

Franchising offers many advantages to Franchisor:

- Franchisors can expand their Franchised Business far more rapidly, using far fewer human and other resources, and with far less financial risk, than can be achieved by business expansion through vertically-integrated chain of corporate-owned stores.
- To protect their personal investments in their franchises, Franchisees are strongly motivated to operate as efficiently and profitably as possible, a motivation which is harder to find in the managers of a chain store operation.
- By shifting the burden of store ownership to Franchisees, Franchisors avoid many of the day-to-day problems that arise in operating retail outlets and can better concentrate available human and other resources on improving the standards and procedures of franchise system and developing new products and services.
- A Franchisor generally requires fewer personnel than the owner of a chain store operation, and so should realize a significant saving in wages, salaries and overhead expenses.
- A Franchisor normally:
 - will not, in most circumstances, be vicariously liable for contractual commitments, torts, crimes or administrative violations of Franchisees or their employees, unlike the owner of a chain store operation,
 - will not be taxed under business assessment laws at the higher rates usually imposed on chain store operations, and
 - will not have to comply with licensing requirements imposed by states or provinces as a condition of carrying on business within them.

Franchising also offers many advantages to Franchisee:

- If Franchisor has a well-recognized Trade-mark and reputation, then Franchisees normally will enjoy almost instant customer goodwill on start-up. Uniformity in outlet appearance, operating methodology and products offered allows Franchisees to compete successfully against both single stores and large chain store operations.
- If Franchisor has an established, successful business model, then a Franchisee can use that model and Franchisor's expertise to avoid many of the risks of starting up a new business.
- Franchisees usually enjoy many of the benefits of combining their collective purchasing power with that of Franchisor to undertake advertising and promotional programs that would be prohibitively expensive for the independent store owner. Similarly, Franchisees usually enjoy many of the benefits of combining their collective purchasing power with that of Franchisor to obtain more favorable pricing for goods and services than is available to the independent store owner.
- Franchisees can take effective advantage of the continuing training that most Franchisors provide in how to operate a profitable franchised outlet, and the troubleshooting expertise of Franchisor should operational problems arise.
- Franchisees can take effective advantage of the market and product research and development that most Franchisors conduct and make available to their Franchisees.