



**Canadian
Franchise
Association™**

Growing Together

Franchise Forecast 2019
Canadian Franchise Industry
Economic Outlook

CANADIAN CENTRE FOR
ECONOMIC ANALYSIS

**FREE
PREVIEW**

Full report available
for **FREE** to
Canadian Franchise
Association members



Franchise Forecast 2019: Executive Summary

The franchise business model helps everyday Canadians realize the dream of building their own business, the strength of our nation's franchising industry is vital to the strength of the economy, and our society.

Made up of thousands of small businesses in every community from coast to coast, the franchising sector is the 12th largest contributor to the Canadian economy. While franchise concepts operating in the food service category dominate the industry, there's more to franchising than just fast food.

You'd be hard-pressed to find a Canadian neighbourhood devoid of a franchise business serving its residents. With franchise systems operating in more than 50 different sectors, Canadians from Halifax to Victoria are interacting with franchises on a daily basis. From getting their morning coffee, to dropping their kids off at day care, to getting their houses cleaned, to having lunch, to picking up their dry cleaning, to buying food for dinner, to going to a restaurant with friends, to staying at a hotel while on vacation or during a business trip, the franchise model is an important part of their day-to-day lives.

2019 is a momentous year for our sector, which is expected to top the \$100 billion mark for the first time. Our sector directly and indirectly employs 1.9 million people in various sectors such as; the food services, retail, commercial and residential services, and accommodation services sectors.

Canada's franchising sector is strong and continues to grow across Canada. The Canadian franchise industry is estimated to have almost 1,200 brands and more than 76,000 franchise locations across a variety of sectors. Over the past five years, the number of franchise brands has grown 23 per cent and the number of Canadian establishments, both franchised and corporate, has increased by four per cent.



76,000+
Expected number
of franchise units in
Canada by the end of
2019



12th
The franchise industry
as a whole ranks as the
12th largest industry in
Canada.

Unsurprisingly, given the size of its economy, Ontario is estimated to have the largest number of franchise locations. However, on a percentage basis, the largest growth is estimated to occur in British Columbia, where the number of franchise locations is expected to grow by 1.16 per cent. This projection is based on current trends, but any large-scale public policy changes could derail this expected growth.

Franchise growth in Atlantic Canada is still slow, with the number of franchise locations in the region estimated to grow by only 0.46 per cent. We think that there is still great opportunity in Atlantic Canada, and we look forward to working with the government and the business community to help make the investments necessary to help grow the economy in this important region.

Our members and our industry are proud of the economic and social contributions we make to the communities that we live and work in. Our sector contributes a great deal to the economy, which helps pay for the public services and infrastructure that Canadians rely on. We are proud to pay our fair share, which will contribute almost \$28 billion in tax revenue to federal and provincial coffers this year.

At the heart of franchising is the concept of Growing Together™. It's about people working together in partnership, sharing successes, and becoming stronger through cooperation. As an Association we are proud to represent Canada's \$100 billion franchising sector and the thousands of Canadians whose livelihoods depend on the success of franchise businesses in every community across the country. We look forward to Growing Together™ as an industry in 2019 and beyond.

Sincerely

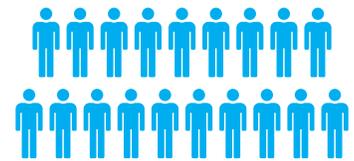


Sherry McNeil, President and CEO
Canadian Franchise Association



Franchising is estimated to grow by 2.59% (+\$2.5 billion), increasing the total franchise-related GDP contribution to

\$100.6 billion



1.9 million
Canadians are projected to be employed by the franchise industry in 2019

This report is an independent study conducted on behalf of:

CANADIAN FRANCHISE ASSOCIATION

The Canadian Franchise Association (CFA) helps everyday Canadians realize the dream of building their own business through the power of franchising. CFA advocates on issues that impact this dream on behalf of more than 700 corporate members and over 40,000 franchisees from many of Canada's best-known and emerging franchise brands. Beyond its role as the voice of the franchise industry, CFA strengthens and develops franchising by delivering best-practice education and creating rewarding connections between Canadians and the opportunities in franchising. Founded in 1967, CFA consistently advances and supports the franchise community, and is the essential resource for information, insight, and expertise through its award-winning education, events, services, and websites: www.cfa.ca and FranchiseCanada.online.

About the Canadian Centre for Economic Analysis

The Canadian Centre for Economic Analysis (CANCEA) is a socio-economic research and data firm. CANCEA provides objective, independent and evidence-based analysis and is dedicated to a comprehensive, collaborative, and quantitative understanding of the short- and long-term risks and returns behind market changes, policy decisions and economic behaviour.

CANCEA uses modern techniques in data science and simulation for econometric analysis, business risk management assessments and demographic forecasts. CANCEA's work includes market analysis, policy evaluation and risk management, business model optimization, cost effectiveness and rate of return analysis, macroeconomic analysis, insurance risk evaluation, land use and infrastructure planning, logistics, and labour market analysis.

CANCEA also provides comprehensive Canadian data services incorporating 56,000 locations across Canada. Given the systems focus behind all of CANCEA's work, CANCEA has a one model approach to its analysis which allows various disciplines and stakeholders to be incorporated into a single analysis allowing for intended and unintended consequences to be understood.

©2019 Canadian Centre for Economic Analysis
©2019 Canadian Franchise Association

Printed in Canada • All rights reserved
ISBN: 978-1-989077-07-8

About the Report

CANCEA does not accept any research funding or client engagements that require a pre-determined result or policy stance or otherwise inhibit its independence.

In keeping with CANCEA's guidelines for funded research, the design and method of research, as well as the content of this study, were determined solely by CANCEA.

This information is not intended as specific investment, accounting, legal or tax advice.

This report was commissioned by the Canadian Franchise Association.

Citation:

The Canadian Centre for Economic Analysis.
Canadian Franchise Industry Economic Outlook
2019. March, 2019.

This report was printed courtesy of

The UPS Store 

TABLE OF CONTENTS

Table of Contents	4
List of Figures	5
List of Tables.....	6
1.0 Overview	7
2.0 Franchise Establishments	12
3.0 Gross Domestic Product (GDP).....	13
4.0 Employment and Wages.....	17
5.0 Gross Operating Surplus (GOS).....	22
6.0 Tax Revenue	24
7.0 Trends.....	26
8.0 Conclusions	28
Appendix A. Glossary	29
Appendix B. Methodology	30
Appendix C. Bibliography.....	31

LIST OF FIGURES

Figure 1	Number of brands and Canadian franchise establishments	7
Figure 2	Industry sector descriptions	11
Figure 3	Provincial and territories total franchise-related GDP.....	14
Figure 4	Total franchise-related GDP growth	15
Figure 5	Total franchise-related employment (FTEs) proportions	19
Figure 6	Direct franchise employment (FTEs) proportions.....	20
Figure 7	Federal and provincial tax revenue growth by component, 2018-2019.....	25

LIST OF TABLES

- Table 1 National outlook for 20188
- Table 2 Provincial outlook for 2018: Franchise establishments, GDP, and employment9
- Table 3 Provincial outlook for 2018: GOS, wages, and taxes.....9
- Table 4 Top sector outlook for 2018.....10
- Table 5 Provincial franchise establishment growth12
- Table 6 Top sector franchise GDP13
- Table 7 Provincial franchise-related GDP outlook15
- Table 8 Canadian franchise employment growth17
- Table 9 Canadian franchise employment growth by type of employment18
- Table 10 Provincial total franchise-related wage growth.....21
- Table 11 Provincial total franchise-related GOS growth22
- Table 12 Sector GOS growth.....23
- Table 13 Federal and provincial taxation revenue generated24

Get the FULL REPORT now!

Download the 2019 Economic Impact Report at cfa.ca/research

Canadian Franchise Association Members: FREE

Non-members: \$1099

(Place your order at 1-800-665-4232 ext. 297)

Join the Canadian Franchise Association to access research and resources for FREE

Learn more at www.cfa.ca/join