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December 2013

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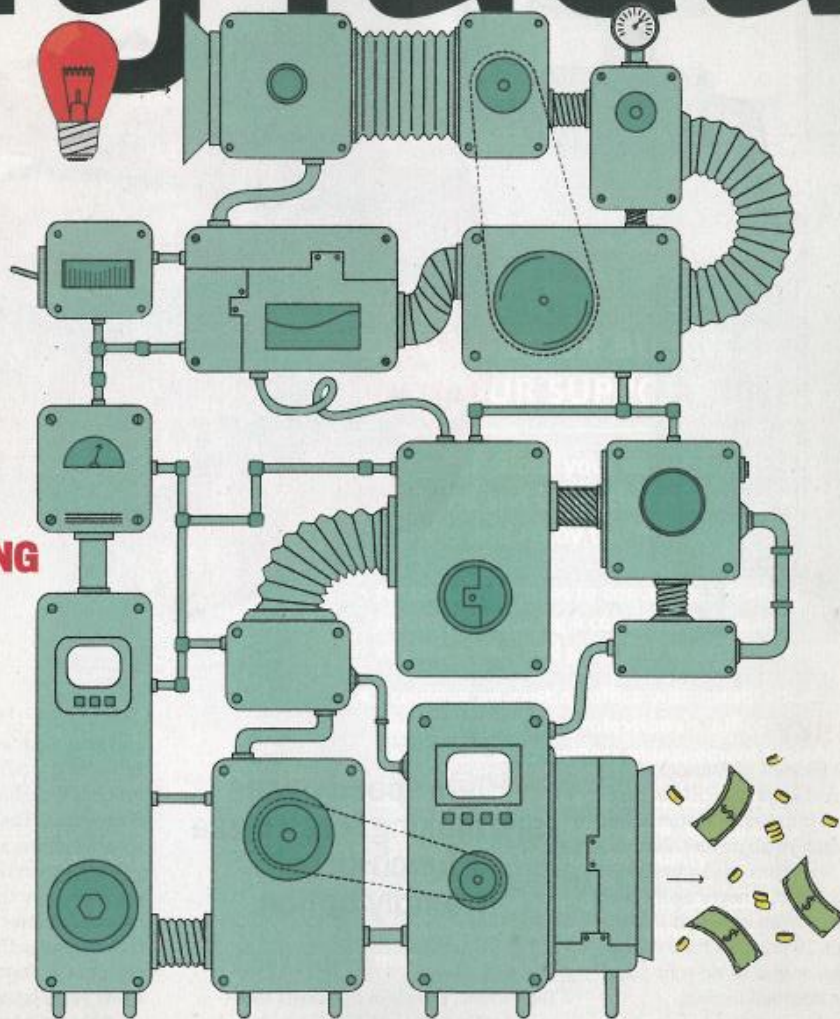
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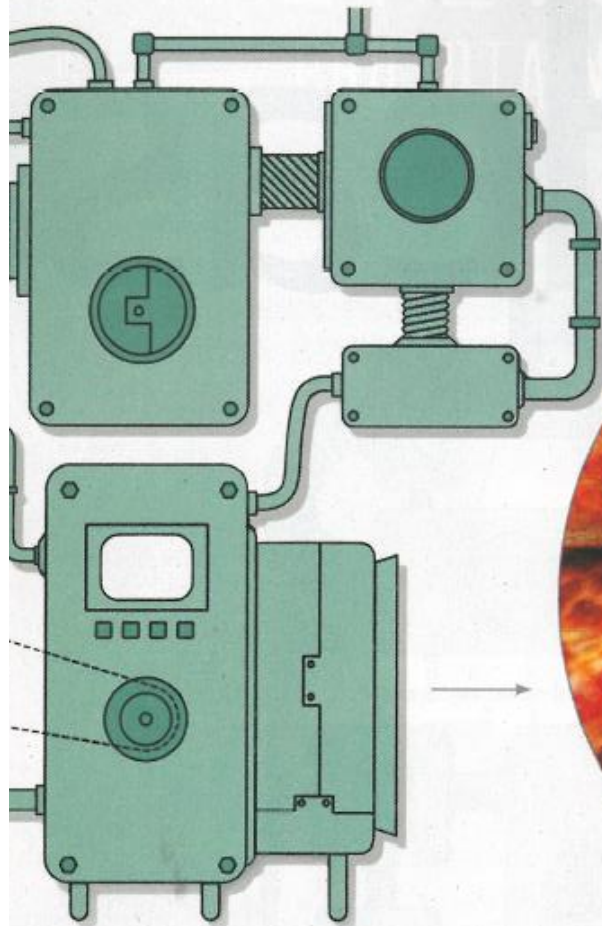
Big ideas

**WE TRACK
THE MAJOR
TRENDS IN
FRANCHISING**



By Jason Daley

The franchise world is always evolving, with concepts winking in and out of existence, new sectors taking shape and technological and financial innovations shifting the way business is done. But in the past half-decade, the changes in franchising have been seismic. Business and financing models and the profile of the typical franchisee have all been turned inside out. Now, as the credit crunch and recession seem to be settling down, new trends are emerging. Here are some of the concepts that have reshaped the landscape, some fresh ideas and the ways things will keep changing in 2014. >>>



PIE IN THE SKY

If you're like 93 percent of Americans, you've had pizza at least once in the past month. That's an impressive statistic, but even more so when you consider that, aside from in a few cities with a by-the-slice tradition, pizza has never really been a grab-and-go food: You either sit in a restaurant and wait 20 minutes for a waiter to bring your pie, or you sit on your couch and wait for the doorbell to ring.

But now, like burgers and burritos before it, pizza has become a go-to quick lunch, thanks to a crop of build-your-own chains and franchises. The guys behind Smashburger are fielding Live Basil Pizza; Sbarro is launching Pizza Cucinova; Pizza Inn has an offshoot called Pie Five. Then there's Blaze Pizza, Mod Pizza, Uncle Maddio's Pizza Joint, 800 Degrees, Piada Italian Street Food, Top That! Pizza, Project Pie, PizzaRev, Your Pie and others.

Why the explosion of pie shops? According to restaurant consulting firm

High-speed ovens are making fresh pizza a lunch-break-friendly option.

Technomic, the main answer is technological innovation. New high-speed ovens enable fast-casual, assembly-line restaurants to build a pie and cook it in six or seven minutes, making fresh pizza a lunch-break-friendly option.

Another factor is the success of the "better burger" sector, which has familiarized the public with the concept of high-quality, fast-casual dining, primed by the likes of Chipotle and Five Guys.

In the next few years, all of the new pizza concepts will be fighting to be the first to make it to 100 or more units

and gain a national footprint. Rick Wetzel, who started the 280-unit Wetzel's Pretzels franchise, is trying his luck with Blaze Pizza. The fast-casual concept, with locations across the country, is quickly expanding and aims to have 15 units open by the end of 2013. Wetzel believes "better pizza" will follow the franchising path blazed by burgers, with a rush to the starting line and a shakeout a few years later.

"You get a lot of people who piled onto the better-burger category. There were 25 concepts or more that launched," Wetzel says. "Now, four or five years later, only two guys made it to the big leagues: Five Guys, with [more than] 1,500 units, and Smashburger, which has [about] 200 and is well on its way to 1,000. Only one other has hit 50, and all the others are under 30."

But that reckoning is a long way off. Until then, enjoy the golden age of fast-cooked pizza—while it lasts.