

## **DIGITAL MAPPING PROVIDES THE ANSWER TO FRANCHISE TERRITORIES**

### **June 2004**

Digital mapping technology unlocks the complexities and mysteries of accurately allocating geographic territories for anyone planning to franchise a business.

According to Michael Fullick and Mark Mahony, directors of Sydney-headquartered Answer Group Services (AGS), “digital mapping is crucial because it reassures franchiser and franchisee that a geographic territory has the potential to ensure a given volume of business.

“The information delivered by mapping territories using digital technology is critical to our contracts,” said Mr Mahony, who launched the trade services group in 1988.

“We used digital mapping to ensure the 100 percent correct definition and allocation of franchise territories and therefore to meet the demands of our contracts.”

Those services are provided by MapData Sciences Pty Ltd (MDS), which analyses and creates digital maps from a comprehensive range of geographic and census demographic data.

As new mapping data became available, Answer Group engaged MDS’ services to redraw franchise territories to benefit the growing numbers of trades people who had purchased a franchise.

Answer Group Services has evolved from a background in the provision of trade services in the Sydney metropolitan area. One of the only franchise groups in Australia to offer trade services, it includes 7 operators today who provide electrical repair and installation, telephone and data cabling and airconditioning services. The Group also has a web site through which it sells airconditioning systems nationally.

Michael, who joined the Group in 1995, explained that it decided to expand through franchising when the growing demand for trade services coincided with a decline in the number of tradesmen that were entering the industry. Answer Group’s advertising and other promotional activities are geared at generating about 2,500 jobs a year through a call centre. Its customers range from major public facilities, chains of retail outlets and individual businesses and householders.

At the outset both directors recognised that successfully franchising the provision of trade services would be based on the accurate delineation of territories. So, initially by itself the Group began to collect data from various sources to define those territories, including local government, business listings and post code data. This was a mammoth task but proved to be an important experience in highlighting some of the discrepancies Answer Group would encounter in understanding mapping data.

For example, while separate Answer Group franchise territories could not straddle different post code areas, research uncovered instances where the same post code was shared by two areas that were 10 kilometres apart and this became obvious when maps were displayed on a screen.

“We came to realise quickly that ‘manual’ mapping methods were inappropriate in ensuring that the territory offered an appropriate volume of potential business. Without this assurance neither we nor a franchise could meet the terms of our contracts,” Michael Fullick said.

The initial ‘manual’ exercise prompted AGS to use digital mapping services from MapData Sciences. It chose MDS’ consulting services rather than buying the software from MDS.

Considerations were not having to train someone on how to use the mapping technology and the expense and effort of ensuring the ongoing currency and quality of the underlying data.

As newer data became available from various sources, the mapping project was refined. Some of the data used to initially define the franchise territories came from the 1996 Census. Answer Group was to realise that the initial franchise territories were in fact too large. In 2002, based on Census data from the preceding year, it commissioned MDS to redefine franchise areas. Consequently the number of areas almost doubled, from 24 to 46. People who purchased original, larger franchise areas were given the option of acquiring the smaller subdivided territories.

Franchise territories are defined within certain post code areas as having a population of between 100,000 and 200,000 people, 50,000 houses and between 5,000 and 10,000 businesses.

Mark Mahony recommends a franchiser develops a basic understanding of the logic of digital mapping and how it works to understand how it accommodates certain apparent discrepancies.

Sheer geographic size can be deceptive. While it is a large area, Sydney's northern beaches from Manly to Palm Beach, is only one territory. This contrasts with other much smaller geographical territories.

"The major question one must ask is: is there sufficient potential business in the area under consideration? The last thing the franchiser needs is the failure of an area through it having insufficient business potential," Mr Mahony says.

Answer Group actively promotes its use of mapping to potential franchisees. They are able to view their territory on a map and can be confident of the business viability of that territory, based on the demographic and other data that supports it.

"We researched the broad principles of the franchise model by visiting the US, as well as several countries. While sheer population size dictates different approaches to franchise model in the US, the mapping technology as provided by MDS consulting services to support our approach is first class," Michael Fullick said.

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