

The Profile of Franchising

Volume III: A Statistical Abstract of
1998 UFOC Data

Prepared By:

FRANDATA Corporation
Washington, DC

In conjunction with:

IFA Educational
Foundation, Inc.
Washington, DC



Release Date: February 2000

IFA Educational Foundation, Inc.
1350 New York Ave., NW, Suite 900
Washington, DC 20005,
(202) 628-0812

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9.1 Franchise Population by Availability of Franchisor Sponsored Financing

Description

Pie Chart: Chart 9.1 depicts the availability of franchisor-sponsored financing, in relation to the Franchise Population. The slices of the pie chart represent how many franchisors either offer (32%) or do not offer (68%) some form of franchisor sponsored financing.

Bar Graph: The bar graph breaks down the number of franchisors offering some form of franchisor sponsored financing, in relation to each system's industry category. Each bar depicts the total number of franchise systems within each industry category, and whether or not franchisor sponsored financing is available.

Methodology

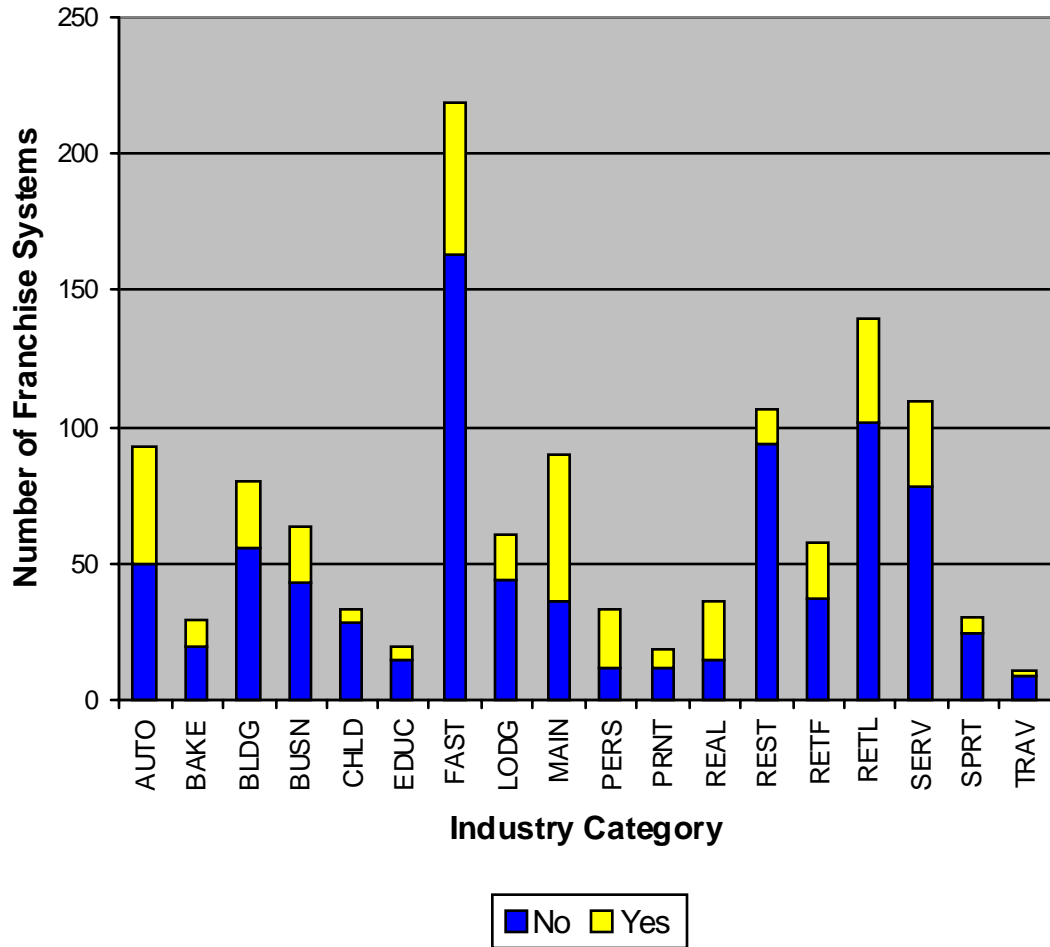
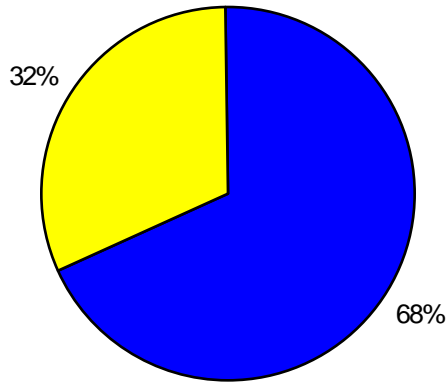
The data for this chart was compiled from Item 10 of the UFOC. For purposes of this study, franchisor and affiliate-sponsored financing were combined under the "franchisor-sponsored financing" title. FRANDATA's internal database tracks: (1) whether the financing program is standard (all franchisees can apply), or special (e.g., minority financing); (2) the sources of the financing (Franchisor, Affiliate, or Third Party); (3) the type of financing offered (e.g., initial investment, or equipment); and, (4) details related to the financing provisions (additional information pertaining to the scope and terms of the loan).

Selected Findings

- 1) 32% of the Franchise Population offer franchisor sponsored financing.
- 2) The 33 systems in the Personnel Industry (PERS) offer the highest percentage (64%) of systems with franchisor sponsored financing programs.
- 3) The Restaurant Industry (REST) offers the lowest percentage (11%) of systems with franchisor-sponsored financing programs.

9.1 Franchise Population by Availability of Franchisor Sponsored Financing

1998



9.1 Franchise Population by Availability of Franchisor Sponsored Financing

	No	Yes	Total
AUTO	50	43	93
BAKE	19	10	29
BLDG	56	24	80
BUSN	43	21	64
CHLD	28	5	33
EDUC	15	4	19
FAST	163	56	219
LODG	44	16	60
MAIN	36	54	90
PERS	12	21	33
PRNT	12	6	18
REAL	15	21	36
REST	94	12	106
RETF	37	20	57
RETL	101	38	139
SERV	78	31	109
SPRT	24	6	30
TRAV	9	2	11
Total	836	390	1226

	No	Yes	Total
AUTO	54%	46%	100%
BAKE	66%	34%	100%
BLDG	70%	30%	100%
BUSN	67%	33%	100%
CHLD	85%	15%	100%
EDUC	79%	21%	100%
FAST	74%	26%	100%
LODG	73%	27%	100%
MAIN	40%	60%	100%
PERS	36%	64%	100%
PRNT	67%	33%	100%
REAL	42%	58%	100%
REST	89%	11%	100%
RETF	65%	35%	100%
RETL	73%	27%	100%
SERV	72%	28%	100%
SPRT	80%	20%	100%
TRAV	82%	18%	100%
Total	68%	32%	100%

9.1 Franchise Population by Availability of Franchisor Sponsored Financing

1997

	No	Yes	Total
AUTO	53	48	101
BAKE	27	8	35
BLDG	37	34	71
BUSN	36	21	57
CHLD	27	3	30
EDUC	11	7	18
FAST	158	56	214
LODG	24	27	51
MAIN	26	48	74
PERS	12	23	35
PRNT	5	11	16
REAL	17	18	35
REST	71	19	90
RETF	40	18	58
RETL	86	48	134
SERV	72	38	110
SPRT	27	8	35
TRAV	11	3	14
Total	740	438	1178

	No	Yes	Total
AUTO	52%	48%	100%
BAKE	77%	23%	100%
BLDG	52%	48%	100%
BUSN	63%	37%	100%
CHLD	90%	10%	100%
EDUC	61%	39%	100%
FAST	74%	26%	100%
LODG	47%	53%	100%
MAIN	35%	65%	100%
PERS	34%	66%	100%
PRNT	31%	69%	100%
REAL	49%	51%	100%
REST	79%	21%	100%
RETF	69%	31%	100%
RETL	64%	36%	100%
SERV	65%	35%	100%
SPRT	77%	23%	100%
TRAV	79%	21%	100%
Total	63%	37%	100%

9.1 Franchise Population by Availability of Franchisor Sponsored Financing

Description

Bar graph: The bar graph on the opposite page depicts the percentage change in franchise population from 1997 to 1998 by industry category. The chart found below contains the source data from which the graph was created.

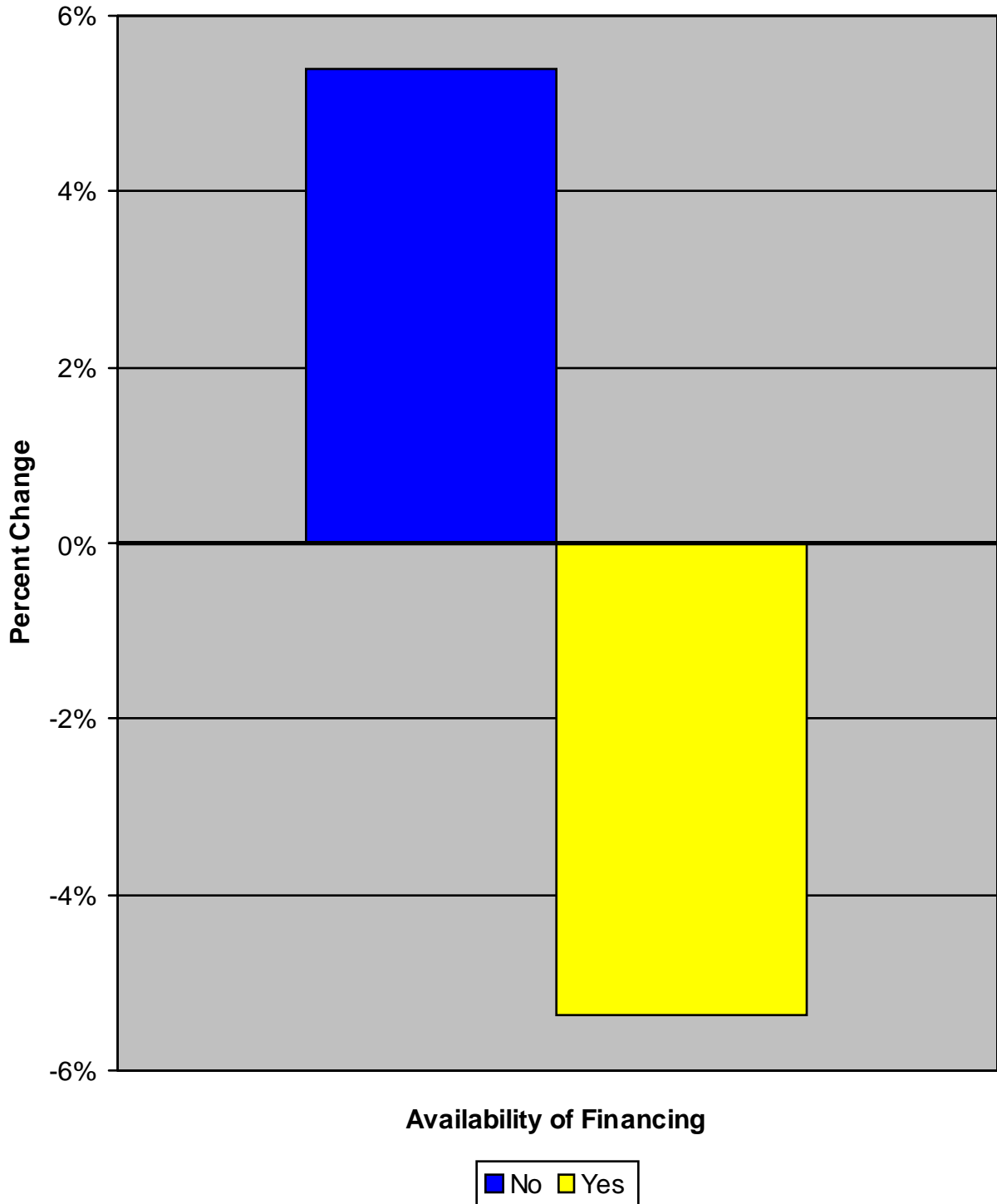
Positive percentages under "yes" represent an increase in the number of systems offering franchisor sponsored financing in 1998. Conversely, negative percentages under "yes" represent a decrease in the number of systems offering franchisor sponsored financing in 1998. Data is presented by the 18 Industry Categories and by the total Franchise Population (delineated in the "Total" category).

	No	Yes	Total
AUTO	1%	-1%	0%
BAKE	-12%	12%	0%
BLDG	18%	-18%	0%
BUSN	4%	-4%	0%
CHLD	-5%	5%	0%
EDUC	18%	-18%	0%
FAST	1%	-1%	0%
LODG	26%	-26%	0%
MAIN	5%	-5%	0%
PERS	2%	-2%	0%
PRNT	35%	-35%	0%
REAL	-7%	7%	0%
REST	10%	-10%	0%
RETF	-4%	4%	0%
RETL	8%	-8%	0%
SERV	6%	-6%	0%
SPRT	3%	-3%	0%
TRAV	3%	-3%	0%
Total	5%	-5%	0%

In reviewing this data, it is important to understand that the Franchise Population from which the data was drawn in Volume III of the **Profile** is not identical to the Franchise Population which was used to collect data for Volume II of the **Profile** (see Chapter V and Appendix B). In fact, only 75% of the systems in Volume III of **Profile** were also in Volume II of the **Profile**. Therefore, large fluctuations in variances may be directly attributable to a change in population within a particular industry group, rather than to any real change in that industry. Please use caution when drawing conclusions from these results.

9.1
Franchise Population by Availability of
Franchisor Sponsored Financing

Change 97/98



9.2 Franchise Population by Availability Of Third Party Financing

Description

Pie Chart: Chart 9.2 depicts the availability of third party sponsored financing in relation to the Franchise Population. One slice of the pie chart represents the percentage of the Franchise Population offering some form of third party sponsored financing, and the other slice represents those systems not offering a third party sponsored finance program.

Bar Graph: The bar graph breaks down the number of franchisors offering some form of third party sponsored financing, in relation to each system's industry category. Each bar depicts the total number of franchise systems within each industry category, and whether or not third party sponsored financing is available.

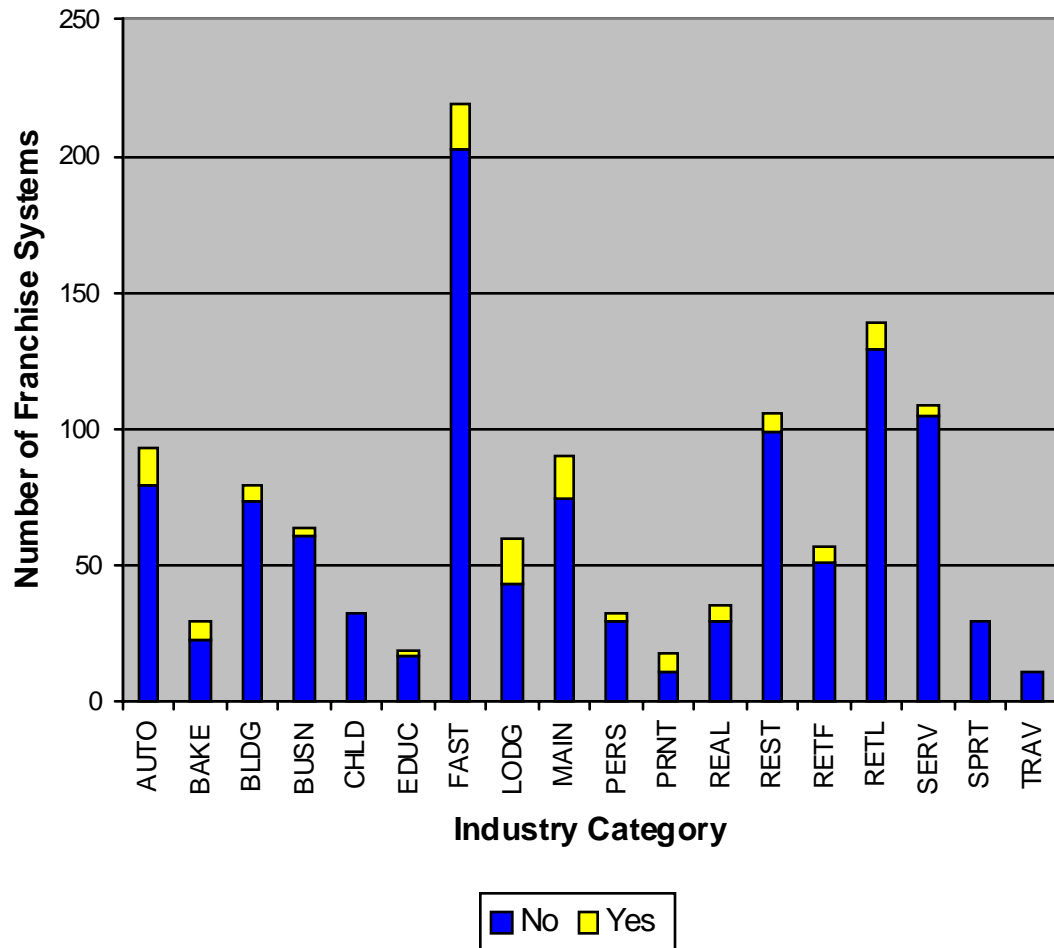
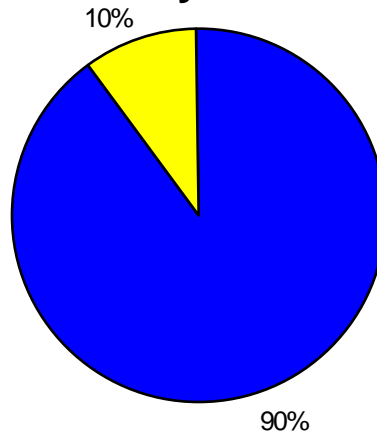
Methodology

The data for this chart was compiled from Item 10 of the UFOC. For purposes of this study, third party financing is defined as any finance programs not offered by the franchisor or an affiliate of the franchisor. FRANDATA's internal database tracks: (1) whether the financing program is standard (all franchisees can apply), or special (e.g., minority financing); (2) the sources of the financing (Franchisor, Affiliate, or Third Party); (3) the type of financing offered (e.g., initial investment, or equipment); and, (4) details related to the financing provisions (a notes section for additional information pertaining to the scope and terms of the loan).

Selected Findings

- 1) 90% of the Franchise Population does not offer third party sponsored financing programs.
- 2) The Printing Industry (PRNT) offers the highest percentage 39% of systems with third party sponsored financing programs and the Lodging Industry (LODG) is a close second, 28%.
- 3) No systems in the Child Related, Sports & Recreation, and Travel Industries (CHLD, SPRT, TRAV) offer third party sponsored financing programs.

9.2 Franchise Population by Availability of Third Party Financing



9.2

Franchise Population by Availability of Third Party Financing

	No	Yes	Total
AUTO	80	13	93
BAKE	23	6	29
BLDG	74	6	80
BUSN	61	3	64
CHLD	33	0	33
EDUC	17	2	19
FAST	202	17	219
LODG	43	17	60
MAIN	75	15	90
PERS	30	3	33
PRNT	11	7	18
REAL	30	6	36
REST	99	7	106
RETF	51	6	57
RETL	129	10	139
SERV	105	4	109
SPRT	30	0	30
TRAV	11	0	11
Total	1104	122	1226

	No	Yes	Total
AUTO	86%	14%	100%
BAKE	79%	21%	100%
BLDG	93%	8%	100%
BUSN	95%	5%	100%
CHLD	100%	0%	100%
EDUC	89%	11%	100%
FAST	92%	8%	100%
LODG	72%	28%	100%
MAIN	83%	17%	100%
PERS	91%	9%	100%
PRNT	61%	39%	100%
REAL	83%	17%	100%
REST	93%	7%	100%
RETF	89%	11%	100%
RETL	93%	7%	100%
SERV	96%	4%	100%
SPRT	100%	0%	100%
TRAV	100%	0%	100%
Total	90%	10%	100%

9.2

Franchise Population by Availability of Third Party Financing

1997

	No	Yes	Total
AUTO	90	11	101
BAKE	30	5	35
BLDG	65	6	71
BUSN	52	5	57
CHLD	30	0	30
EDUC	15	3	18
FAST	199	15	214
LODG	30	21	51
MAIN	67	7	74
PERS	29	6	35
PRNT	10	6	16
REAL	34	1	35
REST	81	9	90
RETF	51	7	58
RETL	124	10	134
SERV	106	4	110
SPRT	35	0	35
TRAV	14	0	14
Total	1062	116	1178

	No	Yes	Total
AUTO	89%	11%	100%
BAKE	86%	14%	100%
BLDG	92%	8%	100%
BUSN	91%	9%	100%
CHLD	100%	0%	100%
EDUC	83%	17%	100%
FAST	93%	7%	100%
LODG	59%	41%	100%
MAIN	91%	9%	100%
PERS	83%	17%	100%
PRNT	63%	38%	100%
REAL	97%	3%	100%
REST	90%	10%	100%
RETF	88%	12%	100%
RETL	93%	7%	100%
SERV	96%	4%	100%
SPRT	100%	0%	100%
TRAV	100%	0%	100%
Total	90%	10%	100%

9.2

Franchise Population by Availability of Third Party Financing

Description

Bar graph: The bar graph on the opposite page depicts the percentage change in franchise population from 1997 to 1998 by industry category. The chart found below contains the source data from which the graph was created.

Positive percentages under "yes" represent an increase in the number of systems offering third party financing in 1998. Conversely, negative percentages under "yes" represent a decrease in the number of systems offering third party financing in 1998. Data is presented by the 18 Industry Categories and by the total Franchise Population (delineated in the "Total" category).

	No	Yes	Total
AUTO	-3%	3%	0%
BAKE	-6%	6%	0%
BLDG	1%	-1%	0%
BUSN	4%	-4%	0%
CHLD	0%	0%	0%
EDUC	6%	-6%	0%
FAST	-1%	1%	0%
LODG	13%	-13%	0%
MAIN	-7%	7%	0%
PERS	8%	-8%	0%
PRNT	-1%	1%	0%
REAL	-14%	14%	0%
REST	3%	-3%	0%
RETF	2%	-2%	0%
RETL	0%	0%	0%
SERV	0%	0%	0%
SPRT	0%	0%	0%
TRAV	0%	0%	0%
Total	0%	0%	0%

In reviewing this data, it is important to understand that the Franchise Population from which the data was drawn in Volume III of the **Profile** is not identical to the Franchise Population which was used to collect data for Volume II of the **Profile** (see Chapter V and Appendix B). In fact, only 75% of the systems in Volume III of **Profile** were also in Volume II of the **Profile**. Therefore, large fluctuations in variances may be directly attributable to a change in population within a particular industry group, rather than to any real change in that industry. Please use caution when drawing conclusions from these results.

9.2 Franchise Population by Availability of Third Party Financing

