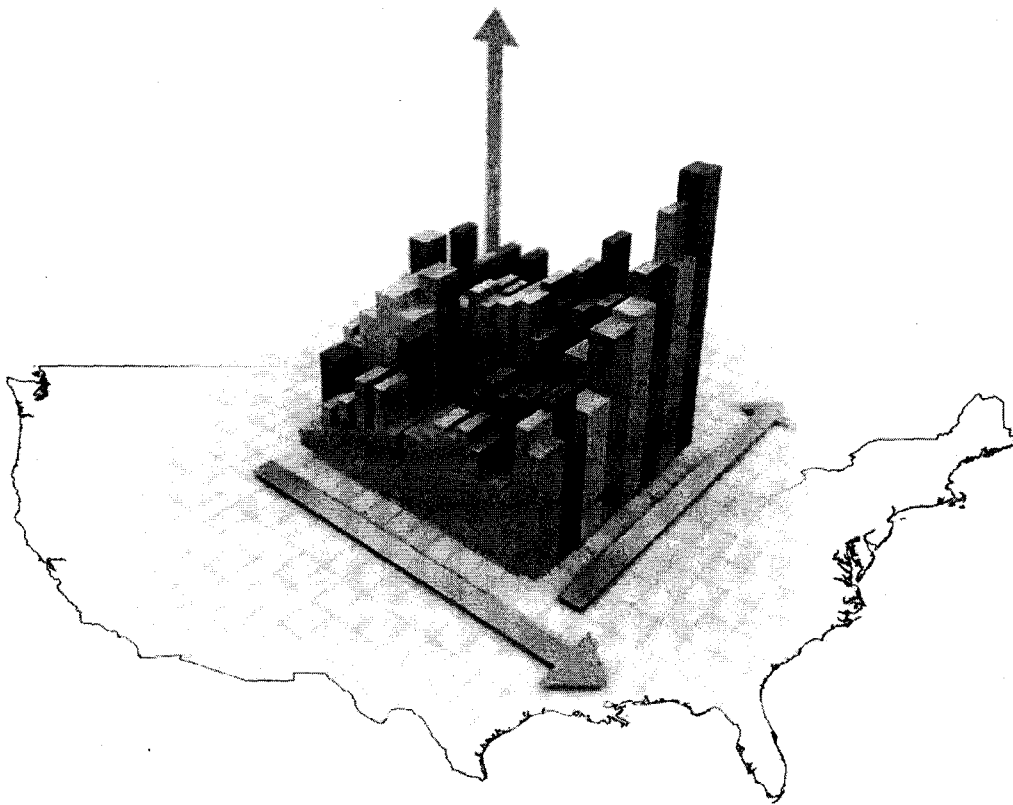


ECONOMIC IMPACT OF FRANCHISED BUSINESSES

VOLUME 2

EXECUTIVE SUMMARY & HIGHLIGHTS



FRANCHISING... BUILDING LOCAL BUSINESSES, ONE OPPORTUNITY AT A TIME



IFA 
INTERNATIONAL FRANCHISE ASSOCIATION

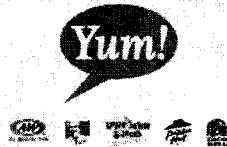
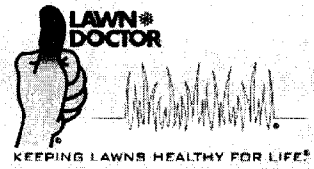
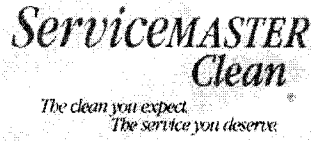
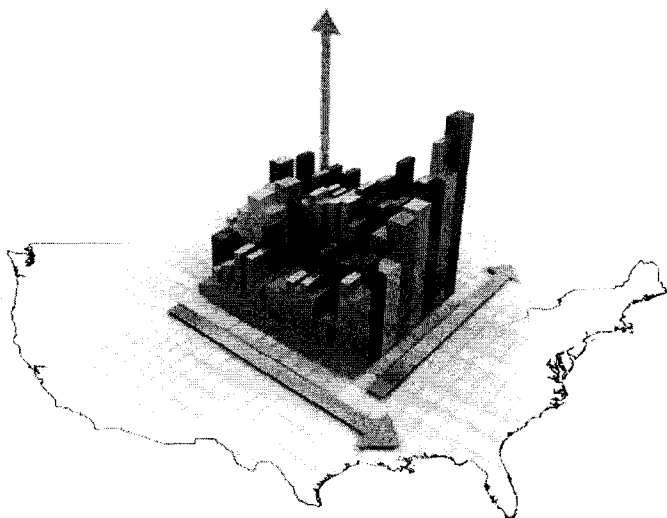


TABLE OF CONTENTS

PRESIDENT'S LETTER	2
PREFACE & ACKNOWLEDGMENTS	3
EXECUTIVE SUMMARY	4
METHODOLOGY	20
ABOUT THE INTERNATIONAL FRANCHISE ASSOCIATION	21
ABOUT THE IFA EDUCATIONAL FOUNDATION	21
ABOUT FRANCHISING	21
INDUSTRY CATEGORIES	22



TABLES AND CHARTS

ECONOMIC OUTPUT // PERCENT OF PRIVATE SECTOR ECONOMY // DIRECT	4
EMPLOYMENT // PERCENT OF PRIVATE SECTOR ECONOMY // DIRECT	4
DIRECT AND TOTAL CONTRIBUTIONS OF FRANCHISED BUSINESSES TO THE U.S. ECONOMY // 2005	4
DIRECT EMPLOYMENT // BY ECONOMIC SECTOR // 2005	5
DIRECT AND TOTAL CONTRIBUTIONS TO THE U.S. ECONOMY // 2001-2005	6
DIRECT ECONOMIC IMPACT OF FRANCHISED BUSINESSES COMPARED TO ALL BUSINESSES // 2001-2005	7
ECONOMIC OUTPUT // PERCENT OF PRIVATE SECTOR ECONOMY // TOTAL	8
EMPLOYMENT // PERCENT OF PRIVATE SECTOR ECONOMY // TOTAL	9
JOBS // DIRECT IMPACT OF FRANCHISED BUSINESSES	9
OUTPUT // DIRECT IMPACT OF FRANCHISED BUSINESSES	9
ESTABLISHMENTS // DIRECT IMPACT OF FRANCHISED BUSINESSES	9
BUSINESS FORMAT FRANCHISES AND PRODUCT DISTRIBUTION FRANCHISES // DIRECT AND TOTAL CONTRIBUTIONS // 2001-2005	10
DIRECT IMPACTS OF FRANCHISED BUSINESSES // BY LINE OF BUSINESS // 2005	11
DIRECT CONTRIBUTIONS OF BUSINESS FORMAT FRANCHISES // BY LINE OF BUSINESS	12
DIRECT CONTRIBUTIONS OF PRODUCT DISTRIBUTION FRANCHISES // BY LINE OF BUSINESS	15
BUSINESS FORMAT FRANCHISES // BY LINE OF BUSINESS	16
PAYROLL // BUSINESS FORMAT FRANCHISES // BY LINE OF BUSINESS	16
OUTPUT // BUSINESS FORMAT FRANCHISES // BY LINE OF BUSINESS	16
ESTABLISHMENTS // BUSINESS FORMAT FRANCHISES // BY LINE OF BUSINESS	16
DIRECT AND TOTAL CONTRIBUTIONS OF FRANCHISED BUSINESSES BY STATE // ESTABLISHMENTS, JOBS, PAYROLL AND ECONOMIC OUTPUT	18

PRESIDENT'S LETTER

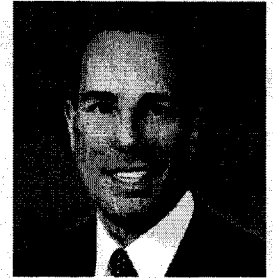
I am very pleased to present you with the Executive Summary of *Volume 2 of the Economic Impact of Franchised Businesses*. This report, which was prepared by PricewaterhouseCoopers, documents the important role the franchising industry continues to play in the U.S. economy.

In February of 2004, the International Franchise Association Educational Foundation released *Volume 1* of the report which documented the economic impact of franchising for the year 2001. This unprecedented study illustrated the enormous role franchising plays in the U.S. economy. *Volume 2* updates the results of that study for the year 2005.

In 2005, more than 900,000 franchised establishments generated over \$880 billion of direct economic output, or over 4.4 percent of the private sector economy in the United States. The franchising industry provided jobs for more than 11 million American workers, or just over 8 percent of all U.S. private sector employment. Including the additional economic activity that occurs outside of franchised businesses because of franchising activities, the overall economic contribution of franchised businesses was \$2.3 trillion in 2005, or 11 percent of the U.S. economy. These economic activities provided more than 20 million jobs for American workers, over 15 percent of all U.S. private sector employment.

From 2001 to 2005, the franchising sector of the economy grew at a faster pace than many other sectors of the economy. Franchising now provides more jobs than many other sectors of the U.S. economy. For example, franchising provides more jobs than the durable goods manufacturing sector or the financial activities sector of the economy.

The franchising sector expanded by over 18 percent from 2001 to 2005, adding more than 140,000 new establishments, and creating more than 1.2 million new jobs. Direct economic output increased by more than 40 percent from 2001 to 2005, from \$624.6 billion to \$880.9 billion. Including the impact of additional economic activity that occurs outside of franchised businesses because of franchising activities, the franchising industry added nearly 3 million jobs and over \$780 billion of economic output to the U.S. economy.



MATTHEW R. SHAY

As you can see in this booklet, in every line of business, and in every state, franchising is a major source of jobs and a critical engine of economic growth. Much more detailed information can be found in the full 600-plus page report, published on the IFA website at www.franchise.org.

The International Franchise Association is proud to represent the thousands of franchisors, franchisees, and suppliers that make up the franchising industry, and that every day are providing the products and services to millions of our loyal customers — from around the corner to around the world.

Sincerely,

Matthew R. Shay

President // International Franchise Association



FRANCHISING... BUILDING LOCAL BUSINESSES,
ONE OPPORTUNITY AT A TIME

PREFACE & ACKNOWLEDGEMENTS

This Executive Summary provides highlights of the full report, *The Economic Impact of Franchised Businesses, Volume 2*, prepared by PricewaterhouseCoopers (PwC), for the IFA Educational Foundation. The full 600-plus page report provides much more detail on the findings presented in this Executive Summary, including more than 550 tables and charts, and a section on the methodology and databases used to produce the report. The full report can be found on the IFA website at www.franchise.org.

In February of 2004, PricewaterhouseCoopers (PwC) released *Volume 1* of *The Economic Impact of Franchised Businesses*, which provided measures of the total economic impact of franchised businesses in the United States using data for the year 2001. The report, the first of its kind, found that franchised businesses generate a significant amount of economic activity in the United States and that they stimulate still more economic activity in non-franchised businesses.

The purpose of *Volume 2* is to provide updated measures of the total economic impacts of franchised businesses for the year 2005 (the latest year for which data are available). The estimates provided in the report pertain to the U.S. economy, with breakouts for the 50 states and the District of Columbia, and Congressional Districts.

The report measures economic activity in franchised businesses — the number of establishments,

employment, payroll, and the value of economic output. The report also measures economic activity because of franchised businesses. The economic impact of franchising goes beyond activities inside franchised businesses, because their purchases of products and services and the personal purchases of their owners and workers contribute to the overall economy.

The report provides estimates for two major categories of franchised businesses — Business Format Franchises and Product Distribution Franchises. The report also provides estimates for major lines of business within these two categories. The report provides breakouts for the portion of establishments, jobs, payroll and economic output that is due to franchisee-owned businesses and due to franchisor-owned businesses.

The franchising sector of the economy expanded by over 18 percent from 2001 to 2005, and this report shows the growth in establishments, jobs, payroll and overall economic output.

On behalf of the International Franchise Association and the IFA Educational Foundation we offer our sincere appreciation to the team of economists and researchers at PricewaterhouseCoopers for this comprehensive report on the major role franchising plays in the U.S. economy.

John R. Reynolds
President // IFA Educational Foundation

EXECUTIVE SUMMARY

WHAT HAPPENS IN FRANCHISED BUSINESSES

Franchised businesses operated 909,253 establishments in the United States in 2005, counting both establishments owned by franchisees and establishments owned by franchisors. These establishments amounted to 3.3 percent of all business establishments in the United States. Franchised businesses provided 11.0 million jobs, met a \$278.6 billion payroll, and produced \$880.9 billion of output.

Franchised businesses accounted for 8.1 percent of all private sector jobs, 5.3 percent of all private-sector payroll, and 4.4 percent of all private sector economic output in 2005.

PERCENT OF PRIVATE SECTOR ECONOMY // DIRECT ECONOMIC OUTPUT

Franchised Businesses
\$880.9 BILLION
4.4% of U.S. economic output

PERCENT OF PRIVATE SECTOR ECONOMY // DIRECT EMPLOYMENT

Franchised Businesses
11 MILLION JOBS
8.1% of all U.S. private sector jobs

DIRECT AND TOTAL CONTRIBUTIONS OF FRANCHISED BUSINESSES TO THE U.S. ECONOMY // 2005

	In Franchised Businesses // Direct	Percent of Private Sector Economy // Direct	Because of Franchised Businesses // Total	Percent of Private Sector Economy // Total
JOB	11,029,206	8.1%	20,974,636	15.3%
PAYROLL (\$ billions)	\$278.6	5.3%	\$660.9	12.5%
OUTPUT (\$ billions)	\$880.9	4.4%	\$2,306.8	11.4%
ESTABLISHMENTS	909,253	3.3%	NA	NA

EXECUTIVE SUMMARY

To indicate economic size in a different way, franchised businesses provided more jobs in 2005 than all manufacturers of durable goods, such as computers, cars, trucks, planes, communications equipment, primary metals, wood products, and instruments.

DIRECT EMPLOYMENT // BY ECONOMIC SECTOR // 2005

Economic Sector	Jobs
Franchised businesses	11,029,000
Durable goods manufacturing	8,955,000
Financial activities	8,153,000
Construction	7,336,000
Nondurable goods manufacturing	5,272,000
Information	3,061,000

DIRECT EMPLOYMENT // BY ECONOMIC SECTOR // 2005

Franchised businesses

Durable goods manufacturing

Financial activities

Construction

Nondurable goods manufacturing

Information

0 2 4 6 8 10

EXECUTIVE SUMMARY

These numbers illustrate significant growth since 2001. Overall, the number of franchised establishments in the U.S. grew at an average annual rate of 4.3 percent between 2001 and 2005. The number of jobs in franchised businesses grew at an average annual rate of 3.0 percent over the same period. Payroll and output of franchised businesses grew at 5.0 percent and 9.0 percent per year, respectively, since 2001.



DIRECT AND TOTAL CONTRIBUTIONS TO THE U.S. ECONOMY // 2001 - 2005

	IN FRANCHISED BUSINESSES			
	2001	2005	Percent Change 2001 to 2005	Average Annual Growth
JOBS	9,797,117	11,029,206	12.6%	3.0%
PAYROLL (\$ billions)	\$229.1	\$278.6	21.6%	5.0%
OUTPUT (\$ billions)	\$624.6	\$880.9	41.0%	9.0%
ESTABLISHMENTS	767,483	909,253	18.5%	4.3%

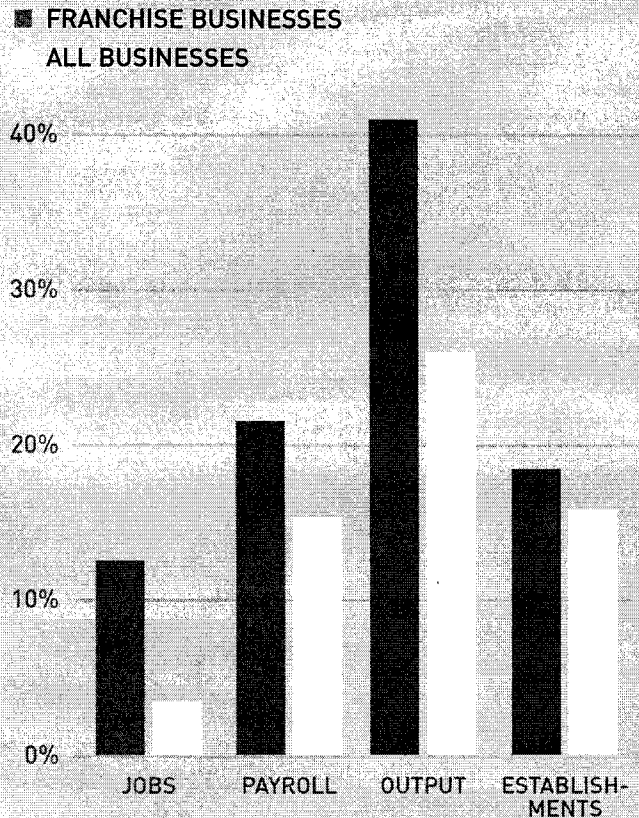
	BECAUSE OF FRANCHISED BUSINESSES			
	2001	2005	Percent Change 2001 to 2005	Average Annual Growth
JOBS	18,121,595	20,974,636	15.7%	3.7%
PAYROLL (\$ billions)	\$506.6	\$660.9	30.5%	6.9%
OUTPUT (\$ billions)	\$1,525.3	\$2,306.8	51.2%	10.9%

FRANCHISED BUSINESS GROWTH COMPARED TO ALL BUSINESSES // 2001-2005

From 2001 to 2005, the franchising sector expanded at a faster pace than many other sectors of the U.S. economy. Direct economic output of franchised businesses grew by over 41%, from \$625 billion to \$881 billion, while economic output of all businesses grew by 26%, from \$16 trillion to \$20.1 trillion.

Employment generated by franchised businesses grew by 12.6%, from 9.79 million to 11 million, while employment generated by all businesses grew by 3.5%, from 132 million to 136.7 million. Payroll generated by franchised businesses grew 21.6% compared to 15.4% for all businesses. The number of franchised establishments grew by 18.5% compared to 15.9% for establishments created by all businesses.

DIRECT ECONOMIC IMPACT OF FRANCHISED BUSINESSES COMPARED TO ALL BUSINESSES
PERCENT CHANGE FROM 2001 TO 2005



DIRECT ECONOMIC IMPACT OF FRANCHISED BUSINESSES COMPARED TO ALL BUSINESSES

// 2001-2005

	2001		2005	
	Franchised Businesses	All Businesses	Franchised Businesses	All Businesses
JOBS	9,797,117	132,040,682	11,029,206	136,709,071
PAYROLL (\$ billions)	\$229	\$4,567	\$279	\$5,268
OUTPUT	\$625 billion	\$16 trillion	\$881 billion	\$20.1 trillion
ESTABLISHMENTS	767,483	24,074,800	909,253	27,891,770

EXECUTIVE SUMMARY

WHAT HAPPENS BECAUSE OF FRANCHISED BUSINESSES

The economic impact of franchising goes beyond activities inside franchised businesses, because their purchases of products and services and the personal purchases of their owners and workers contribute to the growth of non-franchised businesses. As a result of these spillover effects, the total impact of franchising was to provide 21.0 million jobs (15.3 percent of all private-sector jobs) and \$660.9 billion of payroll (12.5 percent of all private-sector payroll) in 2005. Output produced because of franchised businesses grew from \$1.5 trillion in 2001 to more than \$2.3 trillion in 2005; an average growth of 10.9 percent per year. In 2005, output produced because of franchised businesses accounted for 11.4 percent of all private-sector output.

PERCENT OF PRIVATE SECTOR ECONOMY // TOTAL ECONOMIC OUTPUT

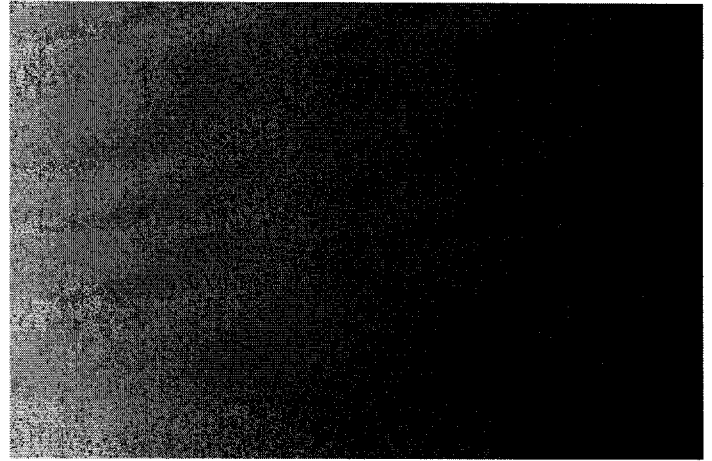
Total Contributions
\$2.3 TRILLION
11.4% of all private sector economic output

PERCENT OF PRIVATE SECTOR ECONOMY // TOTAL EMPLOYMENT

Total Contributions
21 MILLION JOBS
15.3% of all private sector jobs

PREVALENCE OF BUSINESS FORMAT FRANCHISING

Business format franchising was more prevalent than product distribution franchising in 2005, accounting for about 5.7 times as many establishments and nearly 4.5 times as many jobs. Business format franchises generated 2.9 times the payroll and nearly 3.1 times as much economic output as product distribution franchises. Franchisees owned most (73 percent) of the establishments that operated under a business format franchise.



DIRECT IMPACT OF FRANCHISED BUSINESSES JOBS

BUSINESS FORMAT	= 9,017,267
PRODUCT DISTRIBUTION	= 2,011,938
TOTAL	= 11,029,206

DIRECT IMPACT OF FRANCHISED BUSINESSES OUTPUT (\$ BILLIONS)

BUSINESS FORMAT	= \$665.3
PRODUCT DISTRIBUTION	= \$215.6
TOTAL	= \$880.9

DIRECT IMPACT OF FRANCHISED BUSINESSES ESTABLISHMENTS

BUSINESS FORMAT	= 773,436
PRODUCT DISTRIBUTION	= 135,817
TOTAL	= 909,253

EXECUTIVE SUMMARY

BUSINESS FORMAT FRANCHISES AND PRODUCT DISTRIBUTION FRANCHISES // DIRECT AND TOTAL CONTRIBUTIONS // 2001-2005

	2001	2005	Percent Change 2001 to 2005	Average Annual Growth
IN BUSINESS FORMAT FRANCHISES				
JOBS	7,787,454	9,017,267	15.8%	3.7%
PAYROLL (\$ billions)	\$162.9	\$206.9	27.0%	6.2%
OUTPUT (\$ billions)	\$460.0	\$665.3	44.6%	9.7%
ESTABLISHMENTS	622,272	773,436	24.3%	5.6%
BECAUSE OF BUSINESS FORMAT FRANCHISES				
JOBS	14,161,252	16,529,145	16.7%	3.9%
PAYROLL (\$ billions)	\$369.4	\$478.4	29.5%	6.7%
OUTPUT (\$ billions)	\$1,151.0	\$1,749.7	52.0%	11.0%
IN PRODUCT DISTRIBUTION FRANCHISES				
JOBS	2,009,663	2,011,938	0.1%	0.0%
PAYROLL (\$ billions)	\$66.2	\$71.7	8.4%	2.0%
OUTPUT (\$ billions)	\$164.6	\$215.6	31.0%	7.0%
ESTABLISHMENTS	145,211	135,817	-6.5%	-1.7%
BECAUSE OF PRODUCT DISTRIBUTION FRANCHISES				
JOBS	3,960,343	4,445,491	12.3%	2.9%
PAYROLL (\$ billions)	\$137.2	\$182.5	33.0%	7.4%
OUTPUT (\$ billions)	\$374.2	\$557.1	48.9%	10.5%

EXECUTIVE SUMMARY

DIRECT IMPACTS OF FRANCHISED BUSINESSES // BY LINE OF BUSINESS // 2005

	Jobs	Payroll (\$ billions)	Output (\$ billions)	Establishments
BUSINESS FORMAT FRANCHISING				
Automotive	175,858	\$5.2	\$25.3	35,616
Commercial & Residential Services	314,345	\$12.1	\$32.9	54,495
Quick Service Restaurants	3,153,207	\$34.2	\$152.1	167,578
Table/Full Service Restaurants	1,045,522	\$13.5	\$50.4	42,285
Food Retail	779,360	\$14.0	\$47.0	61,039
Lodging	569,604	\$12.3	\$48.0	30,014
Real Estate	155,359	\$6.0	\$26.3	33,900
Retail Product & Services	538,410	\$11.6	\$36.5	78,621
Business Services	1,347,750	\$60.9	\$150.7	193,063
Personal Services	937,853	\$37.1	\$96.1	76,824
TOTAL	9,017,267	\$206.9	\$665.3	773,436
PRODUCT DISTRIBUTION FRANCHISING				
Automobile & Truck Dealers	1,507,616	\$63.2	\$162.3	61,974
Gasoline Service Stations	480,239	\$7.9	\$40.0	70,990
Beverage Bottling	24,084	\$0.7	\$13.3	2,853
TOTAL	2,011,938	\$71.7	\$215.6	135,817
ALL FRANCHISED BUSINESSES				
TOTAL	11,029,206	\$278.6	\$880.9	909,253

EXECUTIVE SUMMARY

DIRECT CONTRIBUTIONS OF BUSINESS FORMAT FRANCHISES // BY LINE OF BUSINESS

	2001	2005	Percent Change 2001 to 2005	Average Annual Growth
AUTOMOTIVE				
JOB	148,397	175,858	18.5%	4.3%
PAYROLL (\$ billions)	\$4.0	\$5.2	30.7%	6.9%
OUTPUT (\$ billions)	\$13.1	\$25.3	92.6%	17.8%
ESTABLISHMENTS	28,755	35,616	23.9%	5.5%
COMMERCIAL & RESIDENTIAL SERVICES				
JOB	244,143	314,345	28.8%	6.5%
PAYROLL (\$ billions)	\$8.3	\$12.1	45.1%	9.8%
OUTPUT (\$ billions)	\$17.8	\$32.9	84.5%	16.5%
ESTABLISHMENTS	38,744	54,495	40.7%	8.9%
QUICK SERVICE RESTAURANTS				
JOB	2,736,566	3,153,207	15.2%	3.6%
PAYROLL (\$ billions)	\$27.8	\$34.2	22.9%	5.3%
OUTPUT (\$ billions)	\$106.7	\$152.1	42.6%	9.3%
ESTABLISHMENTS	144,357	167,578	16.1%	3.8%
TABLE/FULL SERVICE RESTAURANTS				
JOB	954,681	1,045,522	9.5%	2.3%
PAYROLL (\$ billions)	\$11.3	\$13.5	19.3%	4.5%
OUTPUT (\$ billions)	\$37.2	\$50.4	35.5%	7.9%
ESTABLISHMENTS	38,961	42,285	8.5%	2.1%

EXECUTIVE SUMMARY

DIRECT CONTRIBUTIONS OF BUSINESS FORMAT FRANCHISES // BY LINE OF BUSINESS

	2001	2005	Percent Change 2001 to 2005	Average Annual Growth
FOOD RETAIL				
JOBS	597,311	779,360	30.5%	6.9%
PAYROLL (\$ billions)	\$9.9	\$14.0	42.6%	9.3%
OUTPUT (\$ billions)	\$23.9	\$47.0	96.8%	18.4%
ESTABLISHMENTS	45,539	61,039	34.0%	7.6%
LODGING				
JOBS	433,616	569,604	31.4%	7.1%
PAYROLL (\$ billions)	\$8.1	\$12.3	52.3%	11.1%
OUTPUT (\$ billions)	\$29.0	\$48.0	65.8%	13.5%
ESTABLISHMENTS	20,450	30,014	46.8%	10.1%
REAL ESTATE				
JOBS	148,771	155,359	4.4%	1.1%
PAYROLL (\$ billions)	\$4.7	\$6.0	25.9%	5.9%
OUTPUT (\$ billions)	\$29.2	\$26.3	-9.9%	-2.6%
ESTABLISHMENTS	29,365	33,900	15.4%	3.7%
RETAIL PRODUCTS & SERVICES				
JOBS	431,590	538,410	24.8%	5.7%
PAYROLL (\$ billions)	\$8.8	\$11.6	32.5%	7.3%
OUTPUT (\$ billions)	\$20.8	\$36.5	75.7%	15.1%
ESTABLISHMENTS	61,166	78,621	28.5%	6.5%

EXECUTIVE SUMMARY

DIRECT CONTRIBUTIONS OF BUSINESS FORMAT FRANCHISES // BY LINE OF BUSINESS

	2001	2005	Percent Change 2001 to 2005	Average Annual Growth
BUSINESS SERVICES				
JOB	1,338,586	1,347,750	0.7%	0.2%
PAYROLL (\$ billions)	\$53.8	\$60.9	13.2%	3.2%
OUTPUT (\$ billions)	\$119.8	\$150.7	25.8%	5.9%
ESTABLISHMENTS	160,108	193,063	20.6%	4.8%
PERSONAL SERVICES				
JOB	753,793	937,853	24.4%	5.6%
PAYROLL (\$ billions)	\$26.2	\$37.1	41.4%	9.1%
OUTPUT (\$ billions)	\$62.5	\$96.1	53.8%	11.4%
ESTABLISHMENTS	54,826	76,824	40.1%	8.8%

BUSINESS FORMAT FRANCHISING

Automotive. Includes motor vehicle parts and supply stores, tire dealers, automotive equipment rental and leasing, and automotive repair and maintenance

Commercial and Residential Services. Includes building, developing, and general contracting; heavy construction; special trade contractors; facilities support services; services to buildings and dwellings; and waste management and remediation services

Quick Service Restaurants. Includes limited-service eating places, cafeterias, fast-food restaurants, beverage bars, ice cream parlors, pizza delivery establishments, carryout sandwich shops, and carryout service shops with on-premises baking of donuts, cookies, and bagels

Table/Full Service Restaurants.

Retail Food. Includes food and beverage stores, convenience stores, food service contractors, caterers, and retail bakeries

Lodging. Includes hotels, motels, and other accommodations

Real Estate. Includes lessors of buildings, self-storage units, and other real estate; real estate agents and brokers; and property management and other related activities

Retail Products and Services. Includes furniture and home furnishings stores, electronics and appliance stores, building material and garden equipment and supplies dealers, health and personal care stores, clothing and general merchandise stores, florists and gift stores, consumer goods rentals, photographic services, and book and music stores

Business Services. Includes printing, business transportation, warehousing and storage, data processing services, insurance agencies and brokerages, office administrative services, employment services, investigation and security services, tax preparation and payroll services, and heavy equipment leasing

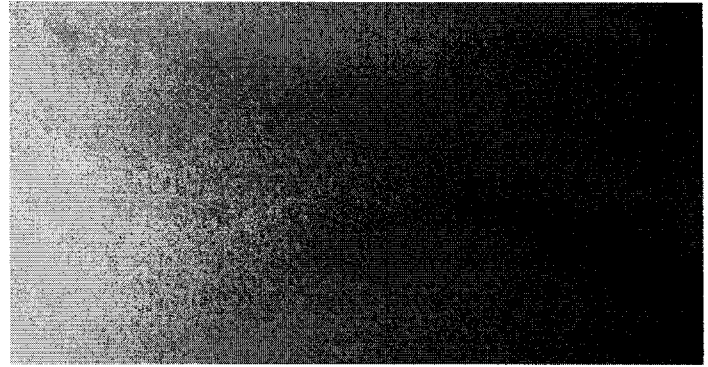
Personal Services. Includes educational services, health care, entertainment and recreation, personal and laundry services, veterinary services, loan brokers, credit intermediation and related activities, and personal transportation

PRODUCT DISTRIBUTION FRANCHISING

Automotive and Truck Dealers.

Gasoline Service Stations.

Beverage Bottling. Includes soft drink and bottled water manufacturing, beer and ale wholesalers, and beer, wine, and liquor stores



DIRECT CONTRIBUTIONS OF PRODUCT DISTRIBUTION FRANCHISES // BY LINE OF BUSINESS

	2001	2005	Percent Change 2001 to 2005	Average Annual Growth
AUTOMOBILE & TRUCK DEALERS				
JOB	1,458,906	1,507,616	3.3%	0.8%
PAYROLL (\$ billions)	\$57.6	\$63.2	9.6%	2.3%
OUTPUT (\$ billions)	\$115.2	\$162.3	40.9%	9.0%
ESTABLISHMENTS	60,263	61,974	2.8%	0.7%
GASOLINE SERVICE STATIONS				
JOB	528,682	480,239	-9.2%	-2.4%
PAYROLL (\$ billions)	\$7.9	\$7.9	-0.4%	-0.1%
OUTPUT (\$ billions)	\$41.7	\$40.0	-4.2%	-1.1%
ESTABLISHMENTS	82,353	70,990	-13.8%	-3.6%
BEVERAGE BOTTLERS				
JOB	22,075	24,084	9.1%	2.2%
PAYROLL (\$ billions)	\$0.7	\$0.7	6.4%	1.6%
OUTPUT (\$ billions)	\$7.7	\$13.3	72.4%	14.6%
ESTABLISHMENTS	2,595	2,853	10.0%	2.4%

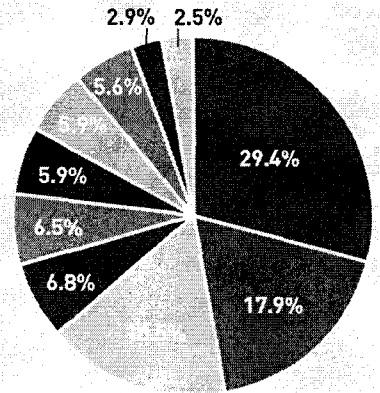
EXECUTIVE SUMMARY

Among business format franchises, Business Services had more establishments and generated a greater portion of payrolls than other business categories. Quick service restaurants provided more jobs (35%) and generated more economic output (22.9%) than other business categories. Business Services and Personal Services were next in terms of economic output, with 22.7% and 14.4% respectively.

Among product distribution franchises, Automotive and Truck Dealers provided the most jobs and the greatest payroll.

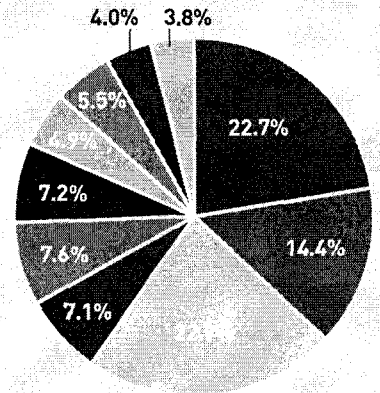
BUSINESS FORMAT FRANCHISES // BY LINE OF BUSINESS

PAYROLL



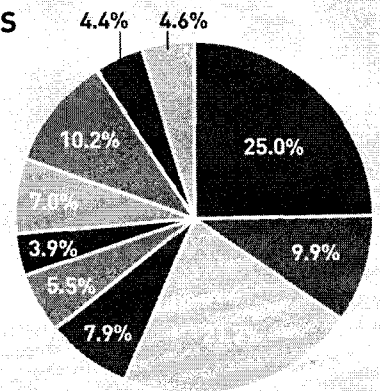
BUSINESS FORMAT FRANCHISES // BY LINE OF BUSINESS

OUTPUT



BUSINESS FORMAT FRANCHISES // BY LINE OF BUSINESS

ESTABLISHMENTS



BUSINESS FORMAT FRANCHISES // BY LINE OF BUSINESS			
	Payroll	Output	Establishments
BUSINESS SERVICES	29.4%	22.7%	25%
PERSONAL SERVICES	17.9%	14.4%	9.9%
QUICK SERVICE RESTAURANTS	16.5%	22.9%	21.7%
FOOD RETAIL	6.8%	7.1%	7.9%
TABLE/FULL SERVICE RESTAURANTS	6.5%	7.6%	5.5%
LODGING	5.9%	7.2%	3.9%
COMMERCIAL & RESIDENTIAL SERVICES	5.9%	4.9%	7%
RETAIL PRODUCTS & SERVICES	5.6%	5.5%	10.2%
REAL ESTATE	2.9%	4%	4.4%
AUTOMOTIVE	2.5%	3.8%	4.6%

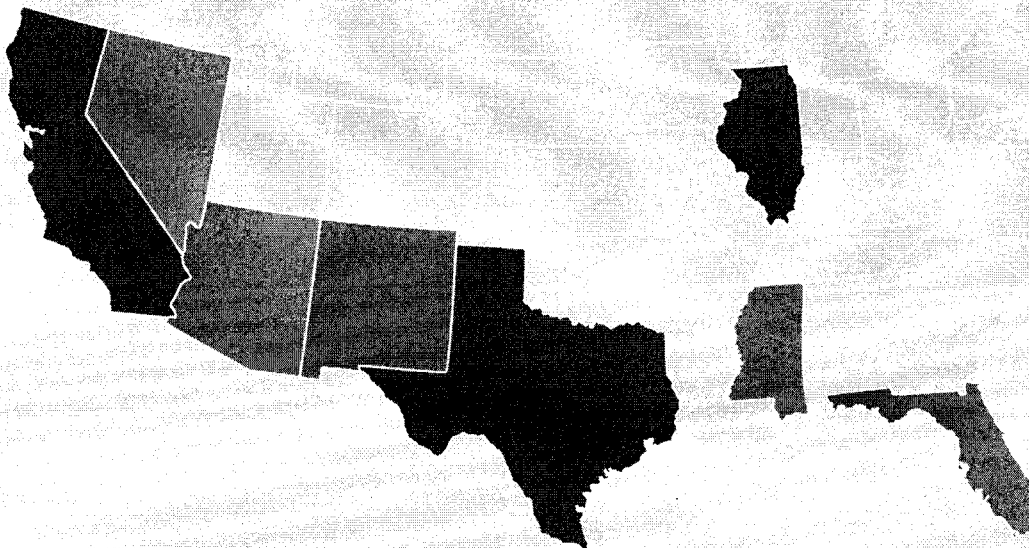
FRANCHISED BUSINESSES IN STATES AND CONGRESSIONAL DISTRICTS

Franchised businesses operate in all 50 States, the District of Columbia, and in every Congressional District. Below is a key for States with the greatest amount of economic activity due to franchised businesses.

- Jobs and payrolls in franchised businesses were greatest in California, Texas, Florida and Illinois.
- Relative to the size of the statewide economy, franchising had the greatest impact on jobs and payrolls in Nevada, New Mexico, Arizona, and Mississippi.
- Franchising accounted for the largest share of State payrolls in Nevada, Arizona, and Florida.

10%

FRANCHISING PROVIDES EMPLOYMENT FOR AT LEAST 10% OF A STATE'S PRIVATE SECTOR WORKFORCE IN EVERY STATE EXCEPT NEW YORK. THE AVERAGE PER STATE IS 15.3%.



EXECUTIVE SUMMARY

DIRECT AND TOTAL CONTRIBUTIONS OF FRANCHISED BUSINESSES BY STATE

// ESTABLISHMENTS, JOBS, PAYROLL AND ECONOMIC OUTPUT // 2005

State	Franchise Establishments	Franchising Jobs	Franchising Payroll (\$ millions)	Franchising Output (\$ millions)	Jobs Due to Franchising	Payroll Due to Franchising (\$ millions)	Output Due to Franchising (\$ millions)
Alabama	15,557	184,612	\$3,888.2	\$12,492.0	333,898	\$8,767.3	\$31,088.5
Alaska	1,576	17,428	\$512.7	\$1,461.8	33,221	\$1,162.9	\$3,782.2
Arizona	20,098	262,812	\$6,616.1	\$21,397.1	511,179	\$15,901.5	\$57,391.9
Arkansas	10,070	108,598	\$2,212.2	\$7,128.4	199,349	\$4,995.8	\$17,638.2
California	97,191	1,162,888	\$33,949.4	\$105,731.6	2,290,058	\$83,236.6	\$285,789.3
Colorado	18,135	197,294	\$5,272.9	\$16,080.1	381,830	\$12,824.8	\$43,676.1
Connecticut	9,451	110,555	\$3,628.7	\$11,218.8	212,366	\$8,656.8	\$29,314.6
Delaware	2,721	33,607	\$1,031.7	\$3,022.0	58,906	\$2,136.8	\$6,972.6
D.C.	1,293	21,660	\$688.3	\$2,281.1	37,371	\$1,510.2	\$5,263.6
Florida	61,649	728,200	\$18,091.9	\$56,159.3	1,486,306	\$45,992.6	\$160,442.2
Georgia	32,680	390,534	\$9,128.5	\$29,754.1	723,186	\$21,470.9	\$77,675.6
Hawaii	3,017	43,248	\$1,113.1	\$3,575.5	87,122	\$2,714.4	\$9,913.5
Idaho	4,915	50,715	\$1,098.2	\$3,437.5	98,274	\$2,570.8	\$8,856.3
Illinois	39,116	503,355	\$13,972.9	\$43,041.7	962,411	\$33,617.6	\$114,235.6
Indiana	19,608	265,339	\$5,802.3	\$18,169.0	485,393	\$13,195.7	\$45,287.7
Iowa	10,662	129,311	\$2,757.8	\$8,698.0	236,633	\$6,183.9	\$21,493.1
Kansas	9,991	119,739	\$2,608.6	\$8,218.6	221,646	\$5,970.7	\$20,920.6
Kentucky	14,286	176,272	\$3,541.7	\$11,836.4	309,311	\$7,676.8	\$28,039.9
Louisiana	13,760	172,763	\$3,531.6	\$12,283.2	322,648	\$8,158.1	\$31,164.2
Maine	3,934	43,286	\$1,066.5	\$3,463.7	85,205	\$2,482.8	\$8,758.8
Maryland	15,935	206,876	\$5,796.1	\$17,741.7	418,259	\$14,590.6	\$49,745.6
Massachusetts	15,768	199,909	\$5,928.1	\$18,517.1	388,054	\$14,647.6	\$49,285.1

DIRECT AND TOTAL CONTRIBUTIONS OF FRANCHISED BUSINESSES BY STATE

// ESTABLISHMENTS, JOBS, PAYROLL AND ECONOMIC OUTPUT // 2005

State	Franchise Establishments	Franchising Jobs	Franchising Payroll (\$ millions)	Franchising Output (\$ millions)	Jobs Due to Franchising	Payroll Due to Franchising (\$ millions)	Output Due to Franchising (\$ millions)
Michigan	28,139	328,908	\$8,291.3	\$26,005.0	610,298	\$19,197.3	\$65,425.4
Minnesota	17,952	227,244	\$6,007.7	\$18,208.9	433,487	\$14,308.8	\$47,788.4
Mississippi	10,279	123,203	\$2,356.7	\$8,010.4	221,048	\$5,224.4	\$19,333.6
Missouri	20,957	257,311	\$6,255.6	\$19,319.1	500,140	\$15,096.8	\$51,808.4
Montana	3,478	34,938	\$708.6	\$2,472.1	66,509	\$1,637.1	\$6,327.4
Nebraska	6,799	82,392	\$1,829.6	\$5,880.4	156,671	\$4,303.9	\$15,436.5
Nevada	8,184	141,002	\$4,077.2	\$13,088.4	267,971	\$9,373.7	\$33,790.9
New Hampshire	4,234	49,404	\$1,368.4	\$4,412.6	96,695	\$3,213.5	\$11,198.7
New Jersey	20,636	246,732	\$7,914.9	\$24,648.1	475,326	\$18,719.0	\$63,970.3
New Mexico	5,968	75,057	\$1,579.3	\$5,021.3	147,500	\$3,895.3	\$13,659.9
New York	40,579	432,387	\$12,581.3	\$40,346.6	842,500	\$31,378.5	\$111,307.7
North Carolina	28,693	349,019	\$8,026.2	\$26,118.1	640,196	\$17,946.9	\$64,055.4
North Dakota	2,348	28,206	\$588.3	\$1,935.0	52,598	\$1,321.0	\$4,817.3
Ohio	34,941	473,421	\$10,777.4	\$33,918.7	860,549	\$24,289.4	\$83,736.6
Oklahoma	12,660	146,685	\$3,014.1	\$9,453.9	275,794	\$7,129.0	\$24,800.8
Oregon	12,588	132,483	\$3,414.6	\$10,215.2	258,496	\$8,091.8	\$26,780.6
Pennsylvania	35,735	426,740	\$10,982.4	\$34,887.4	836,500	\$26,826.2	\$94,006.2
Rhode Island	3,077	35,860	\$870.2	\$2,779.3	64,269	\$1,896.2	\$6,616.4
South Carolina	15,063	181,813	\$3,794.7	\$12,318.3	328,298	\$8,416.8	\$30,120.4
South Dakota	3,204	36,997	\$779.6	\$2,465.6	69,674	\$1,815.5	\$6,314.3
Tennessee	21,562	270,085	\$6,388.5	\$20,941.0	510,050	\$15,078.1	\$54,278.6
Texas	71,219	861,548	\$21,250.5	\$68,785.6	1,585,513	\$48,757.3	\$176,235.3

EXECUTIVE SUMMARY

DIRECT AND TOTAL CONTRIBUTIONS OF FRANCHISED BUSINESSES BY STATE

// ESTABLISHMENTS, JOBS, PAYROLL AND ECONOMIC OUTPUT // 2005

State	Franchise Establishments	Franchising Jobs	Franchising Payroll (\$ millions)	Franchising Output (\$ millions)	Jobs Due to Franchising	Payroll Due to Franchising (\$ millions)	Output Due to Franchising (\$ millions)
Utah	7,669	94,352	\$2,106.0	\$6,986.2	183,350	\$4,991.6	\$18,262.1
Vermont	1,982	19,167	\$462.5	\$1,492.3	38,227	\$1,077.2	\$3,770.5
Virginia	26,028	336,901	\$8,595.6	\$26,807.6	627,460	\$20,235.9	\$69,454.1
Washington	18,741	203,194	\$5,399.4	\$16,896.4	378,611	\$12,394.4	\$42,774.3
West Virginia	5,595	66,610	\$1,219.2	\$4,353.8	116,882	\$2,613.8	\$10,150.9
Wisconsin	17,438	216,621	\$5,295.5	\$15,886.1	408,498	\$12,207.9	\$40,194.1
Wyoming	2,091	21,924	\$470.8	\$1,552.8	38,900	\$1,019.6	\$3,662.8
TOTAL U.S.	909,253	11,029,206	\$278,643.2	\$880,914.7	20,974,636	\$660,921.9	\$2,306,812.8

METHODOLOGY

The key economic measures in this study are: employment (jobs), payroll, output, and establishments. Total employment, payroll, and establishment values were obtained at the county level from two databases: County Business Patterns and Nonemployer Statistics. Output values were obtained from IMPLAN at the national and State levels and were differentiated by type of ownership. Data about franchising were obtained from two data sources: D&B MarketPlace DVD-ROM and a Survey of IFA members. The main databases used for the study contain information down to the county or county-like unit level within each state. How these databases were used, how franchise business categories were mapped to NAICS categories, and how county-level data was reported for use in the study is explained in a detailed methodology section in the full report.

ABOUT FRANCHISING

ABOUT THE INTERNATIONAL FRANCHISE ASSOCIATION

The International Franchise Association, the world's oldest and largest organization representing franchising, is the preeminent voice and acknowledged leader for the industry worldwide. Approaching a half-century of service with a growing membership of more than 1,300 franchise systems, 10,000-plus franchisees and more than 500 firms that supply goods and services to the industry, IFA protects, enhances and promotes franchising by advancing the values of integrity, respect, trust, commitment to excellence, honesty and diversity. For more information, visit the IFA website at www.franchise.org.

The terms "franchising" and "franchise" are often used interchangeably to mean a business, a type of business, or an industry. Strictly speaking, the "franchise" is the agreement or license between two parties which gives a person or group of people (the franchisee) the rights to market a product or service using the trademark and operating methods of another business (the franchisor). The franchisee has the obligation to pay the franchisor certain fees and royalties in exchange for these rights. In this sense, franchising is not a business or an industry, but it is a way of doing business.

This research study is focused on two types of franchises – product distribution franchises and business format franchises.

Product distribution franchises sell the franchisor's products and are supplier-dealer relationships. In general, the franchisor licenses the use of its trademark to the franchisee but may not in all cases provide the franchisee with a system for running its business.

Examples of product distribution franchises are soft drink distributors, automobile dealerships, and gas stations.

ABOUT THE IFA EDUCATIONAL FOUNDATION

The IFA Educational Foundation serves as the research and education arm of the International Franchise Association. The Foundation is a 501 (c) (3) non profit organization and donations are tax deductible. The Foundation conducts research to expand the knowledge and awareness of franchising's role in the economy; provides continuing education and professional development programs through the Institute of Certified Franchise Executives (ICFE), and works to increase opportunities for women and minorities in franchising through the IFA Diversity Institute.

Business format franchises not only sell the franchisor's product or service, with the franchisor's trademark, but operate the business according to a system provided by the franchisor. The franchisor provides training, marketing materials, and an operations manual to the franchisee. There are many examples of business format franchises, including – quick service restaurants, automotive services, lodging, real estate agents, convenience stores, and tax preparation services, to name a few. The International Franchise Association represents business format franchising.

The typical franchise company (franchisor) will have establishments that are operated by franchisees as well as establishments that are operated by corporate employees. Over three quarters of franchised establishments are owned by franchisees. The remainder are owned by the franchisor. In the study, figures for "franchised businesses" include franchisee-owned and franchisor-owned establishments.

For more information about franchising, please visit the IFA Web site at www.franchise.org.

INDUSTRY CATEGORIES

FRANCHISE OPPORTUNITIES // BY INDUSTRY CATEGORY

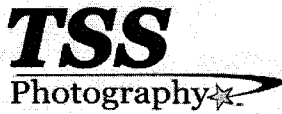
Accounting/Tax Services	Employment Services	Hotels & Motels	Publications
Advertising/Direct Mail	Environmental Services	Insurance	Real Estate Services
Assisted Living	Equipment Leasing & Financing	Janitorial Services	Recreation: Equipment & Supplies
Auto & Truck Rentals	Estate Planning	Jewelry	Recreation: Exercise/Sports/Entertainment/Products
Automotive Products and Services	Auction Consignment Event Planning	Laundry & Dry Cleaning	Recycling Products & Services
Batteries: Retail/Commercial	Financial Services	Lawn, Garden & Agricultural	Rental: Equipment & Supplies
Beverages	Fitness	Maid & Personal Services	Retail Stores: Specialty
Bookstores	Florist Shops	Maintenance, Cleaning & Sanitation	Security Systems
Business Brokers	Food: Baked Goods/Donuts/Pastries	Marine Services	Senior Care
Business Services	Food: Candy/Popcorn/Snacks	MedSpa	Senior Living Communities
Business Management Consulting	Food: Caribbean	Metal	Sign Products & Services
Check Cashing/Financial Service Centers	Food: Ice Cream/Yogurt	Online	Tanning Centers
Chemicals & Related Products	Food: Meal Preparation	Optical Aids & Services	Telecommunication Services
Children's Services	Food: Pizza	Other	Tools & Hardware
Clothing & Shoes	Food: Restaurants	Package Preparation/Shipment/Mail Services	Transportation Services
Commercial Lighting	Food: Specialty	Painting Services	Travel Agents
Computer/Electronics/Internet Services	Franchise Consulting	Paralegal Services	Video/Audio Sales & Rentals
Construction: Materials, Service & Remodeling	Golf Equipment, Products & Services	Payroll Services	Vitamin & Mineral Stores
Consumer Buying Services	Hair Salons & Services	Pest Control Services	Water Conditioning
Convenience Stores	Handyman Services	Pet Services	Wedding Planning
Cosmetics	Health Aids & Services	Photography & Supplies	Weight Control
Dating Services	Home Appliances: Sales Rental & Repair	Pre-Employment Screening Services	Wildlife Management Control
Drug Stores	Home Furnishings: Retail, Sales & Rental	Pressure Washing & Restoration	
Educational Products & Services	Home Inspection/Radon Detection	Printing/Photo Copying Services	

SUPPLIER FORUM // BY INDUSTRY CATEGORY

Accountants	Convention Planning/Travel	Human Resources	Point of Sales Systems
Advertising/Design	Costumes/Mascots	Insurance	Printing
Attorneys	Direct Mail	Interior Design	Promotional Items
Audio Visual Productions	Display Fixtures	International Development Consultants	Publications
Background Screening Services	Dispute Resolution	Internet Sites	Real Estate
Business Products/Systems	Document Retrieval Services	Lighting	Security Systems
Check/Credit Card Services	Education/Training	Manuals	Sign Products & Services
Computer Software/Internet Services	Executive Search	Marketing/Public Relations	Site Selection
Construction/Management	Financial Services	Multimedia Design	Telecommunications
Consumer Feedback/Market Research	Franchise Brokers	Mystery Shopping	Teleconferencing Services
	Franchise Consultants	Organizations	Trade Shows/Expos
	Franchise Research Services	Other	Uniforms
	Hotels		Vehicles

NOTES

NOTES



**IFA EDUCATIONAL
FOUNDATION**

1501 K Street, NW, Suite 350

Washington, DC 20005

Phone: 202/628-8000

Fax: 202/628-0812

www.franchise.org

FRANCHISING... BUILDING LOCAL BUSINESSES, ONE OPPORTUNITY AT A TIME

