



FRANCHISING (FRA)



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Overview

Business confidence in the franchising sector is relatively high due to the nature of support of the franchising model. This varies, however, on the specific industry sector involved.

The Australian franchise sector is a large and highly sophisticated industry, contributing approximately 9.3 percent to the nation's GDP. There are more franchising outlets per capita than anywhere else in the world, including three times more per capita than in the U.S. The total turnover in the franchising in Australia is USD131 billion. The global economic downturn has had little effect on franchising, particularly as the Australian economy continues to be buoyant.

There are over 1,100 business-format franchise companies in Australia in 2012, employing over 407,000 people. Of these systems, 92 percent are Australian-grown; the remaining 8 percent are a mixture from New Zealand, the United States, and Europe. Around 33 percent are involved in food or non-food retail.

Sub-Sector Best Prospects

Franchising continues to experience growth in Australia and has spread into virtually every area of commercial activity. Franchises operate from retail locations or kiosks, with mobile and home-based systems also common.

Sectors as diverse as home building, carpet cleaning, repair systems, waste management, and financial planning have enjoyed high growth in the recent past. The most popular opportunities for franchising in Australia are in the non-food retail industry, which accounts for 26.6 percent of franchise systems. Food retail concepts that promote health and well being are growing. Opportunity also exists within administration and support services, which accounts for 15.6 percent of franchise systems. Please see the table below for a list of the Australian franchise sectors by percent of market share.

Australian Franchise Industries:

Industry	Percent
Retail trade (non-food)	26.6
Accommodation and food services (includes food retail, fast food, coffee shops, etc)	17.6

Administration and support services (includes travel agencies, office services, domestic and industrial cleaning, gardening services, lawn mowing, etc)	15.6
Other services (includes personal services, pet services, auto repairs and servicing, IT services, etc)	10.3
Education and Training	5.9
Rental, hire and real estate services	7
Financial and insurance services	4.3
Professional, scientific and technical	3
Arts and recreation services	2.9
Information media and telecommunications	1.3
Construction	2
Transport, postal and warehousing	0.9
Manufacturing	0.6
Health care and social assistance	1
Electricity, gas, water and waste services	0.4
Wholesale trade	0.6

(Franchising Australia 2012 Survey – Griffith University)

Opportunities

Australia's urban centers are the best markets for franchising operations. In addition to the positive market dynamics, Australia and the U.S. share a common language and similar cultures (although there are some subtle differences to consider). Corruption risk is low to non-existent and the franchise industry is well-regulated, well-educated, and highly-developed. These factors enable U.S. firms to enter this sector with confidence.

The best opportunities for franchising in Australia are within the retail non-food sector. Growth in the franchise sector has generally been within the services segment, predominantly in 'personal and other services' such as home maintenance. Time-saving and financial-service concepts remain popular and the growing elderly population in Australia present opportunities in home services, healthcare, and convenience "at home" services, such as pet grooming and car maintenance.

There is potential within the accommodation and food services (including food retail, fast food and coffee shops). Opportunities exist within food retail where the overall concept is to promote health and well-being along with a variety of niche food service options. Food niches include regional food concepts such as Tex-Mex and southern cooking.

Resources

The Australian Industrial Relations Commission: <http://www.airc.gov.au>

Franchise Council of Australia: <http://www.franchise.org.au>

International Franchise Association: <http://www.franchise.org>

The Office of the Franchising Mediation Advisor: <http://www.franchisingmediationadviser.com.au>

Trade Events:

International Franchise Association
 Frequency: Annual
 Date: February 17-20, 2013
 Location: Las Vegas, Nevada.
 MGM Grand Hotel and Casino
 Website:
<http://www.franchise.org/convention.aspx>

Franchising and Business Opportunities Expo
 Frequency: Annual
 Date: June 14 - 16, 2013
 Location: Sydney, NSW.
 Sydney Convention & Visitors Centre
 Website: <http://www.franchisingexpo.com.au>

Franchising and Business Opportunities Expo
 Frequency: Annual
 Date: July 20 - 21, 2013
 Location: Brisbane, Queensland.
 Brisbane Convention Centre
 Web site: <http://www.franchisingexpo.com.au>

Franchising and Business Opportunities Expo
 Frequency: Annual
 Date: August 30 – September 1, 2013
 Location: Melbourne, Victoria.
 Melbourne Convention Centre
 Web site: <http://www.franchisingexpo.com.au>

International Franchise Expo
 Frequency: Annual
 Date: June 20 - 22, 2013
 Location: New York City, New York.
 The Javits Center
 Website: <http://www.ifeinfo.com/>

Franchise Council of Australia National
 Convention
 Frequency: Annual
 Date: 20 - 22 October 2013
 Location: Gold Coast, Queensland.
 Jupiters Hotel and Casino
 Website: <http://www.franchise.org.au/>

This information has been supplied by the Franchise Council of Australia (FCA). For more information on the Australian Franchising Industry, please visit the FCA website at: <http://www.franchise.org.au/>



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