

Franchising: What it Means for Business Owners and for Brand Owners



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Panelists



**Moderator:
Liz Dillon**

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Senior Counsel, Franchise
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I. Impact of Franchising in the United States and in Diverse Communities

History of Franchising

Traditional Franchises



Franchising Today

New Concepts / Businesses

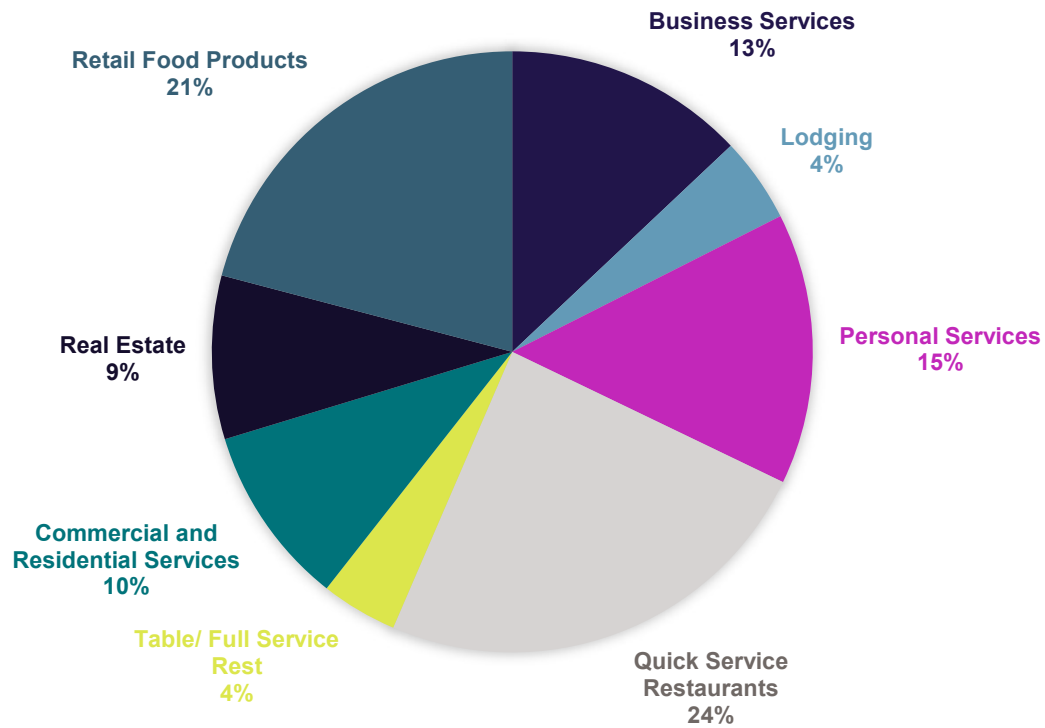


- Explosion in business format franchises
- 4,000+ franchised brands in the U.S. in 2020

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Franchise Outlets – By Sector

Establishments Distribution by Sector 2020



Source: IFA2022 Franchising Economic Outlook

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Franchising – The U.S. Economy

2022 Estimates

Franchise Outlets	775,000 outlets or businesses
Employment	8,250,000 workers
Output	\$787 billion
GDP	\$501 billion

Source: IFA2022 Franchising Economic Outlook

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Franchising as a Path for Diverse Franchisees: IFA Oxford Study

- Black-owned franchised businesses generate 2.2x as much in sales compared to Black-owned non-franchise businesses.
- 26% of franchises are owned by people of color, compared to 17% of non-franchised independent businesses owned by people of color. Statistics hold across industries.
- 32% would not own a business if they were not franchisees (greater among both female owners and owners for whom a franchise was their first business).
- 70% of franchise owners purchase a franchise outside their area of expertise.

*Source: IFA Oxford Economics: The Value of Franchising (September 2021)



II. What is Franchising?

What is a “Franchise?”

A business arrangement with 3 elements:

1. **Trademark license** from the brand owner to the operator
2. **Control or assistance** (or marketing plan), provided by or exercised by the brand owner
3. **Payment of a “fee”** from the operator to the brand owner



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Single and Multiple-Unit Franchises

- Two major types of franchise agreements and operators:
 - Single-Unit Franchisee
 - Multi-Unit Franchisee – Franchisor grants franchisee the right to operate more than one franchised unit
 - Area Development
 - Master Franchise

Laws Governing Franchises

- The FTC Franchise Rule
 - Disclosure (nationwide)
 - Franchise Disclosure Document or “FDD”
- State Laws
 - Registration and disclosure laws
 - Business opportunity laws
 - Relationship laws



III. Role of Franchisor and Franchisee



Increasing Diversity in Franchising Webinar Series: Upcoming Topics

2022

- **From a Dream to an Agreement: Business and Legal Considerations for Franchisees**
- **Navigating the Access to Capital Challenges**

To view the first webinar in this series, click the link below.

[Increasing Diversity in Franchising: Where Are We & How Can We Improve?](#)



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Thank You



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