

# Highlights of the 2011 Franchise Business Economic Outlook



JANUARY 2011

## INTRODUCTION

The *2011 Franchised Business Economic Outlook* projects key national-level economic measurements of business format franchises. The report was prepared by PwC for the International Franchise Association's (IFA) Educational Foundation.\*

The 2011 Outlook reflects a new base year (2007), the latest year for which comprehensive estimates of franchise business activity are available. The baseline data was drawn from the first ever U.S. Census Bureau's 2007 Economic Census Franchise Report, which contains information on franchise and non-franchise establishments, sales, employment and payroll in selected industries for businesses with paid employees. For the 2011 Outlook, PwC supplemented these data with estimates of franchise activities in additional industries and in businesses without paid employees (primarily self-employed individuals operating small, unincorporated businesses). Estimates of franchising activity in the 2011 report supersede previous editions.

## HIGHLIGHTS OF THE REPORT

Franchise businesses are poised for stronger growth in 2011, according to the 2011 Franchise Business Economic Outlook. As the economy recovers from the "Great Recession," PwC predicts a rebound in the number of establishments, jobs and economic output in the franchise industry.

- **Jobs.** The number of direct jobs is projected to grow 2.5 percent from an estimated 7,614,000 to 7,808,000, creating 194,000 new jobs.
- **Establishments.** the number of franchise establishments will grow 2.5 percent in 2011 from an estimated 765,723 to 784,802—an increase of 19,079 new establishments.
- **Output.** The 2011 Outlook estimates that Economic output—the gross value of goods and services a business produces—is projected to grow 4.7 percent or \$33.3 billion from an estimated \$706.6 billion to \$739.9 billion.

## 1 FRANCHISE BUSINESS ECONOMIC OUTLOOK, 2007-2011

Source: PwC

	Estimates				Forecast	Annual Percent Change	
	2007	2008	2009	2010	2011	2009-2010	2010-2011
Establishments	788,285	791,560	763,094	765,723	784,802	0.3%	2.5%
Employment (Thousands)	7,760	7,792	7,572	7,614	7,808	0.6%	2.5%
Output (Billions)	\$654.2	\$680.7	\$683.2	\$706.6	\$739.9	3.4%	4.7%

## DIFFERENT EFFECTS ON FRANCHISE BUSINESS SECTORS

- **Employment.** All franchise business lines except for Business Services are projected to experience employment growth in 2011, ranging from 1.1 percent to 4.4 percent, with the largest increases occurring in Lodging (4.4 percent), Automotive (3.9 percent) and Retail Products and Services (3.9 percent). The Business Services line is projected to experience a modest decline in employment of 0.2 percent in 2011.
- **Establishments.** With the exception of Business Services, the number of establishments in each business format franchise line is estimated to increase in 2011. The largest gains are expected in Lodging (4.4 percent), Automotive (3.9 percent) and Retail Products and Services (3.9 percent).
- **Output.** Output is forecast to increase in all 10 franchise lines of business in 2011. The three franchise business lines projected to see the largest percentage increases are Automotive (7.2 percent), Commercial and Residential Services (6.9 percent), and Personal Services (6.5 percent).

Continued >>

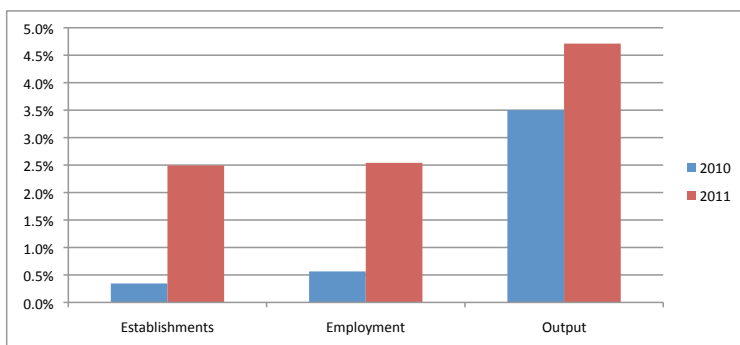
## 2 FRANCHISE BUSINESS ECONOMIC OUTLOOK BY BUSINESS LINES: 2011

Source: PwC

Business Lines	Establishments		Employment (Thousands)		Output (Billions of dollars)	
	Amount	Period change over prior year	Amount	Period change over prior year	Amount	Period change over prior year
Automotive	31,659	3.9%	185	3.9%	\$39.7	7.2%
Commercial & Residential Services	70,129	3.7%	281	3.7%	\$45.8	6.9%
Quick Service Restaurants	152,665	2.6%	2,982	2.6%	\$194.0	4.9%
Table/Full Service Restaurants	33,471	2.3%	1,003	2.3%	\$55.7	4.6%
Retail Food	60,841	3.2%	484	3.2%	\$38.2	6.2%
Lodging	26,011	4.4%	711	4.4%	\$70.8	4.0%
Real Estate	86,825	1.1%	341	1.1%	\$51.2	0.1%
Retail Products & Services	99,592	3.9%	402	3.9%	\$29.5	5.7%
Business Services	92,714	-0.2%	819	-0.2%	\$128.7	3.5%
Personal Services	130,895	2.5%	602	2.5%	\$86.2	6.5%
<b>Total</b>	<b>784,802</b>	<b>2.5%</b>	<b>7,808</b>	<b>2.5%</b>	<b>\$739.9</b>	<b>4.7%</b>

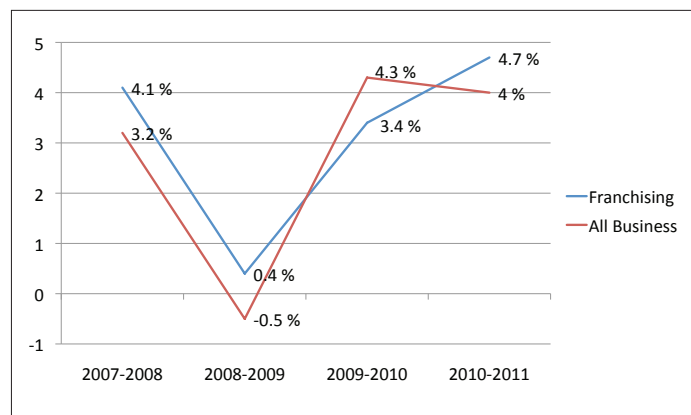
## 3 FRANCHISE BUSINESS GROWTH IN 2010-2011: A COMPARISON

Source: PwC



## 4 ECONOMIC OUTPUT 2007-2011: FRANCHISE BUSINESSES COMPARED TO ALL BUSINESSES

Source: PwC



\*The report presents PwC's forecast for establishments, employment and economic output for 10 business lines in which franchising is prevalent:

- Automotive
- Commercial & Residential Services
- Quick Service Restaurants
- Table/Full Service Restaurants
- Retail Food
- Lodging
- Real Estate
- Retail Products and Services
- Business Services
- Personal Services

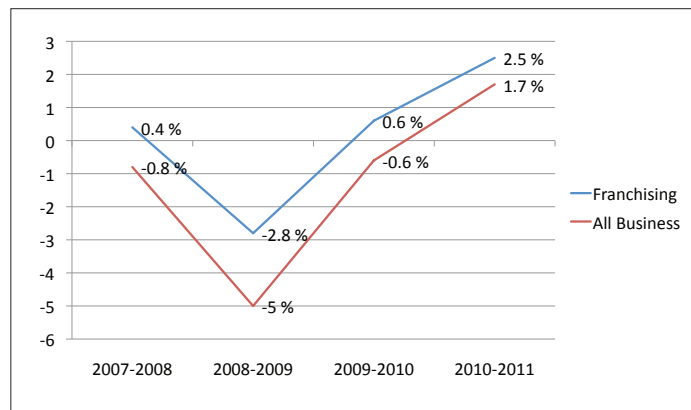
The report does not include estimates for product distribution franchises such as automotive and truck dealers, gasoline service stations, and beverage bottling.

The full 2011 *Economic Outlook* report can be found at [www.franchise.org/2011Outlook.aspx](http://www.franchise.org/2011Outlook.aspx).

For more information, contact IFA at 202/628-8000 or email [ifa@franchise.org](mailto:ifa@franchise.org).

## 5 EMPLOYMENT: 2007-2011 FRANCHISE BUSINESSES COMPARED TO ALL BUSINESSES

Source: PwC



1501 K Street, N.W., Suite 350  
Washington, DC 20005  
Phone (202) 628-8000  
Fax (202) 628-0812  
[www.franchise.org](http://www.franchise.org)

