

Franchising Around the Globe

Business and Legal Updates – September 2023

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An Update On Global Franchise Updates

- **Today's Global Trends**
- **Today's Opportunities & Challenges**
- **2023 Regional Business and Legal Update**
- **Where To Take Your Franchise In 2024-2025**

Global Trends In Franchise Development

- **Multiunit, Multibrand Franchisees (MUMBOs)**
 - **Phenix Salon Suites® UK – Also Snap Fitness® and Subway® franchisee**
 - **Flynn Group – U.S. based franchisee of 6 major brands with 2,600 units and they are also the new licensee for Wendy's® Australia**
- **Buying Back Their International License**
 - **Home Instead Senior Care® and Neighborly® in the UK**
- **Platform Franchisors**
 - **Inspire Brands – Owner & Operator of 10+ F&B franchise brands**
 - **Propelled Brands – FastSigns®, My Salon Suites®, Nerds To Go®**

Opportunities Today

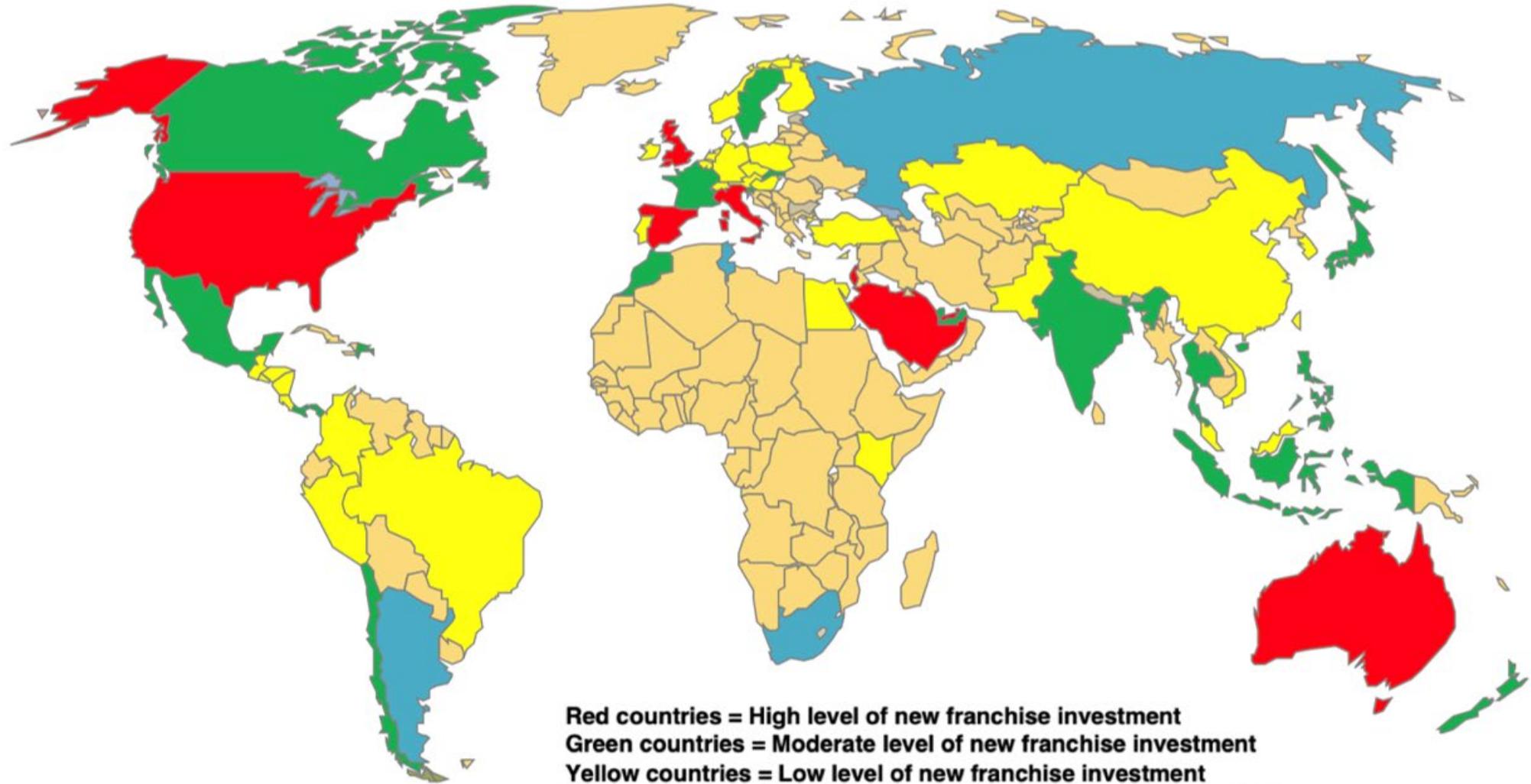
- Global post pandemic move from corporate jobs to wanting to own their own business
- Consumers continue to be generally open to new franchise brands from other countries
- Some economies are thriving, some not so much
- Capital availability for new projects remains high

Challenges Today

- **Interest rates – from almost 0% to 18% or more in 2 years**
- **Government regulation of business - especially small business – seems to be accelerating**
- **Elections bring uncertainty and changing policies that make it difficult to plan for growth over time**
- **Trade ‘issues’ mean countries not making it easy to do business across borders**
- **And, of course, wars**

Nevertheless.....

Projected 4th Quarter 2023 Global Franchise Development

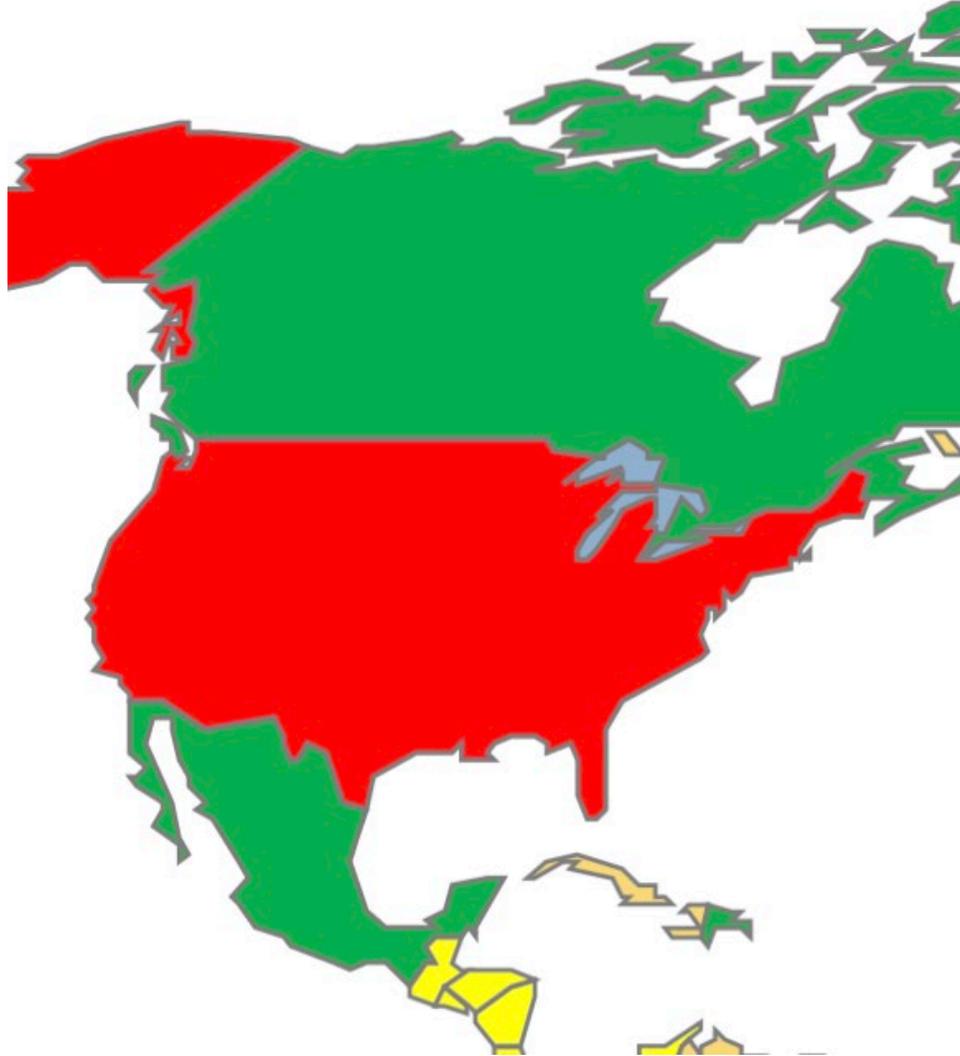


Red countries = High level of new franchise investment
Green countries = Moderate level of new franchise investment
Yellow countries = Low level of new franchise investment
Blue countries = Not viable for new franchise investment in 2023

How The Top Franchise Countries Compare

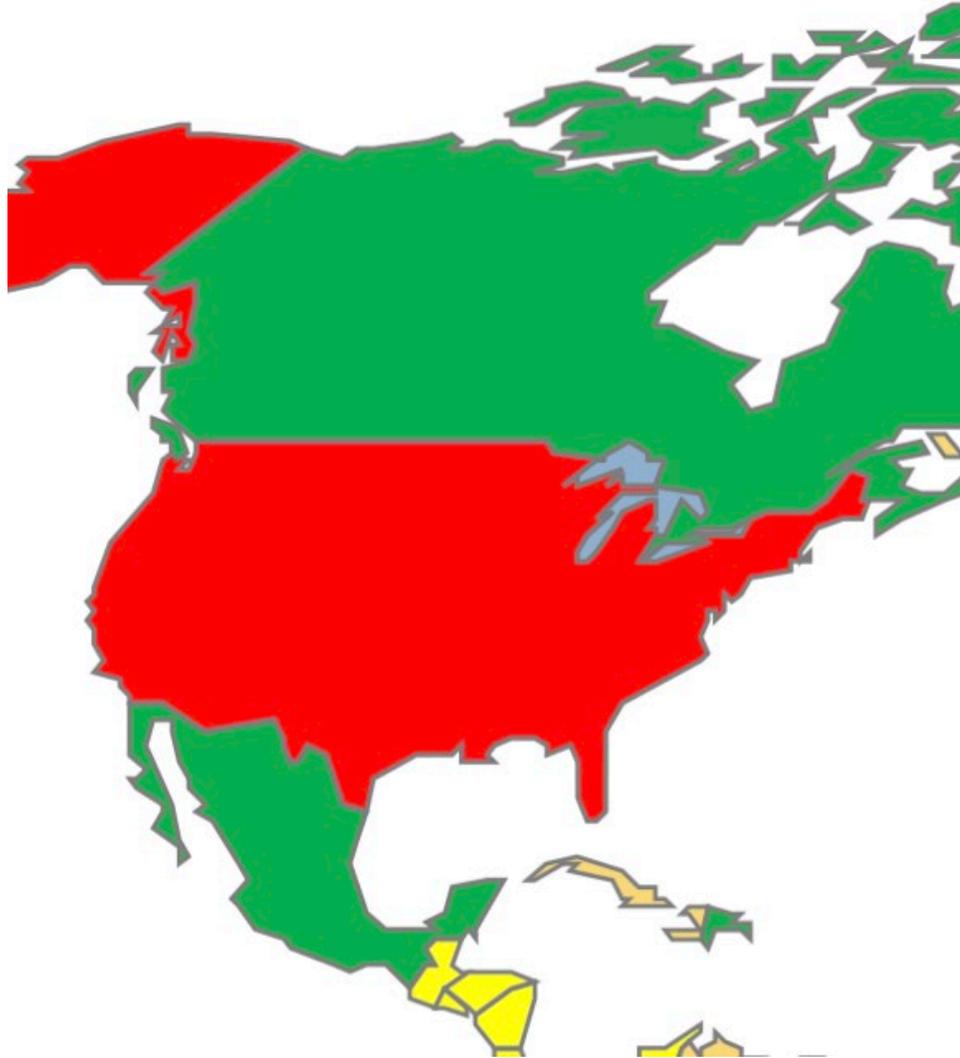
Countries	Projected 2023 GDP Growth	Market Size (Customers)	Legal & Regulatory Concerns For Intl. Brands	Overall Ease Of Doing Business	Ease Of International Brand Entry	Political & Economic Stability	Ease Of Finding Investors In 2023-2024	Average Overall Country Ranking
Spain	3	1	2	1	1	1	2	1.6
Indonesia	1	1	2	2	2	2	2	1.7
Japan	3	1	1	1	3	1	2	1.7
Philippines	1	2	2	2	1	2	2	1.7
Thailand	1	2	2	1	2	2	2	1.7
USA	3	1	2	1	1	2	2	1.7
Canada	3	2	2	1	2	1	2	1.9
Italy	3	2	2	2	2	1	1	1.9
New Zealand	3	4	1	1	1	1	2	1.9
Poland	2	2	2	1	2	1	3	1.9
United Arab Emirates	1	4	2	2	2	1	1	1.9
United Kingdom	4	2	1	1	1	2	2	1.9
India	1	1	2	3	3	2	2	2.0
Mexico	3	1	2	2	2	2	2	2.0
Saudi Arabia	3	2	2	2	2	2	1	2.0
Viet Nam	1	2	2	2	2	3	2	2.0
Australia	3	3	3	1	2	2	1	2.1
Brazil	2	1	2	3	3	2	3	2.3
China	1	1	2	3	3	3	3	2.3
South Korea	3	2	3	1	3	2	3	2.4

North America: Business Trends



- **The USA continues to see good new franchise growth despite high interest rates and increased government interference**
- **Mexico is seeing high new franchise growth despite civil unrest**
- **Canada remains conservative but open to new franchise investment**

North America: Legal Trends



- **Updates to Competition Act: Prohibitions on no-poach provisions**
- **Two cases urge caution when relying on exemptions**
- **Quebec Language Charter**

Central & Latin America: Business Trends



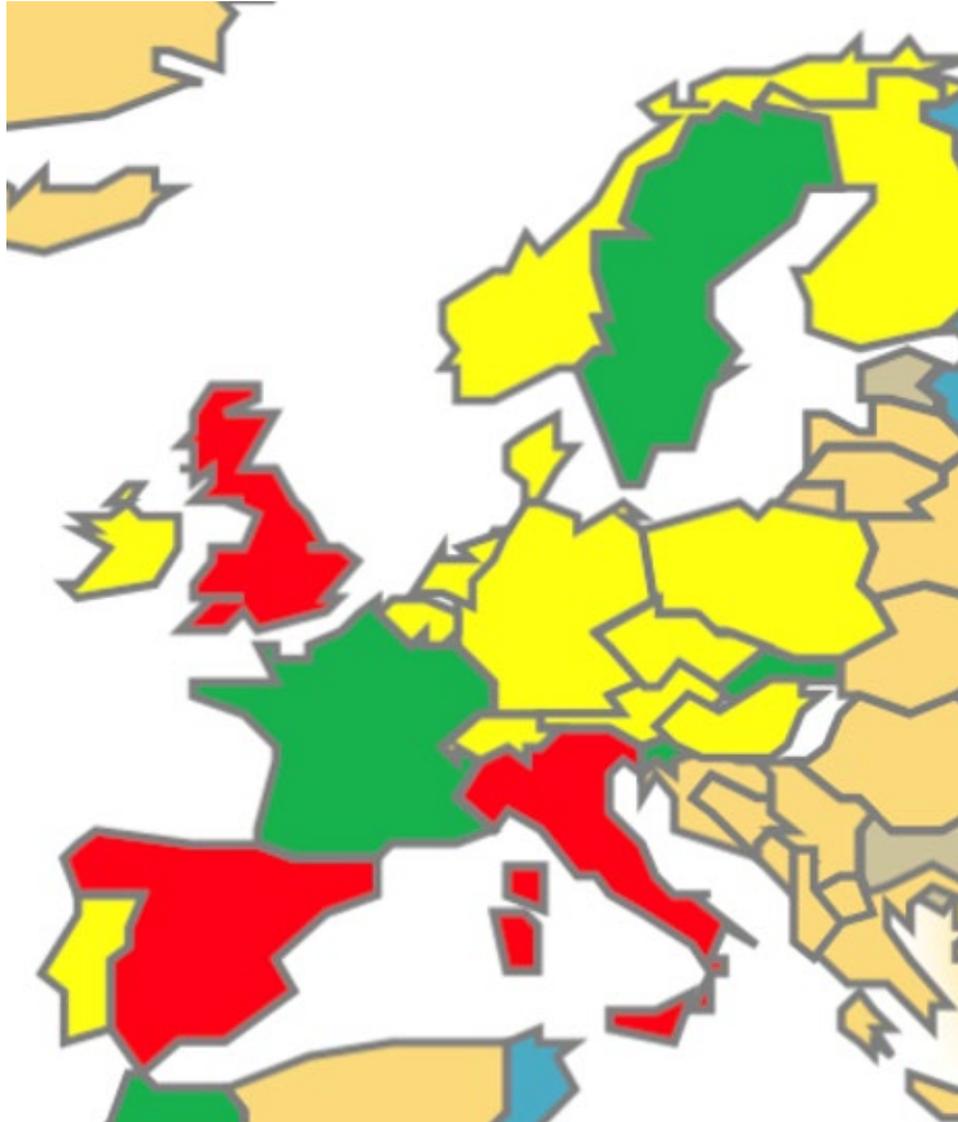
- **Central American continues to see the pandemic impact on new investment plus poor economic policies by governments**
- **Brazil is showing signs of new investment policies but 95% of the franchises are local**
- **Peru and Chile have major government policy problems which limit interest in new investment**
- **Argentina has 100%+ inflation**

Central & Latin America: Legal Trends



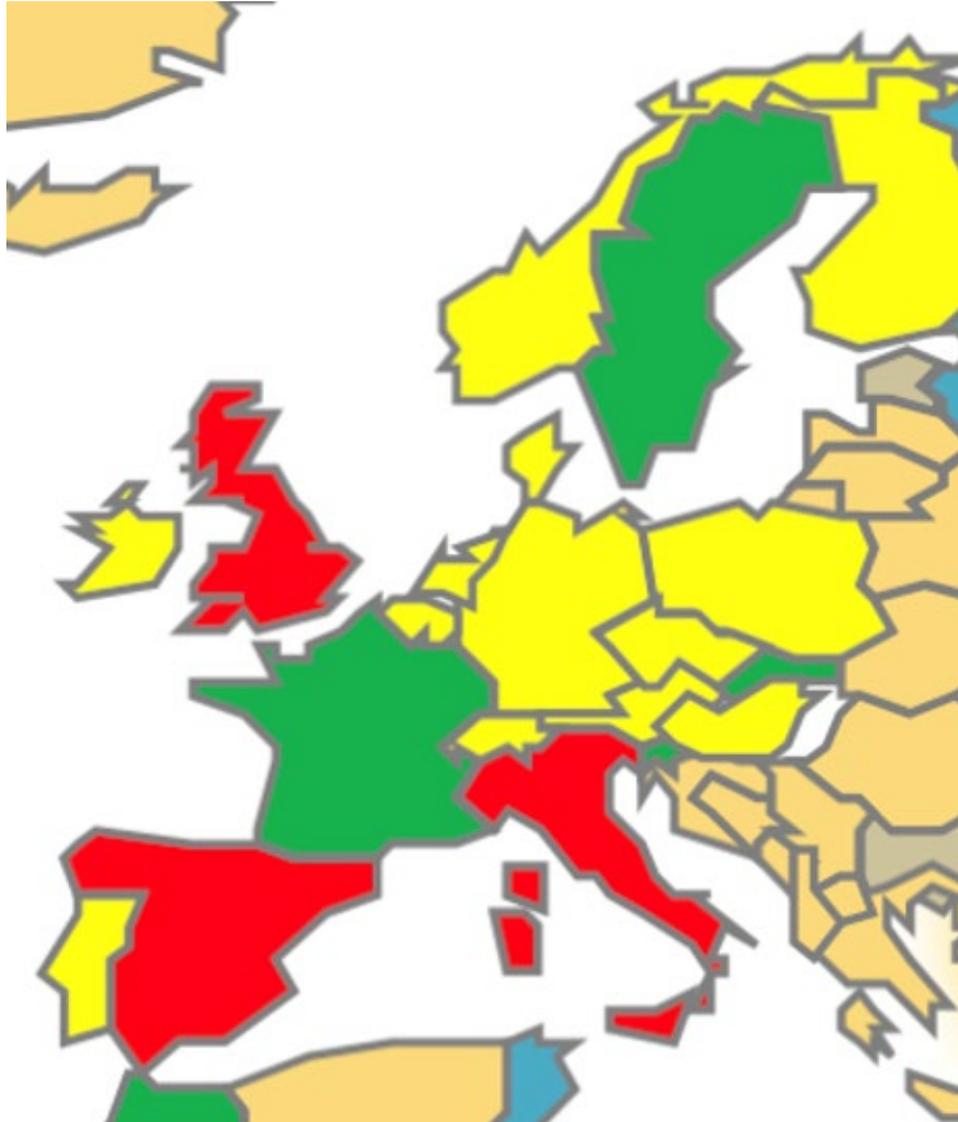
- **Brazil: New foreign exchange law may make getting royalties and other fees out of Brazil easier**

European Union & United Kingdom: Business Trends



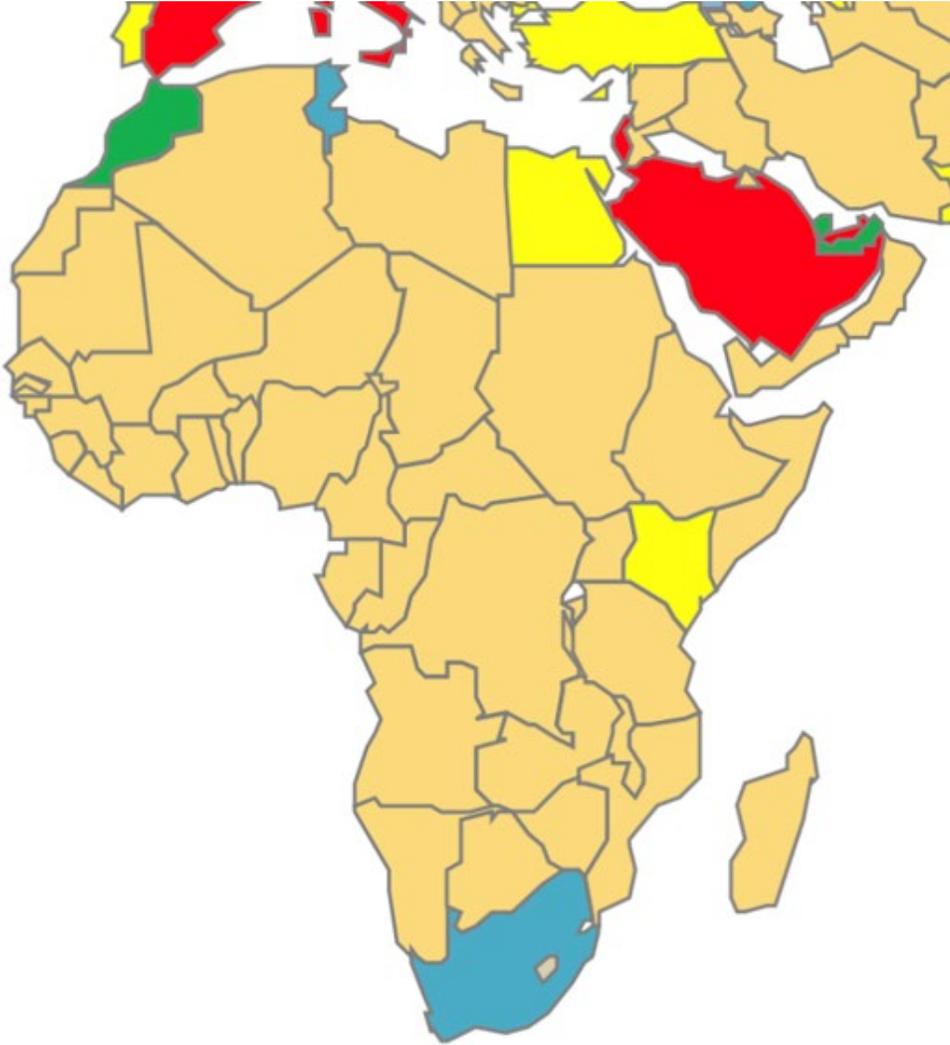
- Spain, Italy and the United Kingdom are seeing good interest in new franchise development
- Spain has the lowest unemployment in the European Union and high new franchise unit investment
- Central Europe has been impacted by the war

European Union & United Kingdom: Business Trends



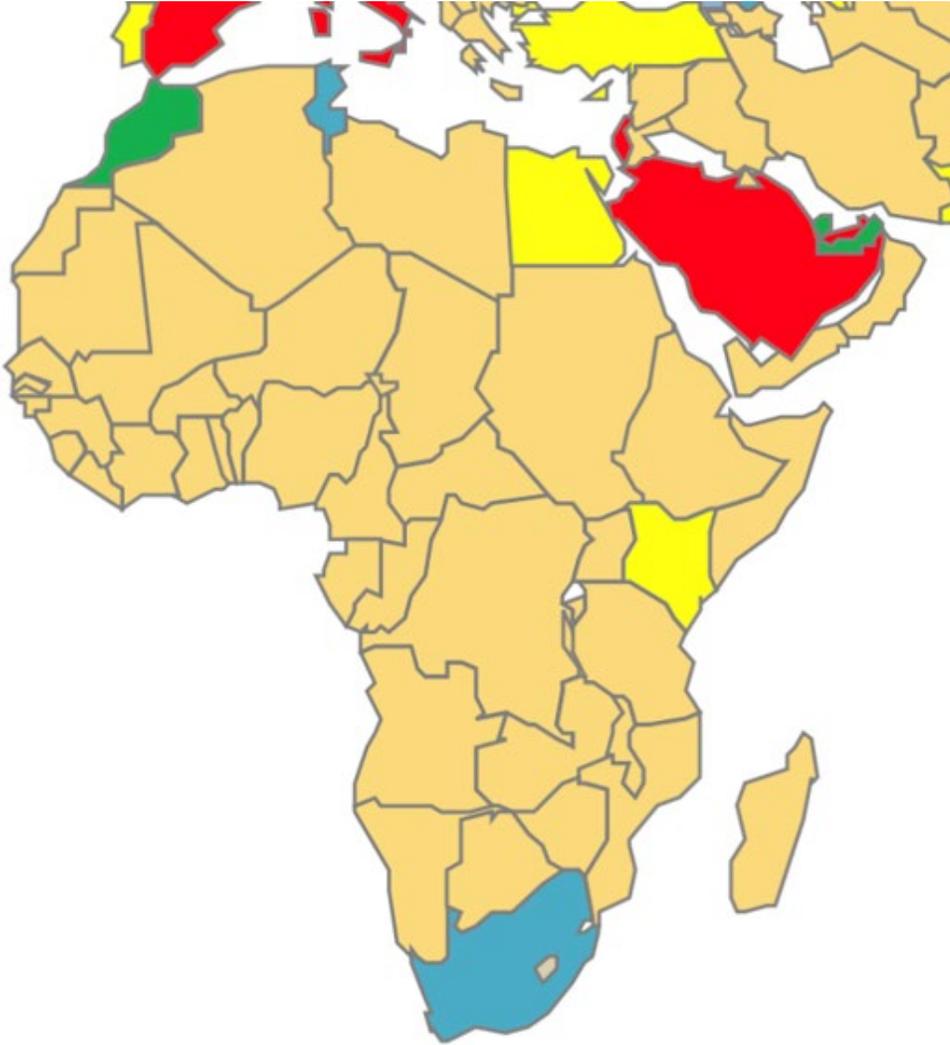
- Italy's anti-trust authority again reviews if franchise agreements are balanced
- Poland proposes franchise law
- Deadline for compliance with Dutch Franchise Act provisions related to existing franchise agreements on January 1, 2023

Africa & The Middle East: Business Trends



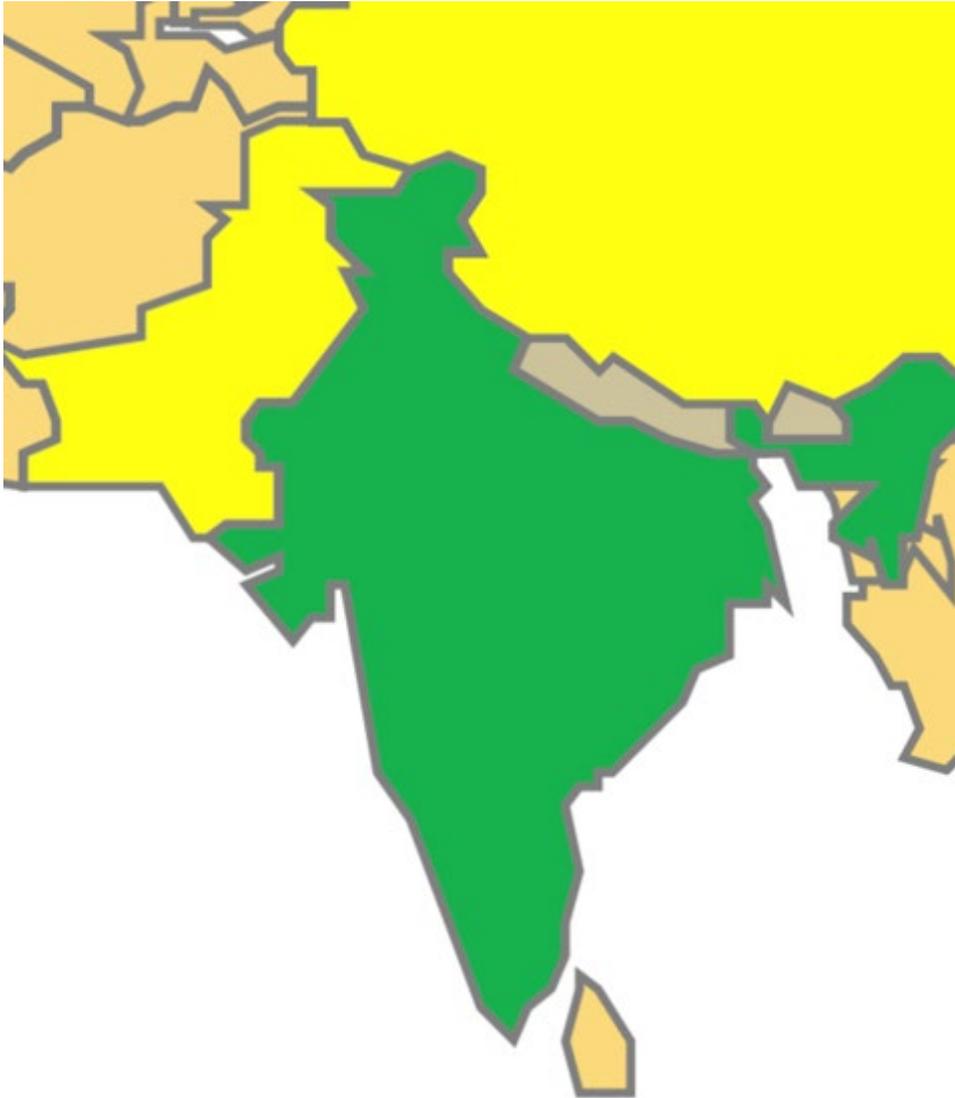
- Saudi Arabia is seeing immense new franchise development due to changing social rules, a new franchise law, growing consumer demand and available capital
- The United Arab Emirates is a tourist area where foreign franchises do well but is becoming saturated with brands
- Most of Africa is limited in new franchise development due to corruption, economic and political challenges

Africa & The Middle East: Business Trends



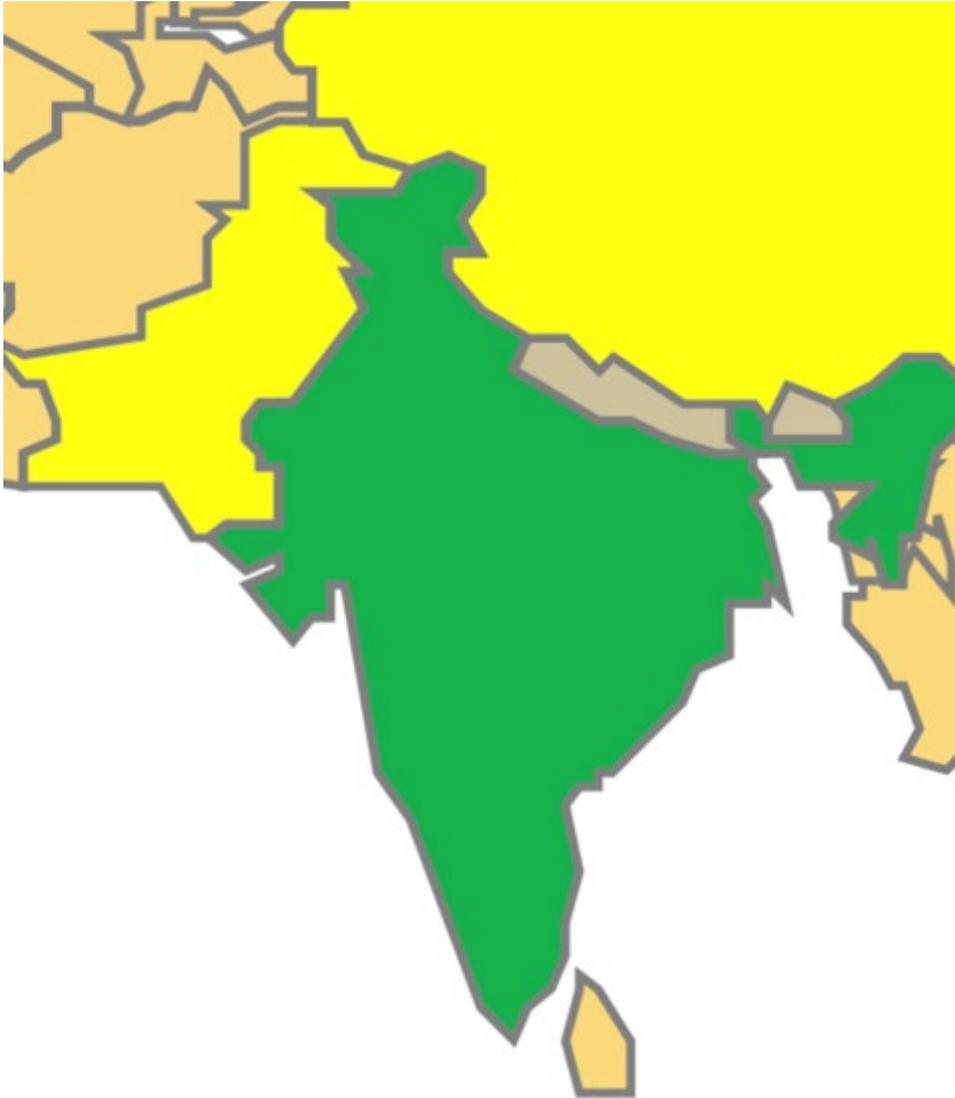
- **Updates to the Saudi Arabia Franchise Law**
- **Nigeria Passes Franchise Law Bill**

The Near East: Business Trends



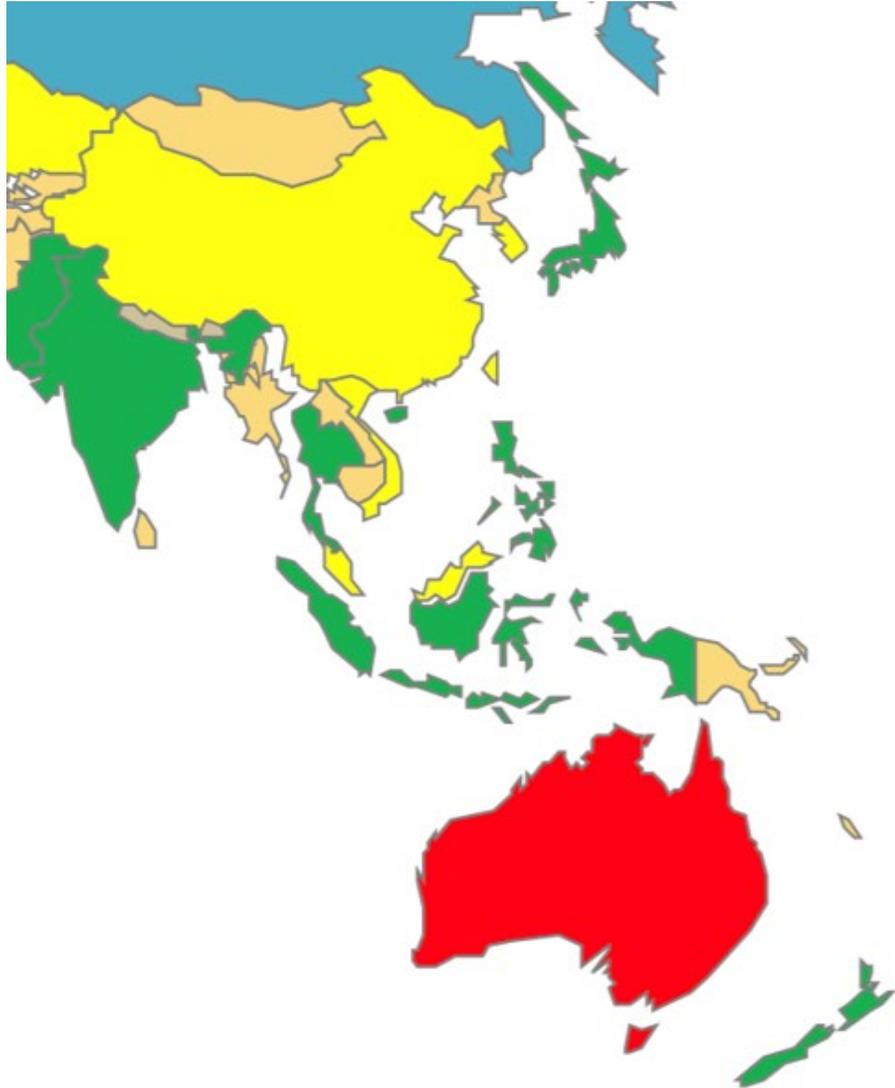
- **India is the positive standout as far as interest in new franchise brands but remains a challenging place to actually sign and operate licenses successfully**
- **Other countries have severe economic and political challenges and are not easy to do business in**

The Near East: Legal Trends



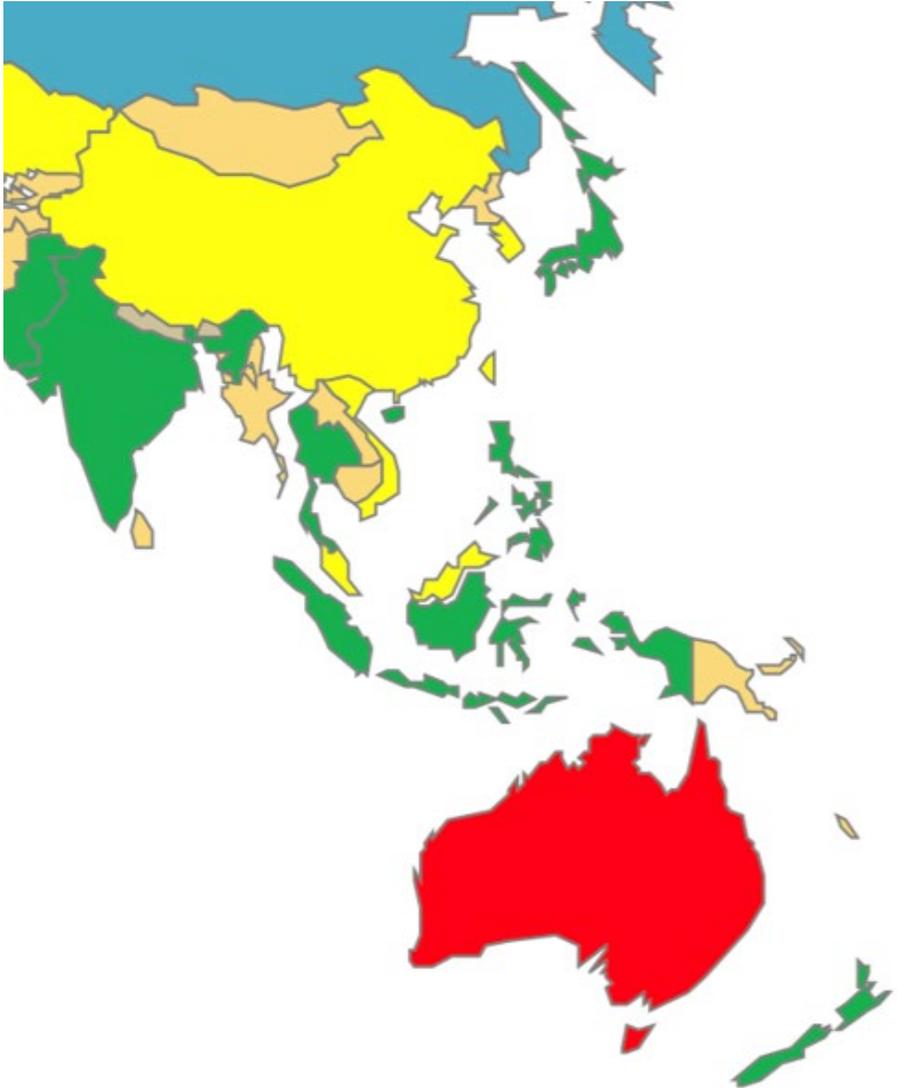
- **Don't ignore the formalities:
Arbitration clauses may not be enforceable**
- **Draft privacy law**

The Near East: Business Trends



- Australia and Japan are seeing strong new franchise interest
- New franchise development in China will be slow due to lack of investor interest
- Indonesia and the Philippines are the most active for new franchise development with high GDP growth rates and pro-growth governments
- Korea is hampered by onerous franchise sector regulation
- New Zealand remains a high quality market for new franchises

The Near East: Legal Trends



- **Australia Franchising Code of Conduct Review**
- **Update on Australian Franchise Registry**
- **New Zealand: Unfair Contract Terms**
- **New Zealand: Review of Franchising Code of Conduct**

Where To Look For New Growth In 2024-2025

- **The Americas – Brazil (maybe), Chile, Mexico**
- **Europe – France, Hungary, Italy, Poland, Spain**
- **Middle & Near East – India, Saudi Arabia**
- **Asia Pacific – Australia, Indonesia, Japan, Malaysia (maybe), New Zealand, the Philippines, Thailand**