

FRANCHISE SYSTEMS

Almost all 18 industries are experiencing an increase in the number of franchised concepts (the lone exception being the Travel industry, which has had a modest reduction in franchise systems). From 2003 to 2005, the other 17 industries experienced increases in franchised concepts ranging from 4 percent in Personnel Services to 67 percent in Retail Food (Chart 1).

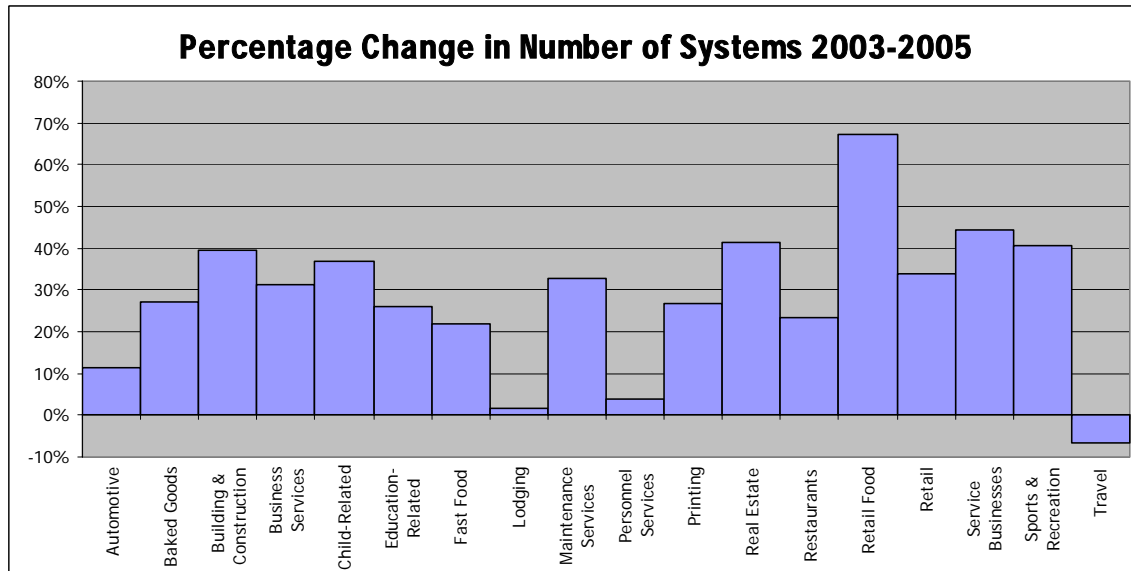


Chart 1

Sample Definition: Franchise systems confirmed active within a particular year

Sample Size: 1309 in 2003; 1690 in 2005

The distribution of franchise concepts across all 18 industry categories is shown in Chart 2. Fast Food's nearly 500 concepts represent 20 percent of the total, with many of the newer fast food concepts coming in ethnic food categories. Retail and service business industries were the next highest at 11 percent each.

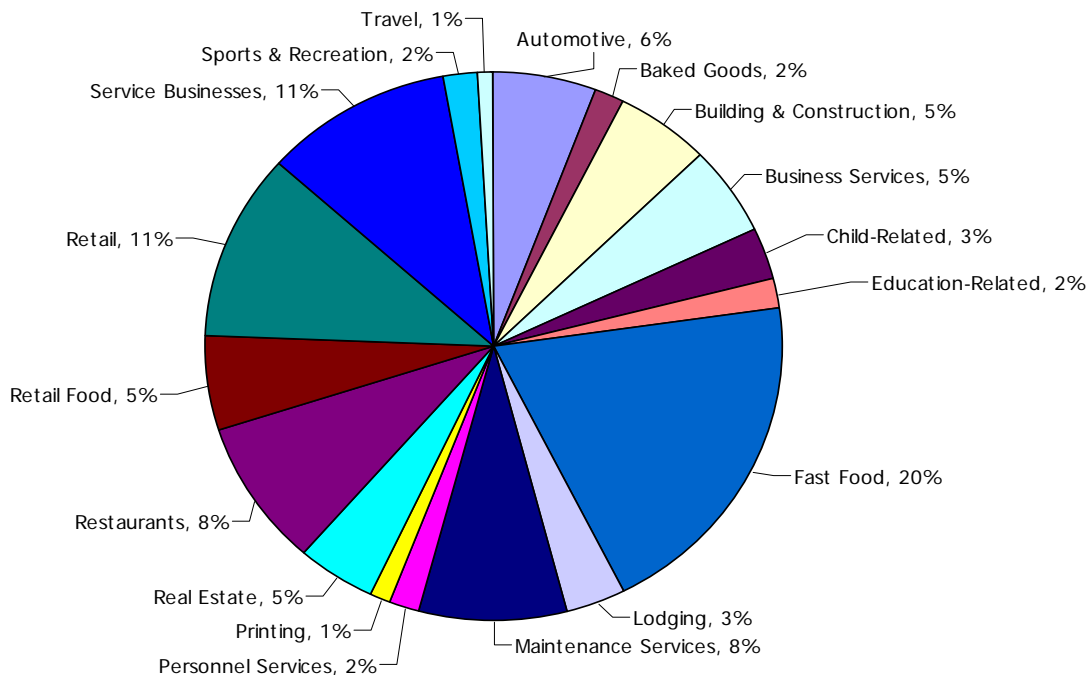


Chart 2

Sample Definition: Franchise systems confirmed active at some point in the five-year period 2002-2006

Sample Size: 2471 franchise systems

New concepts are being added with increasing frequency. Over the past three years, almost 900 hundred concepts started franchising, as Chart 3 shows:

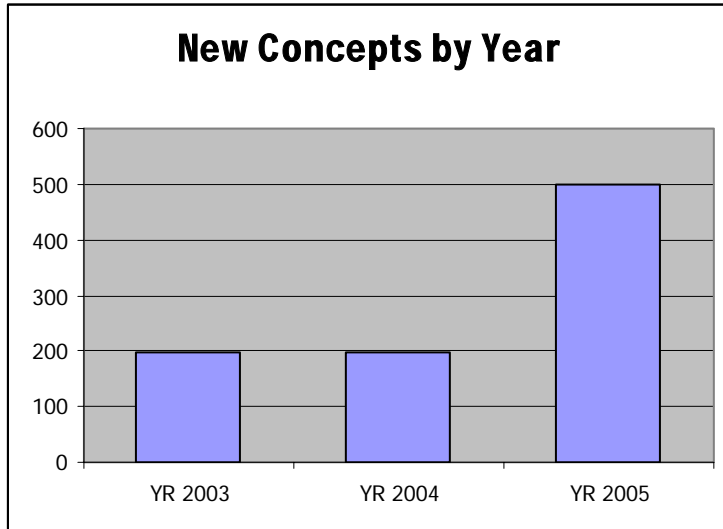


Chart 3

Sample Definition: A new concept is either a new business or a new, distinct franchise program from an established company

Sample Size: 893 franchise concepts

FRANCHISE UNITS

How big is big in franchising? Based on franchise systems with at least one operating franchised unit, one third of all concepts had more than 100 units and nearly half had more than 50 units (Chart 4). Significantly influenced by the growing number of new concepts in the past few years, 25 percent had 10 or less units.

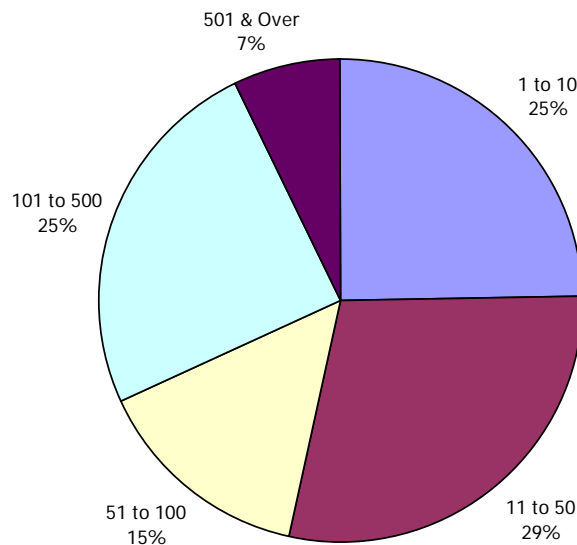


Chart 4

Sample Definition: Franchise systems with at least one active franchised unit during the period 2001-2005

Sample Size: 1675 franchise systems

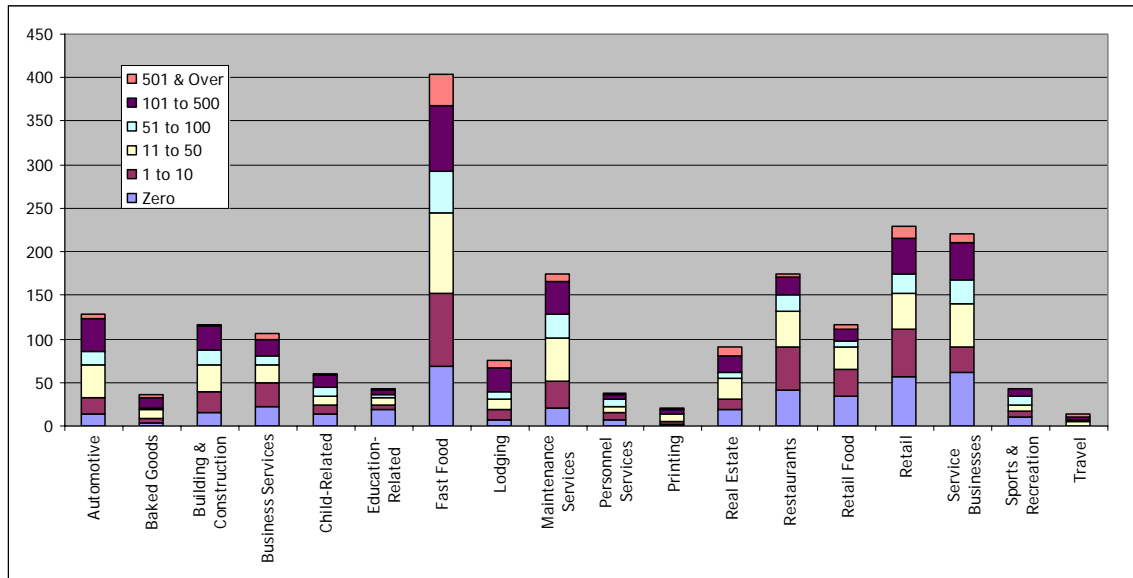


Chart 5

Sample Definition: Franchise systems reporting units during the period 2001-2005

Sample Size: 2087 franchise systems

The distribution of franchised units across industry classifications is shown in Chart 6. Following a pattern similar to concept distribution, Fast Food, Retail and Service Businesses again have the largest shares.

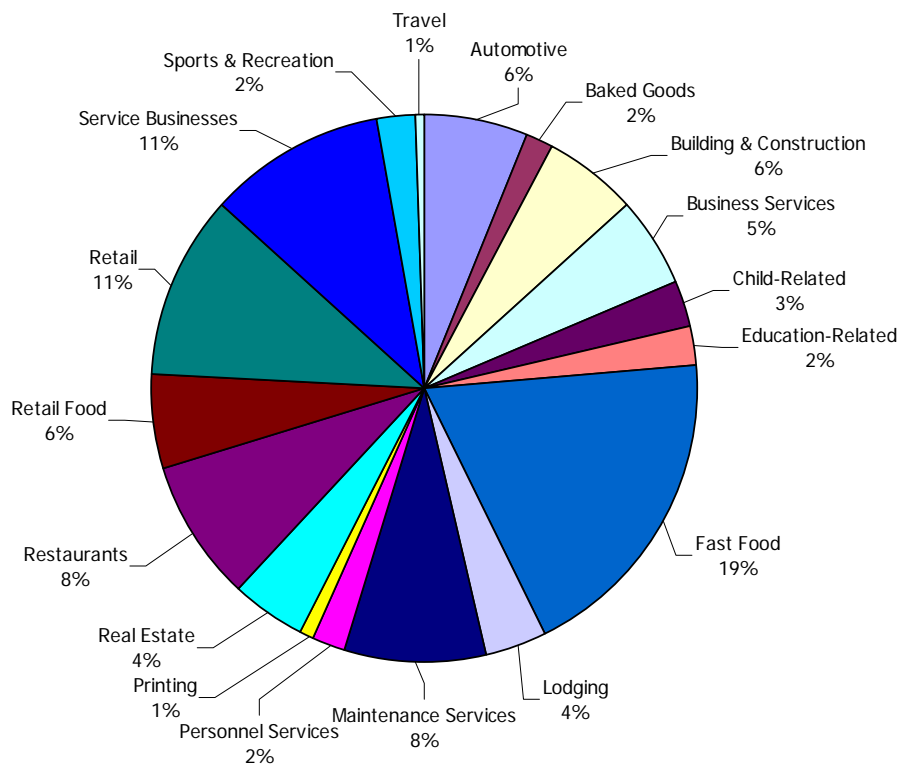


Chart 6

Sample Definition: Franchise systems reporting units during the period 2001-2005

Sample Size: 2087 franchise systems

Over the past three years, Building & Construction, Child-Related and Service Business industries experienced in excess of 25 percent growth in number of franchised units (Chart 7).

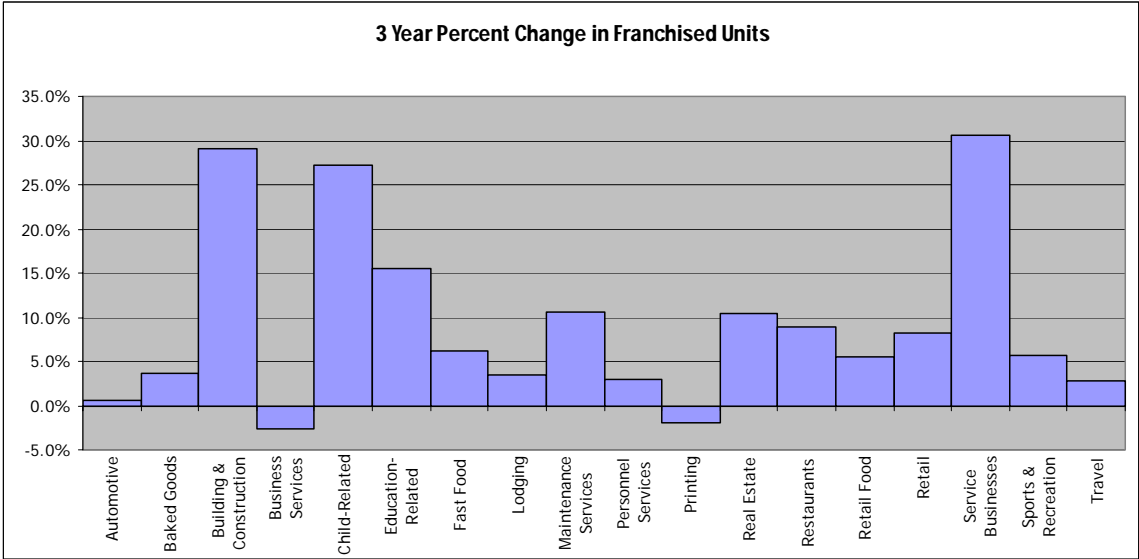


Chart 7
Sample Definition: Franchise systems reporting three years of recent consecutive franchise unit data
Sample Size: 847 franchise systems

About FRANdata

Founded in 1989, FRANdata is the leading source for information and analysis concerning franchising. FRANdata conducts its work independent of any arrangements that might influence its objectivity.