

# Franchise Industry Report

August 2014

*An Analysis of the U.S. Franchise Industry*

**FRANCHISEGRADE**  **COM**

Vital Insight for your investment.™

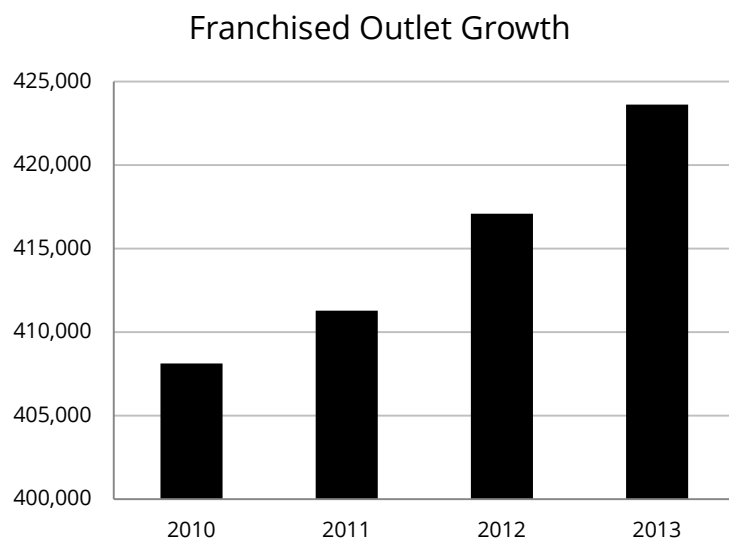
No portion of this report may be reused, reproduced or distributed in any form without prior written consent.

## TABLE OF CONTENTS

Introduction .....	1
Franchise Performance Index .....	4
Franchise Industry Sectors.....	5
Franchise Industry Investments.....	11
Franchise Industry Trends .....	17
Franchisee Turnover Rates .....	22
Forward Looking Statements .....	23
Methodology.....	24
About FranchiseGrade.com .....	25

## SAMPLE

This report presents an analysis of the U.S. franchise industry between 2010 and 2014 based upon the performance of 1,695 companies that operate franchise systems in the United States.



The franchise industry has seen steady growth totaling 3.8% over the last four years from 408,118 outlets in 2010 to 423,624 outlets in 2014.

Although there has been steady growth, there should be some concern pertaining to the Franchisee Turnover Rates (FTR), which is defined by the number existing outlets opened compared to the number of existing outlets changing ownership or ceasing operation.

Between 2010 and 2014 the Franchisee Turnover Rate was 9.9% per year.

Within the Sample, there were a total of 135,289 new franchised outlets opened during the 4 year period for a combined total \$59.4B in new franchisee investments.

## **FRANCHISE PERFORMANCE INDEX™**

FranchiseGrade.com has created an exclusive ranking and grading platform for franchise systems and sectors. Our Franchise Performance Index™ (FPI) is calculated by utilizing a number of weighted variables deemed appropriate for a healthy and successful franchise system. The analysis and determination of the FPI includes a number of factors from our FDD analysis and additional research. Examples of variables include: the number of years franchising, Franchisee Turnover Rates (FTR), litigation history, individual system and sector growth, franchisee satisfaction survey results and lending data.

### **Ranking of Sectors by FPI™**

1. Personal Services
2. Lodging
3. Business Services
4. Quick Service Restaurants
5. Retail Products & Services
6. Table Service Restaurants
7. Automotive
8. Real Estate
9. Retail Food
10. Commercial & Residential Services