

Economic Impact of Franchised Businesses**DIRECT CONTRIBUTIONS TO THE U.S. ECONOMY**

	In Franchised Business	Percent of U.S. Private Sector
Jobs	11,029,206	8.1 %
Payroll	\$ 278.6 billion	5.3 %
Output	\$ 880.9 billion	4.4 %
Establishments	909,253	3.3 %

- There are 909,253 franchised business establishments in the United States.
- Franchised businesses provide more than 11 million jobs, or 8.1 percent of the national private-sector workforce.
- Franchised businesses supply an annual payroll of \$278.6 billion, or 5.3 percent of all private-sector payrolls in the United States.
- Franchised business produce goods and services worth \$880.9 billion per year, or 4.4 percent of private-sector output in the United States.
- We include in “franchised businesses” all those establishments that are part of a franchise system – those businesses owned by franchisees and those owned by the franchisor.

Data pertain to 2005

Economic Impact of Franchised Businesses**TOTAL CONTRIBUTIONS TO THE U.S. ECONOMY**

	Because of Franchised Businesses	Percent of U.S. Private Sector
Jobs	20,974,636	15.3 %
Payroll	\$ 660.9 billion	12.5 %
Output	\$ 2.31 trillion	11.4 %

- Franchised businesses demand products and services from other businesses and provide income to their workers and owners, who then spend their income and create still more income for other parties. As this cycle repeats, the jobs, payroll, and output that exist *because of* franchised businesses grow beyond the jobs, payroll and output that are *in* franchised businesses alone.
- Franchised businesses are the cause of nearly 21 million jobs, or 15.3 percent of all U.S. private-sector jobs.
- Franchised businesses are the cause of \$660.9 billion of annual payrolls, or 12.5 percent of all private-sector payrolls in the United States.
- Franchised businesses are the cause of \$2.31 trillion of annual output, or 11.4 percent of all private-sector output in the United States.

Data pertain to 2005

Economic Impact of Franchised Businesses

BUSINESS FORMAT AND PRODUCT DISTRIBUTION FRANCHISES IN THE UNITED STATES

	<u>In Franchised Businesses</u>			
	<u>Business Format (BF)</u>	<u>Product Distribution (PD)</u>	<u>Percent BF</u>	<u>Percent PD</u>
Jobs	9,017,267	2,011,938	81.8 %	18.2 %
Payroll	\$ 206.9 billion	\$ 71.7 billion	74.3 %	25.7 %
Output	\$ 665.3 billion	\$ 215.6 billion	75.5 %	24.5 %
Establishments	773,436	135,817	85.1 %	14.9 %
	<u>Because of Franchised Businesses</u>			
	<u>Business Format (BF)</u>	<u>Product Distribution (PD)</u>	<u>Percent BF</u>	<u>Percent PD</u>
Jobs	16,529,145	4,445,491	78.8 %	21.2 %
Payroll	\$ 478.4 billion	\$ 182.5 billion	72.4 %	27.6 %
Output	\$ 1,749.7 billion	\$ 557.1 billion	75.9 %	24.1 %

- Business format franchising accounts for 773,436 establishments and product distribution franchising accounts for 135,817 establishments.
- Business format franchising provides 9,017,267 jobs, or 4.5 times as many as product distribution franchising.
- Business format franchising is the cause of 16,529,145 jobs in the United States.
- Product distribution franchising is the cause of 4,445,491 jobs in the United States.

Data pertain to 2005

Economic Impact of Franchised Businesses

LINES OF BUSINESS AND OWNERSHIP OF BUSINESS FORMAT FRANCHISES IN THE UNITED STATES <Business Lines Sorted by Total Franchise Jobs>

	<u>Jobs</u>	<u>Payroll</u>	<u>Output</u>	<u>Establishments</u>
<u>Quick Service Restaurants</u>				
Franchisor-owned	1,371,521	\$ 15.0 billion	\$ 66.1 billion	71,524
Franchisee owned	1,781,685	\$ 19.2 billion	\$ 85.9 billion	96,054
Total	3,153,207	\$ 34.2 billion	\$ 152.1 billion	167,578
% of line of business	79.3 %	78.9 %	N/A	56.3 %
<u>Business Services</u>				
Franchisor owned	240,406	\$ 11 billion	\$ 27 billion	34,438
Franchisee owned	1,107,344	\$ 50.1 billion	\$ 124 billion	158,625
Total	1,347,750	\$ 60.9 billion	\$ 151 billion	193,063
% of line of business	5.1 %	4.7 %	N/A	3.4 %
<u>Table/Full Service Restaurants</u>				
Franchisor owned	505,929	\$ 6.7 billion	\$ 24.4 billion	19,226
Franchisee owned	539,593	\$ 6.8 billion	\$ 26.0 billion	23,059
Total	1,045,522	\$ 13.5 billion	\$ 50.4 billion	42,285
% of line of business	22.0 %	21.4 %	N/A	13.3 %
<u>Personal Services</u>				
Franchisor owned	220,861	\$ 8.7 billion	\$ 22.6 billion	18,092
Franchisee owned	716,991	\$ 28 billion	\$ 73.5 billion	58,732
Total	937,853	\$ 37.1 billion	\$ 96.1 billion	76,824
% of line of business	2.7 %	2.6 %	N/A	1.1 %
<u>Food Retail</u>				
Franchisor owned	232,945	\$ 4.2 billion	\$ 14 billion	18,244
Franchisee owned	546,416	\$ 9.8 billion	\$ 33.0 billion	42,795
Total	779,360	\$ 14 billion	\$ 47.0 billion	61,039
% of line of business	21.6 %	21.9 %	N/A	16.9 %

- Business format franchising is economically significant in 10 lines of business.
- In total, and in every line of business, there are more establishments that are owned by franchisees than by the franchisor.
- Business Services accounted for more establishments and met a greater payroll than any other single line of business. Only Quick Service Restaurants provided more jobs and generated more output.
- Franchised establishments are the greatest percentage of all line-of-business establishments in Quick Service Restaurants, Lodging, and Retail Food.

Data pertain to 2005

Economic Impact of Franchised Businesses

LINES OF BUSINESS AND OWNERSHIP OF BUSINESS FORMAT FRANCHISES IN THE UNITED STATES <Business Lines Sorted by Total Franchise Jobs>

	<u>Jobs</u>	<u>Payroll</u>	<u>Output</u>	<u>Establishments</u>
<u>Lodging</u>				
Franchisor owned	96,025	\$ 2.1 billion	\$ 8.1 billion	5,060
Franchisee owned	473,578	\$ 10.2 billion	\$ 39.9 billion	24,954
Total	569,604	\$ 12.3 billion	\$ 48.0 billion	30,014
% of line of business	29.8 %	28.6 %	N/A	25.3 %
<u>Retail Products & Services</u>				
Franchisor owned	198,045	\$ 4.3 billion	\$ 13.4 billion	28,920
Franchisee owned	340,365	\$ 7.3 billion	\$ 23.0 billion	49,702
Total	538,410	\$ 11.6 billion	\$ 36.5 billion	78,621
% of line of business	4.4 %	4.3 %	N/A	2.7 %
<u>Commercial & Residential Services</u>				
Franchisor owned	24,532	\$ 0.9 billion	\$ 2.6 billion	4,253
Franchisee owned	289,813	\$ 11 billion	\$ 30.3 billion	50,242
Total	314,345	\$ 12 billion	\$ 32.9 billion	54,495
% of line of business	2.4 %	2.4 %	N/A	1.2 %
<u>Automotive</u>				
Franchisor owned	47,324	\$ 1.4 billion	\$ 6.8 billion	9,585
Franchisee owned	128,534	\$ 3.8 billion	\$ 18.5 billion	26,032
Total	175,858	\$ 5.2 billion	\$ 25.3 billion	35,616
% of line of business	7.9 %	8.1 %	N/A	5.7 %
<u>Real Estate</u>				
Franchisor owned	6,487	\$ 0.2 billion	\$ 1.1 billion	1,416
Franchisee owned	148,872	\$ 5.7 billion	\$ 25.2 billion	32,484
Total	155,359	\$ 6.0 billion	\$ 26.3 billion	33,900
% of line of business	4.0 %	4.0 %	N/A	1.3 %
<u>All Business Format Franchises</u>				
Franchisor owned	2,944,077	\$ 54.4 billion	\$ 186.1 billion	210,756
Franchisee owned	6,073,191	\$ 152.5 billion	\$ 479.2 billion	562,680
Total	9,017,267	\$ 206.9 billion	\$ 665.3 billion	773,436

Data pertain to 2005

Economic Impact of Franchised Businesses

LINES OF BUSINESS IN PRODUCT DISTRIBUTION FRANCHISES IN THE UNITED STATES <Business Lines Sorted by Total Franchise Jobs>

	<u>Jobs</u>	<u>Payroll</u>	<u>Output</u>	<u>Establishments</u>
<u>Automotive & Truck Dealers</u>				
	1,507,616	\$ 63.2 billion	\$ 162.3 billion	61,974
% of line of business	87.6 %	87.6 %	N/A	30.4 %
<u>Gasoline Service Stations</u>				
	480,239	\$ 7.9 billion	\$ 40.0 billion	70,990
% of line of business	52.3 %	53.4 %	N/A	56.4 %
<u>Beverage Bottling¹</u>				
	24,084	\$ 0.7 billion	\$ 13.3 billion	2,853
% of line of business	7.5 %	7.3 %	N/A	6.2 %

¹ Franchising is more important to Beverage Bottling than can be shown in the “% line of business” row because government statistics for this line of business include activities other than beverage bottling, such as ice manufacturing, breweries, wineries, and distilleries.

- Product distribution franchising is economically significant in three lines of business.
- Automotive and Truck Dealers provide more jobs, meet a greater payroll, and generate more output than any other single line of business; Gasoline Service Stations operate more establishments.

Data pertain to 2005