Global Trends In Franchising

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USA Snapshot

A Positive Outlook

• Franchise Businesses expected to grow faster than the rest of the economy in 2015
• Employment growth in the franchise sector will continue to outpace the growth of employment in all businesses economy-wide
• The gross domestic product (GDP) of the franchise sector will increase by 5.1% to $521 billion in 2015

Source: International Franchise Association Educational Foundation
Trend 1

International Expansion Continues

- 32 percent of the units of the Franchise Times top 200 franchises in the United States are now located outside of U.S. borders

- The largest franchise systems added four locations in a foreign market for every unit they added stateside in 2014

- The number of international locations operated or franchised by companies on the Franchise Times Top 200 grew by 10.3 percent in 2014. By comparison, domestic US growth was just 1.3 percent

Source: Franchise Times
International Expansion Continues

- New and Diversified Income source
- Reduced dependence on home market
- Hedge against economic swings in home market
- Leverage your existing IP
- Less saturated markets
- Added brand value
Trend 2

Multi Brand Franchising on the rise

- Now often Franchisee Driven
- Spread Risk over multiple concepts
- Operational and Marketing Synergies
- Sharing of Best Practices.
Increasing Importance of emerging markets

- Emerging Markets account for 80% of the world’s population
- Many Emerging Markets have a high level of growth
- Less competition
- Unmet demand for International goods and services
Trend 4

BRIC

MIST

Acronyms

MINT

PINE

EAGLE
Trend 5
Increased ownership by private equity groups.

- Franchising enables brands to grow quickly
- Franchisees funding growth
- Franchise systems have low capital requirements that make them more profitable.
Trend 6

Specialization

- Niche markets
- Professional Services
- Specialized product lines and services
Healthy Menu Options

- Lower Calorie Options
- Healthy Wraps Instead of Sandwiches
- Specialized foods
- Vending Trends
Trend 8
Fitness and Personal care continue to grow

- Small Box Gyms
- In home Senior Care
- Spas
- Beauty Industry
Trend 9
Children focused franchises will continue to grow

- Parent Driven
- Access to subjects outside the School Curriculum
- Learning often presented in a fun manner
Trend 10

Premium Fast Casual Restaurants

- Varied Menus
- Fresh Ingredients
- Higher emphasis on hospitality and restaurant design
Smaller brands developing Internationally

- No longer Driven by Big Brands
- Capital investment made in Large Part by Franchisee
- No need to access outside funding for International Development
- Thinking Globally strengthens the brand
The Rise of Mobile Franchises

• Convenience
• Bring the business to the customer
• Lower Prices
• Low overhead
Trend 13

Franchising gives Back

- Support Local Communities
- Donate food for the Homeless
- Sponsor children's sports teams
- Organize Charitable Events
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THANK YOU