

TECHNICAL REPORT

“CURRENT SITUATION OF FRANCHISING IN SPAIN. 2014”

Prof. José Manuel Ramírez Hurtado

Pablo de Olavide University, Seville (Spain)

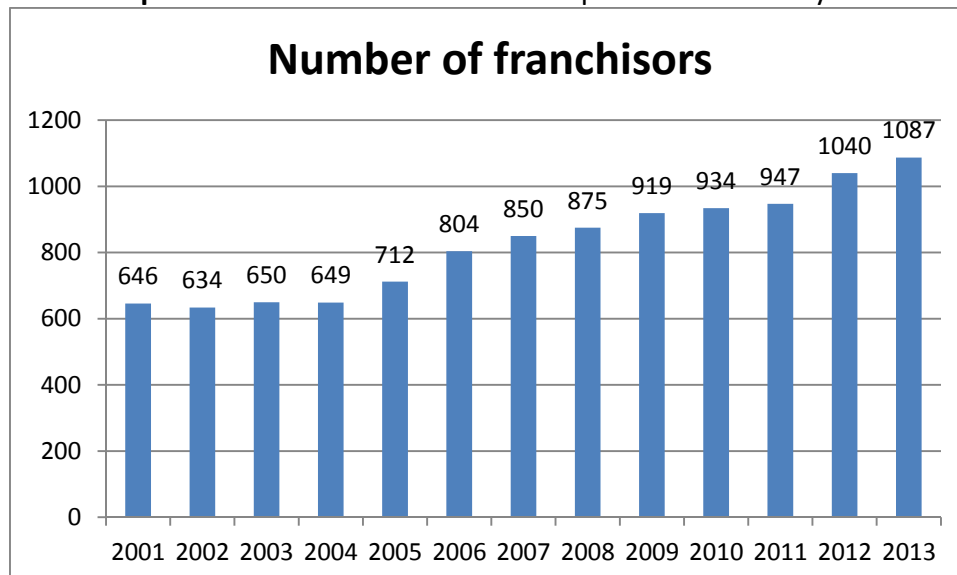
jmramhur@upo.es

Franchises have grown a lot in recent decades in many countries. Franchise system has a great importance in Spain. The celebration of various franchise fairs, the publishing of books and specialized magazines, as well as the publicity carried out by franchised companies, are some of the indicators of growth in this commercial system. Nowadays, franchising in Spain finds itself consolidated by great business networks and by very high levels of revenue.

According to data from December 2013, the number of franchisors in Spain was 1087 (Spanish Franchise Association, 2014). There were 59131 outlets of which 17711 were own outlets and 41420 were franchisee outlets.

Looking at the number of channels over the years, we conclude that, despite of the economic crisis of recent years, there is a growing tendency (Graphic 1).

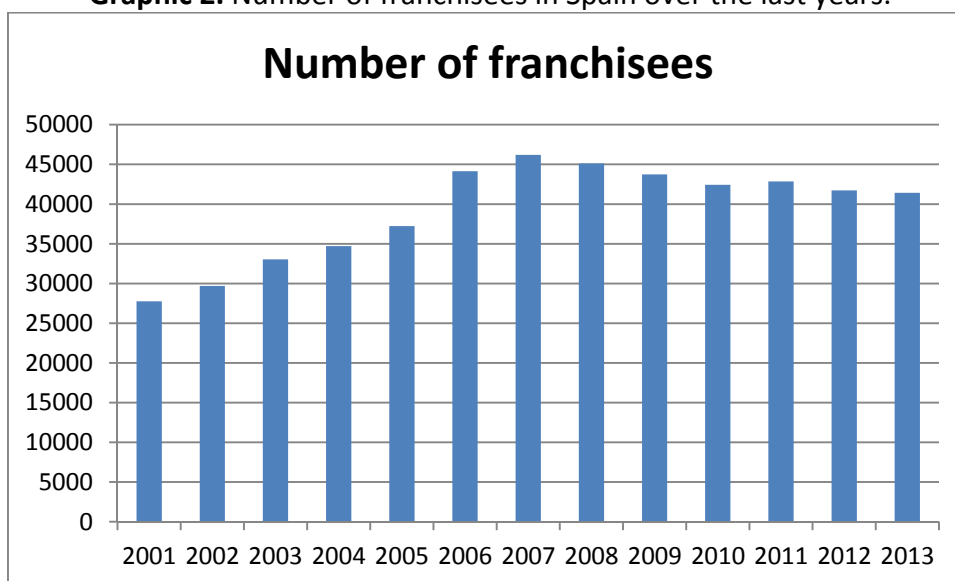
Graphic 1. Number of franchisors in Spain over the last years.



Source: Own elaboration. Spanish Franchise Association (2014).

Looking at the number of franchisee outlets, we conclude that there was a strong growth until 2007 (Graphic 2). Since 2007 the tendency has been constant, with lower growth franchisees but with high levels of satisfaction.

Graphic 2. Number of franchisees in Spain over the last years.



Source: Own elaboration. Spanish Franchise Association (2014).

Regarding the chains by industries, highlight fashion (17.7%) and hospitality (14.6%). The beauty industry has experience a strong growth in recent years (8.4%). It is ranked in third place by number of chains. Hospitality, fashion and feeding industries highlight by number of franchisees.

On the other hand, the number of franchisees was 242140 of which 84625 worked in own outlets and 157515 worked in franchisee outlets.

Regarding the number of away chains operating in Spain, France was the first country, following by USA and Italy. Germany and Portugal are at a greater distance (Table 1)

Table 1. Number of away chains operating in Spain.

Country	Chains
France	44
USA	36
Italy	33
Germany	10
Portugal	10
United Kingdom	9
Holland	8
Belgium	6
Argentina	6
Denmark	6
Luxembourg	6
Switzerland	4
Australia	3
Sweden	3
Brazil	2

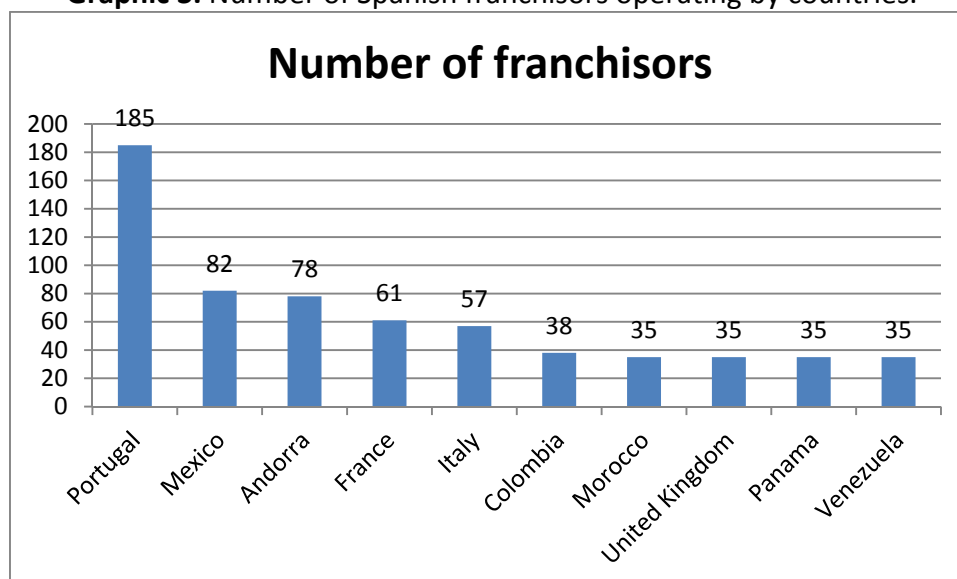
Canada	2
South Korea	2
Andorra	1
Austria	1
Colombia	1
Guatemala	1
Hungary	1
Ireland	1
Israel	1
Japan	1
Malaysia	1
Turkey	1
	200

Source: Spanish Franchise Association (2014).

According to the Spanish Franchise Report 2014 from the Spanish Franchise Association (2014), the data confirm the expansion trend of Spanish franchisors. Despite financial problems, Spanish franchisors continue growing. Currently there are 127 countries with Spanish franchisors. There were 285 Spanish chains operating abroad. Also, there are 18957 franchisee outlets abroad. Fashion, hospitality and beauty are the main industries.

Regarding the franchise by countries, Portugal (64.9%) is the first destination of Spanish firms, followed by Mexico with 28.8%. In Graphic 3 the top 10 of countries can be showed. In the expansion of Spanish chains there are two main factors as kilometric distance and cultural distance.

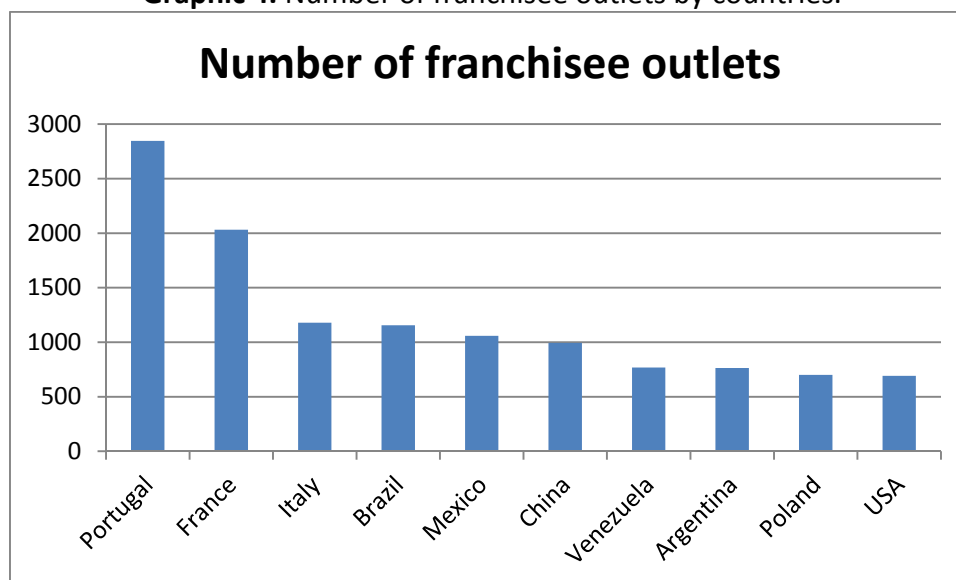
Graphic 3. Number of Spanish franchisors operating by countries.



Source: Own elaboration. Spanish Franchise Association (2014).

Analyzing the number of franchisee outlets by country, we can observe there is a similar trend to the chains, with kilometric and cultural distances as the main factors (Graphic 5). Also, it is remarkable the presence of China, a country from the Eastern Europe as Poland, and USA.

Graphic 4. Number of franchisee outlets by countries.



Source: Own elaboration. Spanish Franchise Association (2014).

In summary, franchising is very important for the Spanish economy. Likewise, the franchise system is well established in Spain, with good image of chains and with great growth of business to other countries.