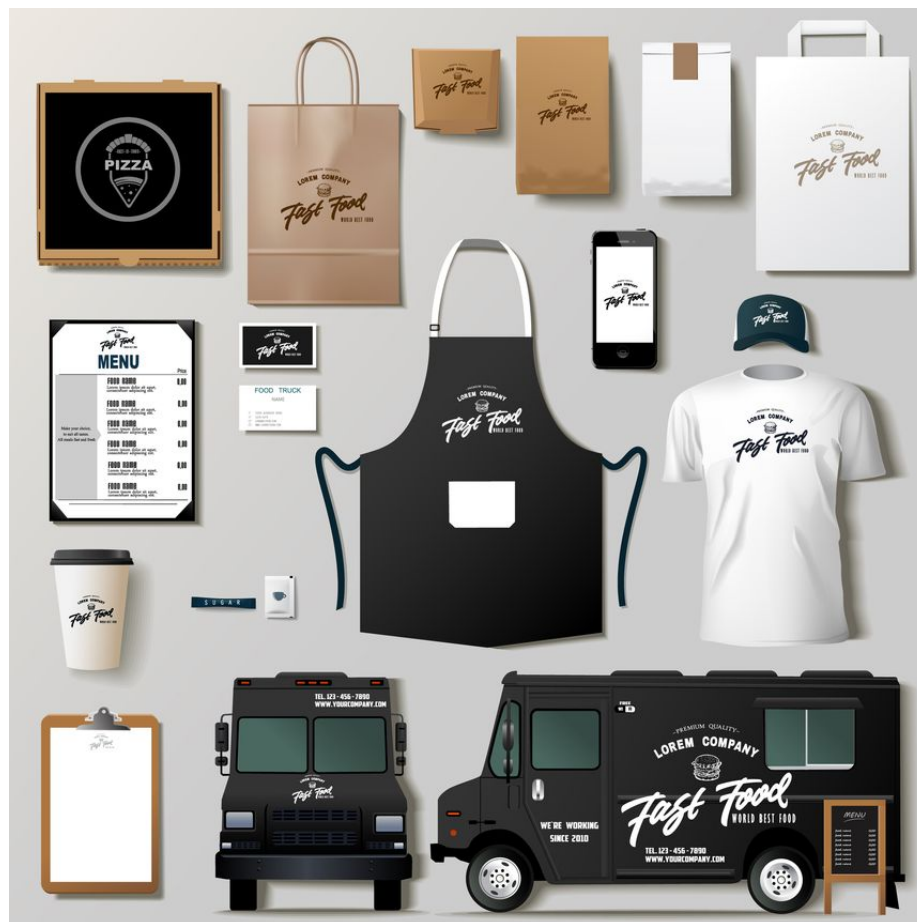


# Restaurant Brand Licensing: A Scalable Path To Growth

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By Marc A. Lieberstein



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Restaurant brands—especially franchises—already possess a critical ingredient for licensing success: consumer recognition for quality food. Yet many have not extended their brands into retail or non-traditional formats, even as the costs of expanding physical footprints across multiple markets have

risen. Licensing can convert existing brand equity into new, scalable revenue streams without requiring heavy capex—and, when done thoughtfully, without undermining core brand value and unit economics.

Now is the right time for such licensing based on current economic and business realities. Licensing allows brands to reach new customers through products and channels that scale with less capital intensity. And strong brand recognition and trust translate well into retail consumer packaged goods categories such as frozen, shelf-stable, and ready-to-bake products, thereby meeting consumers where they already shop. Such licensing activity usually increases traffic and revenue for physical restaurant locations.

We see restaurant brands in licensing all the time—e.g., TGI Fridays, Nathan's Famous, and Wahlburgers. There are numerous options for restaurant brands to license into consumer packaged goods. And there is nothing to prevent a restaurant brand from licensing into food-adjacent categories—e.g., home goods, kitchen accessories and appliances, cooking apparel and equipment, etc.


Co-branding and/or collaborations can accelerate distribution and trial runs. Non-traditional venues like pop-ups, malls, airports, hotels, mobile/food trucks, stadium concessions, and ghost kitchens (delivery-only) all present alternative licensing revenue options for restaurant brands. They all extend the brand's reach and ability to test new markets with lower fixed costs. Limited luxury-tier collaborations with influencers or celebrities can also elevate brand awareness and broaden brand acceptance before a wider rollout.

Partner selection is critical. Brands should choose experienced licensees and operating partners aligned to each channel (e.g., CPG manufacturers, airport concessionaires, stadium F&B operators). Due diligence is key to vetting prospective licensee

capabilities, quality control and systems, and strength of distribution. Important to any licensing venture is utilizing robust license agreements with clear quality controls and brand standards, KPIs, audit and enforcement rights, marketing approvals, and termination remedies.

On the business side, it is important to calibrate product selection and channel strategy to reduce cannibalization risk and protect core restaurant revenues. Specifically, for franchise restaurant brands it is important to have franchise system alignment to avoid potential encroachment concerns up front, define territories and channels, and perhaps even consider revenue sharing with franchisees. Communication with restaurant franchisees is key so that they understand how licensing into alternative and non-traditional channels complements, and does not compete with, traditional restaurant physical locations. For a deeper dive into alternative revenue models for franchise systems and the associated risks, see my *ABA Franchise Law Journal* article, “Revenue Generating Alternatives for Franchises and the Associated Risks,” Fall 2024, Volume 43, Number 4 ([Revenue Generating Alternatives for Franchises and the Associated Risks](#)).

With the right licensing partners and protections, restaurant brands can achieve strong revenue growth and performance and expand their brand’s reach in ways that reinforce, rather than erode, their core brand and business.



You look at a brand like California Pizza Kitchen,” says [Ari Freedman, CEO, Surge Brands and owner of Surge Licensing]. “They may have about 200 locations left, and nobody’s really going anymore. But their frozen pizza business with Nestlé does half a billion

dollars a year in retail sales. In my mind, that's more valuable than their entire restaurant footprint.”

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