



Franchise Council of Australia Media Release

March 2020 Australian franchise survey shows COVID-19 impacts

1 May 2020

A national survey of franchise businesses shows significant reductions in March 2020 revenues as a result of COVID-19 trading restrictions and social isolation.

The “Pulse Check” survey was undertaken by FRANdata* for the Franchise Council of Australia to gain insights on the initial impacts and experiences of the Australian franchise sector during the COVID-19 pandemic.

Representatives of 55 franchise systems covering 11,037 individual franchised business outlets contributed to the survey.

30% of respondents indicated revenue falls of 25-50% on February figures and a further 28% indicated a 50-100% fall in monthly revenue.

On the other side of the coin, approximately one in five (20%) actually indicated an income increase in March 2020.

Industries showing the greatest resilience include pet related, maintenance and health services. Vulnerability was evidenced across retail, restaurants and fitness clubs.

A high level of respondents (33%) indicated that 100% of their franchised business outlets would record a loss for March.

58% of respondents also anticipated a significant weakening of income in the current quarter, with only 11.8% anticipating an increase.

Survey respondents reported a prompt and sharp focus by franchisors on actions to support their franchisees. In fact, 94% of respondents provided specific and often multiple examples of the actions they were taking to support their franchisees.

Financial assistance (direct and indirect) was being provided by 61% of the franchise systems, specific assistance to navigate through changed business regulations available financial support packages (29%) and direct involvement in landlord issues by 18% of franchise systems.

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As at 31 March 2020, 44.7% of respondents were providing financial assistance to more than 50% of their network compared to 31 December 2019 when 73.9% of franchise systems said less than 5% of franchisees were being given financial support.

The highest level of financial support is occurring in the food retail and sit-down restaurant category and the lowest in the maintenance type services categories.

Landlords were noted as “unhelpful” or “very unhelpful” by 27.5% of all respondents (or 36% when “not applicable” responses are excluded) and as “helpful” by only 17.6%. 31.4% described landlords as “indifferent”.

The FCA will use the information gathered to support ongoing submissions and representation to government for Australian franchising.

- *Editors note: FRANdata (established in the US in 1989) commenced Australian operations in 2013 to help local franchising address key strategic challenges by providing one source for objective information and analysis. FRANdata now provides Brand Ratings, Finance Access Reports and Benchmarking services on participating Australian franchise systems. FRANdata also operates The Australian Franchise Registry™ which holds information on more than 200 brands or 30% of the Australian franchise sector.*

Findings from the March 2020 Australian Franchise Sector “Pulse Check” survey is attached. For further information, please contact Darryn McAuliffe t) 0412 789027 or e) dmcauliffe@frandata.com.au.

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The Franchise Council of Australia is the peak body for the \$184billion franchise business segment, which includes 1,344 networks, with 90,000+ individual franchised outlets, employing 598,500 Australians across the nation.

www.franchise.org.au