42-442f-9bad-328cce4633af&ampSessionId=1775652826352#/](https://us02web.zoom.us/webinar/register/WN_s1cuEqIQRIImZBAI3qvaf8w?ampDeviceId=85fd6f69-0a42-442f-9bad-328cce4633af&ampSessionId=1775652826352#/)

Research is currently underway for other Franchise Business Review industry reports.

Franchisors who are interested in participating should visit:

<https://tour.franchisebusinessreview.com/franchise-industry-research/>

#### ABOUT FRANCHISE BUSINESS REVIEW

Franchise Business Review (FBR) is a leading independent market research firm that provides franchise organizations with benchmarking research and best practices to improve franchisee, employee, and customer satisfaction and engagement. Since 2005, FBR has been trusted by more than 1,300 top-performing franchise companies to equip them with the people-centric data, insights, and tools they need for long-term growth and success in the franchise industry. Learn more about FBR's employee engagement solutions at [GoFBR.com](http://GoFBR.com).

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