The franchise industry in Ecuador has been growing steadily at a rate higher than the growth of the gross domestic product (GDP), which in 2007 reported an increase of 4.25% and in 2008 an increase of 2.6%. This increase is evidenced by the development of the following sectors: specialized services, fashion, clothing, fast food and restaurants, which have shown consistent growth. This confirms the effectiveness of the franchise system for business expansion. Despite of the existence of two Franchise Associations operating in Ecuador there are no formal statistics/figures of the sector.

U.S. franchises have 50% of the Ecuadorian franchise market and have great opportunities due to the US dollar monetary system used in Ecuador. The main franchise competitors come from Colombia, Argentina, Venezuela, Spain and Switzerland.

The growth rate of the franchise sector in Ecuador is estimated at 4% per year; however the number of franchise establishments each year is estimated to grow by 25%.

**Market Demand**

Over the last two years, new franchise business concepts have arrived to Ecuador and growing number of Ecuadorian companies are expanding their operations under these new business models.

The sectors that have shown a sustainable increase in the last 8 years are: food, pharmaceutical, shoe stores, and copying and reproduction centers.

The United States has 50% of the national market participation, followed by Ecuador with 15%, Colombia 14%, Argentina and Venezuela 9%, Spain and Switzerland 6% and countries as Australia, Canada, Chile, Costa Rica, Denmark, France, Guatemala, Italy and Mexico share 5% of the market.

Ecuadorian unemployment rate is at 7.5%. The franchise business model creates a great opportunity for new Ecuadorian entrepreneurs who have recently lost their jobs and use their severance to buy into new franchises.

**Market Data**

In Ecuador, there are approximately 168 franchises registered, 36% in food, 37% in services and 27% in retail. Franchise services have a positive effect on the country’s economy, creating new working opportunities and generating increased tax collection for the government.
Best Prospects

This is a list of sectors that represent good opportunities for U.S. franchises.

- Services specializing in elderly care
- Teaching at home
- Environment
- Fashion for children and future mothers
- Electrical equipment and decoration
- Games Network
- Health
- Hairdressers
- Stationery
- Veterinary care centers for pets
- Tickets sales for shows
- Coffee shops
- Plumbing and cleaning services for buildings
- Early learning and education
- Entertainment and Leisure (adults)
- Restoration and repair services
- Fitness Centers

Key Suppliers

U.S. franchises lead the local market. Recent reports indicate that the leading brands are KFC, McDonald's, Pizza Hut, Burger King, Coca-Cola, Martinizing, JW Marriott, among others.

Major Ecuadorian franchises include: Sake Restaurants, Pañaleras Pototín (diapers), OpenMart (supermarket), Disensa (construction material), Pinto (clothing), D & Bond (clothing), Documentos Xerox (copies), Expocolor (paintwork), La Canoa (restaurant) and Yogurt Persa (fast food).

Local companies with good market position and high brand recollection from consumers (top of mind) are: Fybeca (pharmacies), Sana Sana (pharmacies), Pollo Gus (fast food), Hamburguesas Caravan (fast food), Comandato and Japón (electrical stores). These companies could have a large role in the industry if they use the franchise model as a formula for business expansion.
National franchises represent 15% of the Ecuadorian market, whereas International Franchises represent 85%.

The majority of franchises including food (casual dining/fast food) are located in shopping areas, especially in malls. In Ecuador, there are approximately 35 large shopping centers, 6 of the most important are in Quito, the capital, 6 in Guayaquil and 1 in Cuenca.

Prospective Buyers

The Ecuadorian Franchise Association (AEFRAN) organized a Franchise event in September 2008, Expofranchise & Conference. Results from this event show that 80% of people from Quito and Guayaquil were interested in acquiring foreign franchises and approximately 88% of entrepreneurs have the capacity to invest US$ 50,000. Some entrepreneurs prefer to associate with some partner or obtain financial aid to develop a franchise in Ecuador.
Resources & Contacts

Banco Central del Ecuador, [www.bce.fin.ec](http://www.bce.fin.ec)
Asociación Ecuatoriana de Franquicias AEFRA, [www.aefran.org](http://www.aefran.org)

For More Information

The U.S. Commercial Service in Quito, Ecuador can be contacted via e-mail at:
Quito.Office.Box@mail.doc.gov; Phone: 011-593-2-250-5752 ext. 400; Fax: 011-593-2-250-4550; or visit our website: [www.buyusa.gov/ecuador](http://www.buyusa.gov/ecuador)

The U.S. Commercial Service — Your Global Business Partner

With its network of offices across the United States and in more than 80 countries, the U.S. Commercial Service of the U.S. Department of Commerce utilizes its global presence and international marketing expertise to help U.S. companies sell their products and services worldwide. Locate the U.S. Commercial Service trade specialist in the U.S. nearest you by visiting [http://www.export.gov/eac](http://www.export.gov/eac).

Comments and Suggestions: We welcome your comments and suggestions regarding this market research. You can e-mail us your comments/suggestions to: [Customer.Care@mail.doc.gov](mailto:Customer.Care@mail.doc.gov). Please include the name of the applicable market research in your e-mail. We greatly appreciate your feedback.

Disclaimer: The information provided in this report is intended to be of assistance to U.S. exporters. While we make every effort to ensure its accuracy, neither the United States government nor any of its employees make any representation as to the accuracy or completeness of information in this or any other United States government document. Readers are advised to independently verify any information prior to reliance thereon. The information provided in this report does not constitute legal advice.

*International copyright, U.S. Department of Commerce, 2007. All rights reserved outside of the United States.*