



The History of Franchising

The roots of franchising can be traced to the end of the American Civil War and the Singer Sewing Machine Company.

But, franchising really started growing at the beginning of this century, when General Motors franchised dealerships. It spread through the automobile, soft drink bottling, and gasoline industries by the 1930's. By 1950, 100 companies were franchising.

Modern franchising evolved during the 1950's with the expanding post-World War II economy, growing interstate highway system, developing suburbs, and increasing automobile ownership. A mobile American public traveled farther from home and sought familiar names with standardized service.

The high growth and emerging popularity of franchising in the 1950's, 1960's and 1970's encouraged the start up of a number of ill-conceived, get-rich-quick schemes, ultimately leading to several states regulating franchising in the early 1970's. Regulation by the Federal Trade Commission followed in 1979. This regulatory activity helped legitimize franchising to the point that it is now a widely accepted method for business expansion.

During the 1980's, franchising began a period of exponential growth. In 1980, approximately 1600 businesses franchised; by 2000, the number had more than tripled!

Franchising Today

- Each year more than \$1 trillion in goods and services are sold through franchises in the United States.

- 35% of all retail goods and services are sold through franchises.
- There are over 650,000 individual franchise outlets in this country.
- Each working day a new franchise opens every 5 minutes.
- Over 300 different types of industries and businesses are franchising.

Such factors as, the movement from a manufacturing to a service economy, technological advances, and women entering the work force, have provided expanding opportunities for people to own their own businesses. Franchising's impact has been to accelerate this private business ownership.