

# Multi-Unit Owners Study



IFA EDUCATIONAL  
FOUNDATION





# Multi-Unit Owners Study

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September 2002



**IFA EDUCATIONAL FOUNDATION**

Washington, DC

This report was prepared by the IFA Educational Foundation  
using two research reports submitted by Dr. Frank H.  
Wadsworth, CFE; Indiana University Southeast

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# Chairman's Foreword

September 2002

The **IFA Educational Foundation** is very pleased to present this study of multi-unit franchising.

For some time those involved in franchising have watched the growth of this phenomenon. Indeed, some franchisors are now limiting their grant of new franchises to franchisees who have the present or potential capability of owning multiple units. And we all know of franchisees in different systems who own dozens of units with hundreds of employees.

Our understanding of this trend has been limited to anecdotal impressions, however, or overviews of only a few corporations. In order to obtain a more reliable and more general understanding, the Foundation commissioned Dr. Frank Wadsworth of Indiana University Southeast to conduct this study. The study was underwritten by the IFA Educational Foundation and received additional support from the Indiana Franchise Research Center. The study was directed by Dr. Wadsworth with the assistance of Dr. Wayne Jones in drafting the research instrument. We express our sincere appreciation to Drs. Wadsworth and Jones and their research team for producing an excellent study.

A study such as this takes time. The Request for Proposals was first issued more than two years ago. The survey instrument was carefully drafted and multiple mailings were needed. The end result, however, is data that we can rely on and that represents franchising as a whole.

This study is only a first step in understanding multi-unit franchising. It is a large first step, however, and provides a reliable indicator of the trend. It confirms what many of us have seen for some time — the use of multi-unit franchising as an expansion strategy by franchise systems is a major dimension of the franchising world.

With gratitude to all who have worked on this project,



Sid Feltenstein, Chairman  
IFA Educational Foundation  
Chairman and CEO  
Yorkshire Global Restaurants



# PART I:

## EXECUTIVE SUMMARY

The IFA Educational Foundation, in cooperation with IFA and Indiana University Southeast, has published a study documenting the growing incidence of multi-unit franchisees. The study, conducted by Dr. Frank Wadsworth, with assistance from Dr. Wayne Jones of the University of Louisville, reports on the number and percentage of franchisees that own two or more units and the characteristics of the population as a whole.

The survey results are based on two postal surveys of 830 IFA member companies, with 145 franchise systems replying to the survey, for a response rate of 17.9 percent.

Below are the major findings of the study –

### *Franchise Systems*

- ✓ On average, franchisors that choose *multi-unit franchising* as an expansion strategy do so after they have been franchising for two-and-a-half to three years.
- ✓ On average, franchisors that choose *multi-brand franchising* as an expansion strategy do so after they have been franchising for seven or more years.
- ✓ In *single-brand franchise* systems, slightly more than 56% of all the multi-unit franchisees are concentrated in six industry categories – Automotive, Fast Food, Personnel Services, Restaurants, Retail, and Service Businesses.
- ✓ In *multi-brand franchise* systems, nearly 62% of all the multi-unit franchisees are concentrated in three industry categories – Lodging, Fast Food, and Service Businesses.
- ✓ The primary reasons given by franchisors for choosing multi-unit franchising as an expansion strategy are:
  - System Growth (22.6%)
  - Reward for Good/Selected Franchisees (15.1%)
  - Economic/Efficiency (14.1%)
  - Franchisee Requests (14.1%)
  - Market Penetration Strategy (10.4%)
  - Miscellaneous (10.4%)
  - Attract Potential Franchisees (7.5%)
  - Easier to Manage Franchise System (4.7%)

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### ***Breakdown of single-unit and multi-unit franchisees***

- ✓ 80.1% of franchisees in the study are single-unit franchisees
- ✓ 19.8% of franchisees in the study are multi-unit franchisees.
- ✓ Single-unit franchisees own less than half (47.4%) of all units.
- ✓ Multi-unit franchisees own more than half (52.6%) of all units.
- ✓ On average, multi-unit owners own 4.5 units.
- ✓ Nearly three quarters (71.7%) of single-unit franchisees are from single-brand franchise systems.
- ✓ Slightly over 28% of single-unit franchisees are from multi-brand franchise systems.
- ✓ On average, multi-unit franchisees in multi-brand systems own more units (5.83) than multi-unit franchisees in single-brand systems (4.3).

### ***Summary***

While the vast majority (80.1%) of franchisees are single-unit owners, these franchisees account for less than half (47.4%) of all franchise units, and are more likely to be operating in single-brand franchise systems (71.7%). While just under 20% of all franchisees are multi-unit owners, they account for more than half (52.6%) of all units, and they average between 4.3 units (in single-brand systems) and 5.83 units (in multi-brand systems).

As more franchise systems mature, they are more likely to explore multi-unit franchising as an expansion strategy. Single-brand franchise systems are more likely to adopt multi-unit franchising after two-and-a-half to three years of experience with franchising. Multi-brand franchise systems are more likely to adopt this strategy after seven or more years of experience with franchising. The primary reasons franchise systems cite for adopting multi-unit franchising are to enhance system growth, to reward productive franchisees, and to achieve greater operating efficiencies.

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# PART II:

# THE REPORT

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## Introduction

The IFA Educational Foundation is interested in studying the growing incidence of multi-unit franchisees. The purpose of this study was to confirm the perceived trend, and to identify 1) the number and percentage of franchisees that own two or more units and 2) the average number of units owned by franchisees.

The research was supported by the International Franchise Association Educational Foundation, Indiana University Southeast School of Business, Indiana University Southeast Applied Research and Education Center, and the Indiana Franchise Research Center. Dr. Frank Wadsworth, CFE, of Indiana University Southeast conducted the study.

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## Research Method

This study used a postal survey to collect data from franchise system members of the International Franchise Association (IFA). The survey (Appendix A) was written by Dr. Wayne Jones of the University of Louisville and Dr. Wadsworth in consultation with John Reynolds and Kathryn Boe Morgan of the IFA Educational Foundation. The IFA provided a mailing list of their members to Dr. Wadsworth. The survey was sent to all IFA members in early February 2002. U.S. and Canadian franchise systems were sent a second survey in May 2002.

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## Responses

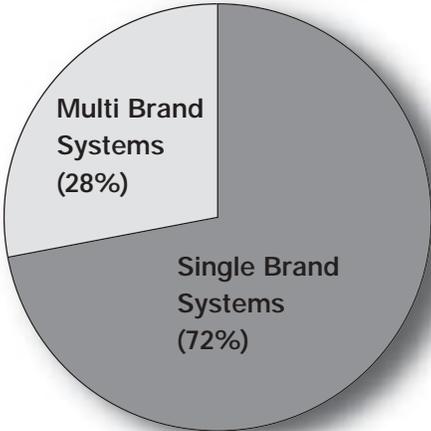
The IFA mailing list contained 830 member systems. Survey responses were received from 145 franchise systems by July 1, 2002 and 26 surveys were returned as undeliverable. Consequently the response rate for this survey was 18.0%. Response rates between 15-20% are typical for postal surveys. Because of the number of responses received, we believe the results of this study are representative of the entire franchising industry.

# Results

- 1. The 145 franchise systems had a total of 33,878 franchisees and 57,262 units. Results are reported individually and combined for Single and Multi-brand Franchise Systems in Tables 1, 2, and 3.

*Single Unit Franchisees*

**Table 1** contains the results for franchisees owning a single unit. Table 1 shows that 71.7% of single unit franchisees are from Single Brand Franchise Systems and 28.3% of single unit franchisees are in Multi-brand Franchise Systems.



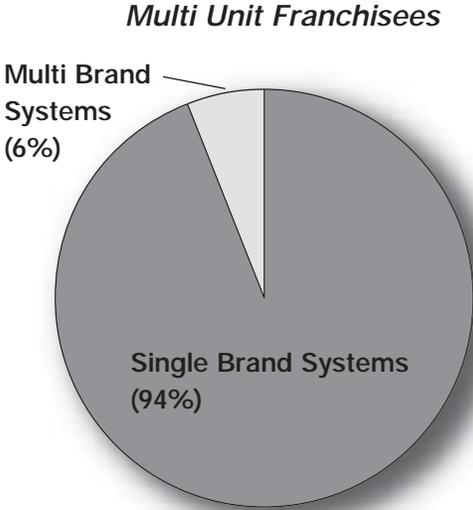
*Table 1*

*Number and Percent of Single Unit Franchisees*

	Total	Single Brand Franchise Systems	Multi-brand Franchise Systems
Number of Units Owned	27,125(100%)	19,449(71.7%)	7,676 (28.3%)
Number of Franchisees	27,125 (100%)	19,449 (71.7%)	7,676 (28.3%)
Average Number of Units Owned	1.00	1.00	1.00

2. Most multi-unit franchisees are in single-brand systems.

**Table 2** contains the results for multi-unit franchisees. Single Brand Franchise System franchisees comprise 94.3% of multi-unit franchisees and own 92.5% of the multi-unit franchisee units. Multi-brand Franchise System franchisees comprise 5.7% of the franchisees and own 7.5% of the multi-unit franchisee units. On average, Multi-brand Franchise System multi-unit franchisees own about 1.5 more units than Single Brand Franchise System multi-unit franchisees.



**Table 2**

**Number and Percent of Multi-unit Franchisees**

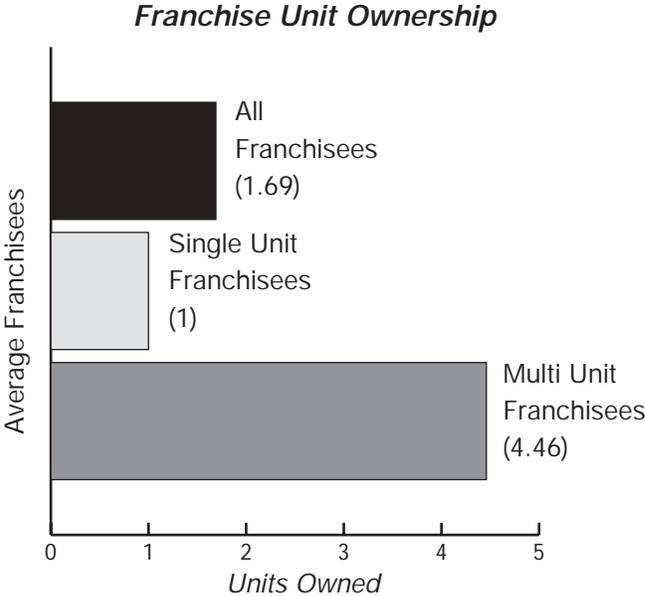
	Total	Single Brand Franchise Systems	Multi-brand Franchise Systems
Number of Units Owned	30,137 (100%)	27,874 (92.5%)	2,263 (7.5%)
Number of Franchisees	6,753 (100%)	6,365 (94.3%)	388 (5.7%)
Average Number of Units Owned	4.46	4.38	5.83

3. Overall, 80.1% of franchisees own only one unit. They own 47.4% of all franchised units. Multi-unit franchisees make up 19.9% of all franchisees and own 52.6% of the total franchised units.

Table 3 contains the results for all franchisees. Combining the data in Tables 1, 2, and 3 we calculate that:

**Table 3**  
**All Franchisees**

	Overall
Number of Units Owned	57,262
Number of Franchisees	33,878
Average Number of Units Owned	1.69



Ownership characteristics have changed only slightly from the 1998 study by The Gallup Organization<sup>1</sup> for the IFA. In the 1998 study, 78% of franchisees owned a single unit, the average franchisee owned 1.68 units, and the average multi-unit franchisee owned 4.27 units. In this study, 80% of franchisees own a single unit, the average franchisee owns 1.69 units, and the average multi-unit franchisee owns 4.46 units.

1. "National Franchise Owner Study," The Gallup Organization and IFA Educational Foundation, Inc. 1998.

4. The average company begins as a single-brand system franchising single units.

Table 4 contains results from questions about the date when franchise systems began multi-unit and multi-brand franchising. Respondents began franchising on average in 1986. On average, between two and a half and three years after beginning franchising, franchisors began multi-unit franchising. Respondents spent about seven years franchising before they began multi-brand franchising.

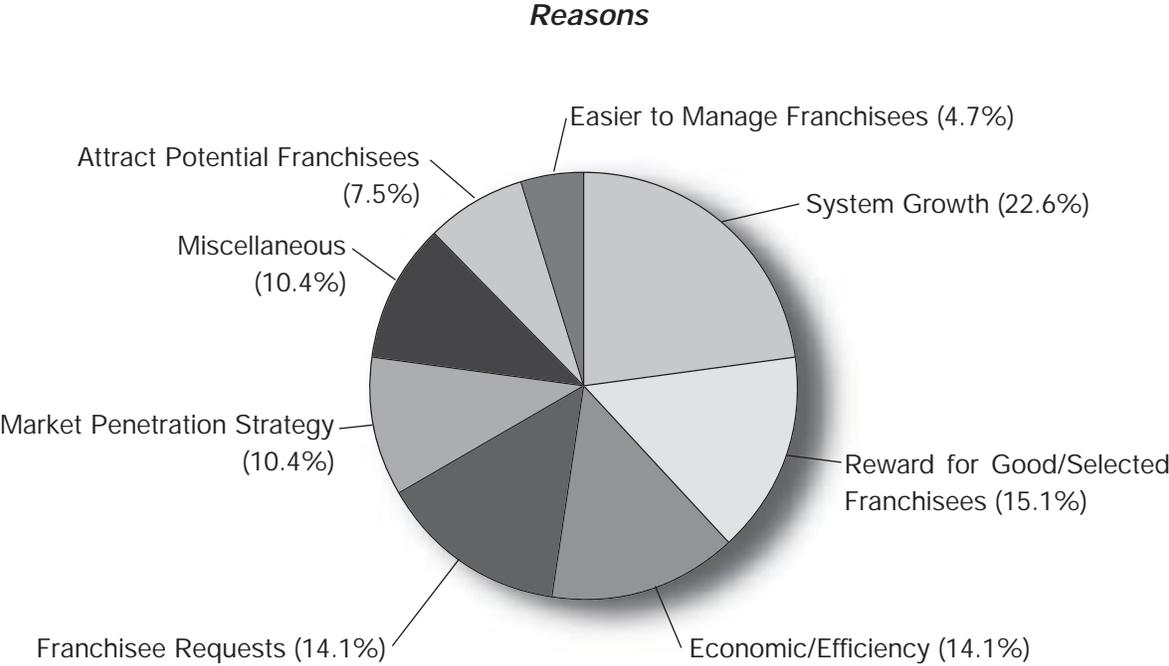
Table 4

*When Multi-unit and Multi-brand Franchising Began*

	Total	Single Brand Franchise Systems	Multi-brand Franchise Systems
Began Franchising	1986	1986	1987
Began Multi-unit Franchising	1989	1988	1991
Began Multi-brand Franchising	1994		1994
Time Between Beginning Franchising and Multi-unit Franchising	2.5 years	2.5 years	3.1 years

5. The most common reason for initiating multi-unit franchising is system growth.

Respondents provided 106 primary reasons for beginning multi-unit franchising. Content analysis revealed eight major reasons (percent of total responses) listed in Table 5.



**Table 5**

**Primary Reasons for Multi-unit Franchising**

Reason	Percent of total responses
System Growth	22.6
Reward for Good/Selected Franchisees	15.1
Economic/Efficiency	14.1
Franchisee Requests	14.1
Market Penetration Strategy	10.4
Miscellaneous	10.4
Attract Potential Franchisees	7.5
Easier to Manage Franchisees	4.7

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## Prevalence of Multi-unit Franchising in Different Industries

Since we asked respondents to identify their industry, we wondered if there was any concentration of multi-unit franchising in a particular industry(ies). The survey adopted the IFA's classification of 30 franchise industries. For Single Brand Franchise Systems, multi-unit franchising was concentrated in six industries that accounted for 56.7% of the responding systems: Automotive, Fast Food, Personnel Services, Restaurants, Retail: Retail, and Service Businesses: Service Businesses. For Multi-brand Franchise Systems, multi-unit franchising is concentrated in three industries that account for 61.9% of the total responding systems: Lodging, Retail Food, and Service Businesses: Service Businesses.

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## Summary

The purpose of the study was to identify 1) the number and percentage of franchisees that own two or more units and 2) the average number of units owned by franchisees. Results from the 145 franchise systems are representative of the U.S. Franchising industry and consistent with results from other franchising industry studies done in the last five years. In this study there are 6,753 multi-unit franchisees who own 30,137 franchised units. Of participating franchise systems these 6,753 multi-unit franchisees represent 19.9% of all franchisees and own 52.6% of all units. Multi-unit franchisees own almost 4.5 units on average while the average U.S. franchisee owns almost 1.7 units.

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## Postscript

The initial contract for this project called for a study of systems having more than 50 franchise units, since the Research Committee of the Foundation believed that a franchise system wouldn't have much experience with multi-unit franchisees until it had grown to a certain stage. However, the surveys were distributed to the entire IFA membership list and responses were received from companies of all sizes. It was not until after the analysis of responses was complete and the draft report submitted to the Foundation that Dr. Wadsworth realized what had happened.

In order to meet the contractual agreement, he then went back, removed the systems (there were 50 of them) having fewer than 50 units, and recalculated the statistics. The resulting report is attached as Appendix B.

After comparing the two reports, perhaps the most interesting finding is how little difference it made to include or exclude the smaller systems. Yes, you can find changes. The reader will note that in Table 4 the Appendix Report limited to larger systems indicates that they began longer ago and tended to wait a little longer (about half a year) before beginning multi-unit franchising. And there are some differences in Table 2. In the light of what may take place in the decades ahead, future researchers may then take satisfaction in highlighting what seem to us now to be only small differences between the two analyses. For their sake, we include the Appendix B Report, but focus our attention in the body of this report on the larger set of 145 franchise systems.

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## Notes

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# Appendix A:

## Multi-Unit Franchisee Survey

### *Survey Development*

The survey was developed through a search of relevant research literature, interviews with franchisors, and reviews by Mr. John Reynolds, President, IFA Educational Foundation, and Kathryn Boe Morgan, Director of Research, IFA Educational Foundation. The survey instrument (Appendix A) was written by Dr. Wayne Jones of the University of Louisville and Dr. Frank Wadsworth of Indiana University Southeast.

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### **Multi-Unit Franchisee Survey**

The School of Business at Indiana University Southeast, in cooperation with the IFA Educational Foundation, is conducting a survey of multi-unit franchisee ownership. The purpose of the study is to identify the pervasiveness of multi-unit franchisee ownership in the United States. This survey was developed by franchisors, IFA Educational Foundation personnel and academic researchers. We will use the information you provide to create a report for the IFA Educational Foundation.

You were selected from a list of IFA members. It's very important to learn your opinion because you represent many other franchise systems that have multi-unit franchisees. The information you supply is strictly confidential, and no individual systems will be identified. Your answers will be combined with those of many other franchise systems across the United States and used only for statistical analysis. Your participation is voluntary. Your honest replies and opinions, whether favorable or unfavorable, are very necessary to be sure that the study has valid results.

If you have any questions about the survey, please contact me through the mail (School of Business, Indiana University Southeast, 4201 Grant Line Road, New Albany, IN 47150), telephone (812-941-2531), fax (812-941-2672) or email (fwadsw@ius.edu).

Please complete and return the survey form. A postage paid return envelope is included for your convenience.

If you completed and returned the survey mailed the week before the IFA Convention in February, please disregard this second mailing. Thank you for your earlier response.

Thank you for your assistance.

Sincerely,

Dr. Frank H. Wadsworth, CFE  
Associate Professor of Marketing  
Indiana University Southeast

### **Franchise Systems with a Single Brand**

Complete the following table if you have a single franchise brand: For example a system with 1742 units and 845 franchisees might have the following distribution of franchisee ownership. In this example, there are 582 franchisees who own a single unit, 183 franchisees who own two units, 21 franchisees that own three units, fourteen franchisees that own four units, three franchisees that own seven units, eight franchisees that own eight units, five franchisees that own nine units, eighteen franchisees that own 11-20 units and eleven franchisees that own 21-49 units.

<b>Number of units owned by a franchisee</b>	<b>Number of franchisees who own "X" units</b>
1 unit	582
2 units	183
3 units	21
4 units	14
5 units	0
6 units	0
7 units	3
8 units	8
9 units	5
10 units	0
11-20 units	18
21-49 units	11
50-99 units	0
100-249 units	0
250 or more units	0

<b>Number of units owned by a franchisee</b>	<b>Number of franchisees who own "X" units</b>
1 unit	
2 units	
3 units	
4 units	
5 units	
6 units	
7 units	
8 units	
9 units	
10 units	
11-20 units	
21-49 units	
50-99 units	
100-249 units	
250 or more units	

### Franchise Systems with Multiple Brands

Complete the following table if you have more than one franchise brand: For example a franchise system with three brands might complete the table in the following manner. This system has 5327 franchisees that own a single brand unit. These 5327 franchisees own 34,427 units. This system also has 137 franchisees that own more than a single brand unit. For example, 114 of the 137 multi-brand franchisees own a single dual-branded unit, while ten franchisees own a single tri-branded unit. All of the 13 franchisees that own more than a single multi-brand unit and have two or more units own dual-branded units. Subsequently, these 137 multi-brand franchisees own a total of 150 dual- or tri-brand units.

Number of units owned by a franchisee	Number of franchisees owning a single franchise brand	Number of franchisees owning more than a single franchise brand
1 unit	768	114+10=124
2 units	1500	13
3 units	1149	0
4 units	634	0
5 units	592	0
6 units	231	0
7 units	98	0
8 units	79	0
9 units	68	0
10 units	34	0
11-20 units	48	0
21-49 units	32	0
50-99 units	40	0
100-249 units	28	0
250 or more units	26	0

Number of units owned by a franchisee	Number of franchisees owning a single franchise brand	Number of franchisees owning more than a single franchise brand
1 unit		
2 units		
3 units		
4 units		
5 units		
6 units		
7 units		
8 units		
9 units		
10 units		
11-20 units		
21-49 units		
50-99 units		
100-249 units		
250 or more units		

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When did you begin franchising? 19\_\_\_\_\_

When did you begin multi-unit franchising? 19\_\_\_\_\_

If you own more than one brand, when did you begin multi-brand franchising? 19\_\_\_\_\_

What are the primary reasons your system begin multi-unit franchising? \_\_\_\_\_

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What industry is your franchise system in?

- |                                                   |                                                           |
|---------------------------------------------------|-----------------------------------------------------------|
| <input type="checkbox"/> Automotive               | <input type="checkbox"/> Retail Food                      |
| <input type="checkbox"/> Baked Goods              | <input type="checkbox"/> Retail                           |
| <input type="checkbox"/> Building & Construction  | <input type="checkbox"/> Beauty Related                   |
| <input type="checkbox"/> Building & Construction  | <input type="checkbox"/> Computer Products & Services     |
| <input type="checkbox"/> Decorating & Home Design | <input type="checkbox"/> Clothing & Accessories           |
| <input type="checkbox"/> Business Services        | <input type="checkbox"/> Party Related Goods & Services   |
| <input type="checkbox"/> Child related            | <input type="checkbox"/> Pet Related Products & Services  |
| <input type="checkbox"/> Education related        | <input type="checkbox"/> Photographic Products & Services |
| <input type="checkbox"/> Fast Food                | <input type="checkbox"/> Retail                           |
| <input type="checkbox"/> Fast Food                | <input type="checkbox"/> Video                            |
| <input type="checkbox"/> Frozen Desserts          | <input type="checkbox"/> Service Businesses               |
| <input type="checkbox"/> Lodging                  | <input type="checkbox"/> Health & Fitness                 |
| <input type="checkbox"/> Maintenance Services     | <input type="checkbox"/> Publications                     |
| <input type="checkbox"/> Personnel Services       | <input type="checkbox"/> Security Related                 |
| <input type="checkbox"/> Printing                 | <input type="checkbox"/> Service Businesses               |
| <input type="checkbox"/> Real Estate              | <input type="checkbox"/> Sports & Recreation              |
| <input type="checkbox"/> Restaurants              | <input type="checkbox"/> Travel                           |

*Thank you for your assistance.*

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# APPENDIX B

*Dr. Wadsworth's Report based on Systems Having 50 or More Franchised Units  
(i.e., not including the smaller systems)*

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## Introduction

The research was supported by the International Franchise Association Educational Foundation, Indiana University Southeast School of Business, Indiana University Southeast Applied Research and Education Center, and the Indiana Franchise Research Center. Dr. Frank Wadsworth, CFE, conducted this research study. Dr. Wadsworth thanks all of these organizations for their support and assistance in completing this study.

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## Purpose of IFA Educational Foundation Research

The IFA Educational Foundation is interested in studying the growing incidence of multi-unit franchisees. Although the study is not a census, the Foundation wants to verify the incidence of the trend, if possible, and determine some of the characteristics of the population as a whole.

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## Purpose of this Research Study

The purpose of the study is to identify 1) the number and percentage of franchisees that own two or more units and 2) the average number of units owned by franchisees.

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## Research Method

This study used a postal survey to collect data from franchise system members of the International Franchise Association (IFA). Membership in the IFA consists of franchise professionals: franchisors, franchisees, and suppliers. IFA franchise system members were asked about their use of multi-unit franchising.

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## Survey Development

The survey was developed through a search of relevant research literature, interviews with franchisors, and reviews by Mr. John Reynolds, President, IFA Educational Foundation, and Kathryn Boe Morgan, Director of Research, IFA Educational Foundation. The survey instrument (Appendix A) was written by Dr. Wayne Jones of the University of Louisville and Dr. Frank Wadsworth of Indiana University Southeast.

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## Sample

The IFA provided a mailing list of their members for the purposes of sending out surveys. A survey was sent to all members in early February 2002. U.S. and Canadian franchise systems were sent a second survey in May 2002.

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## Responses

The IFA mailing list contained 830 member systems. This report is based on the 95 responding franchise systems with 50 or more franchised units. The response rate for this portion of the survey was 21.0%. Response rates between 15-20% are typical for postal surveys. Because of the number of responses received, we feel the results of this study are representative of franchise systems with 50 or more franchised units.

Responding franchise systems have a median size of 191 units and an average size of 578 units. Twenty-six percent of responding franchise systems have 100 or fewer outlets and seventy-seven percent of responding franchise systems have 400 or fewer outlets.

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## Results

Results are reported individually and combined for Single and Multi-brand Franchise Systems in Tables 1, 2, and 3. Table 1 contains the results for franchisees owning a single unit. **Table 1** shows that 71% of single unit franchisees are from Single Brand Franchise Systems and 29% of single unit franchisees are in Multi-brand Franchise Systems.

*Table 1*

*Number and Percent of Single Unit Franchisees*

	Total	Single Brand Franchise Systems	Multi-brand Franchise Systems
Number of Units Owned	26,452 (100%)	18,776 (71.0%)	7,676 (29.0%)
Number of Franchisees	26,452 (100%)	18,776 (71.0%)	7,676 (29.0%)
Average Number of Units Owned	1.00	1.00	1.00

**Table 2** contains the results for multi-unit franchisees. Single Brand Franchise System franchisees comprise 95.3% of multi-unit franchisees and own 96.3% of the multi-unit franchisee units. Multi-brand Franchise System franchisees comprise 4.7% of the franchisees and own 3.7% of the multi-unit franchisee units. On average, Multi-brand Franchise System multi-unit franchisees own about one less unit than Single Brand Franchise System multi-unit franchisees.

**Table 2**

**Number and Percent of Multi-unit Franchisees**

	Total	Single Brand Franchise Systems	Multi-brand Franchise Systems
<b>Number of Units Owned</b>	28,401 (100%)	27,355 (96.3%)	1,046 (3.7%)
<b>Number of Franchisees</b>	6,530 (100%)	6,223 (95.3%)	307 (4.7%)
<b>Average Number of Units Owned</b>	4.35	4.40	3.41

**Table 3** contains the results for all franchisees. Combining the data in Tables 1, 2, and 3 we calculate that 48.2% of the total franchised units are owned by single unit franchisees who comprise 80.2% of franchisees. Multi-unit franchisees make up 19.8% of all franchisees and own 51.8% of the total franchised units.

**Table 3**

**All Franchisees**

Overall Number of Units Owned	54,853
Number of Franchisees	32,982
Average Number of Units Owned	1.66

Ownership characteristics have changed only slightly from the 1998 study by The Gallup Organization<sup>2</sup> for the IFA. In the 1998 study, 78% of franchisees owned a single unit, the average franchisee owned 1.68 units, and the average multi-unit franchisee owned 4.27 units. In this study, 80% of franchisees own a single unit, the average franchisee owns 1.66 units, and the average multi-unit franchisee owns 4.35 units.

2. "National Franchise Owner Study," The Gallup Organization and IFA Educational Foundation, Inc. 1998.

**Table 4** contains results from questions about the date when franchise systems began multi-unit and multi-brand franchising. Respondents began franchising on average in 1983. On average, three years after beginning franchising, franchisors began multi-unit franchising. Respondents spent about ten years franchising before they began multi-brand franchising.

**Table 4**  
***When Multi-unit and Multi-brand Franchising Began***

	Total Sample	Single Brand Franchise Systems	Multiple Brand Franchise Systems
<b>Began Franchising</b>	1983	1983	1984
<b>Began Multi-unit Franchising</b>	1986	1986	1989
<b>Began Multi-brand Franchising</b>	1993		1995
<b>Time Between Beginning Franchising and Multi-unit Franchising</b>	3.1 years	3.0 years	3.7 years

**Primary Reasons for Multi-Unit Franchising**

Respondents provided 73 primary reasons for beginning multi-unit franchising. Content analysis revealed eight major reasons (percent of total responses) listed in Table 5.

**Table 5**  
***Primary Reasons for Multi-unit Franchising***

Reason	Percent of total responses
System Growth	30.6
Reward for Good/Selected Franchisees	22.2
Franchisee Requests	13.9
Miscellaneous	9.9
Economic/Efficiency	9.7
Market Penetration Strategy	9.7
Attract Potential Franchisees	4.2
Easier to Manage Franchisees	1.4

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## Prevalence of Multi-unit Franchising in Different Industries

Since we asked respondents to identify their industry, we wondered if there was any concentration of multi-unit franchising in a particular industry(ies). The survey adopted the IFA's classification of 30 franchise industries. For Single Brand Franchise Systems, multi-unit franchising was concentrated in four industries that accounted for 50.7% of the responding systems: Automotive, Restaurants, Retail: Retail, and Service Businesses: Service Businesses. For Multi-brand Franchise Systems, multi-unit franchising is concentrated in two industries that account for 58.4% of the total responding systems: Lodging and Retail Food.

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## Summary

The purpose of the study was to identify 1) the number and percentage of franchisees that own two or more units and 2) the average number of units owned by franchisees. Results from the 95 franchise systems are representative of U.S. franchise systems with 50 or more franchised units and consistent with results from other franchising industry studies done in the last five years. There are 6,530 multi-unit franchisees who own 28,401 franchised units. Of participating franchise systems these 6,530 multi-unit franchisees represent 19.8% of all franchisees and own 51.8% of all units. Multi-unit franchisees own almost 4.4 units on average while the average U.S. franchisee owns almost 1.7 units.

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## Notes