



Austria: Franchising Market Brief

Marta Haustein
July 09

Austria at a Glance

Capital: Vienna

Accession to the EU: Yes, since 1995

Currency: Euro since January 1999

NATO: No

Population: 8,205,533

Language: German

GDP: \$373.9 billion

GDP/Cap: \$39,300

Overview of the Franchising Sector

Franchising as a business model remains a relatively small factor in the Austrian economy, accounting for an estimated five to ten percent of retail sales. The growth in the number of systems active in Austria as well as the number of franchise partners is relatively slow at 1.5% annually, but the number of individual units is growing at a respectable 4%.

Just under half of the franchise businesses operating in this country are of local origin. Of the top ten systems (in terms of numbers of outlets), six are Austrian. The top foreign participant in the Austrian franchising economy is Germany, with just under one third of the systems, followed by the United States with just under 10%. The past several years have seen the increasing dominance of German systems and the relative decline in market share for both U.S. and Austrian systems.

The fastest growing segment of franchising is retail, where the number of units grew by a whopping 58% between 2004 and 2006 (compare this to 8% growth in units over the same period for franchising as a whole). The number of service concept businesses actually declined between 2004 and 2006, though the number of systems in that sector increased.

Data Table

	2006	2007 (est.)	2008 (est.)
Total Number of Franchise Systems	390	396	402
Total Number of Franchise Operators	5950	6039	6130
Total Number of Franchise Units	6,900	7176	7463
Austrian Systems	175	177	181
Foreign Systems	215	219	221
U.S. Systems	30	31	32

Source: Austrian Franchise Association. Note: The statistics for 2007 and 2008 are unofficial estimates. Actual figures will be published in April 2009.

The average cost to open a franchise depends on the type of business in question. Retail and service operations tend to open with an initial investment of just over \$210,000. For a production system, the average is much higher at around \$685,000 (numbers include fees and investment). On average, the franchisee pays around 8.3% of earnings in fees, whereby service systems tend to pay higher fees (over 11%) and sales and production systems considerably less (around 4%).

An official of the franchising association is of the opinion that the recent slackening of the economy could have a positive effect on growth in the franchising, as a tightening job market could stimulate interest in owning a business. Furthermore, management consultants confirm that banks appreciate proven business plans of established brands when granting loans to entrepreneurs.

Best Prospects/Services

- Niche retail concepts
- Internationally recognized brands

Opportunities

This office is not aware of any specific opportunities in the franchising sector at this time.

Resources

<http://www.franchise.at> - Austrian Franchise Association

<http://www.gruenderservice.net/> - Franchise board, Federal Economic Chamber

<http://www.ptc.at/pte.mc?pte=090130005> – Presstext Austria

www.wifiwien.at/unternehmensentwicklung - WIFI Wien

Contact

Marta Haustein, Commercial Specialist, Commercial Service, Vienna, Austria

Marta.Haustein@mail.doc.gov