

THE AEF'S STATISTICAL SERVICE

REPORT **2018**

FRANCHISING IN SPAIN

NATIONAL STATISTICS





Franchising in Spain in 2017

The Spanish Franchise Association (AEF-Spanish acronym), with the sponsorship of the Cajamar Group, presents the statistics corresponding to the situation regarding the Spanish Franchise System at the beginning of 2018, together with the data at the end of 2017.

The statistics, provided annually by the AEF since 2002, on the performance of franchising in Spain use a methodology that has not changed, generally speaking, over time, in order to secure maximum objectivity and to provide information that is free from vested interests and, therefore, fully valid.

The statistical service procedures carried out by the AEF cover all the franchisors operating within Spain that have a minimum presence in the market entailing 4 open outlets, at least 2 of which have been active for 2 years. To this effect, we use the direct, systematised information provided by businesses, as well as other complementary methods; in addition to the constant revision and updating, throughout the year.

Also on this occasion, and as a direct consequence of the agreement reached with the Ministry of Economy and Competitiveness, the 2018 Report, which includes the figures closed as of the 31st December 2017, has used information from the Official Register of Franchisors, for the comparative filtering of data, with very interesting results. Undoubtedly, the ongoing collaboration between the Ministry and the AEF will produce a convergence of data, which should permit to ascertain the real situation of the franchising market, whatever the source of public information used.

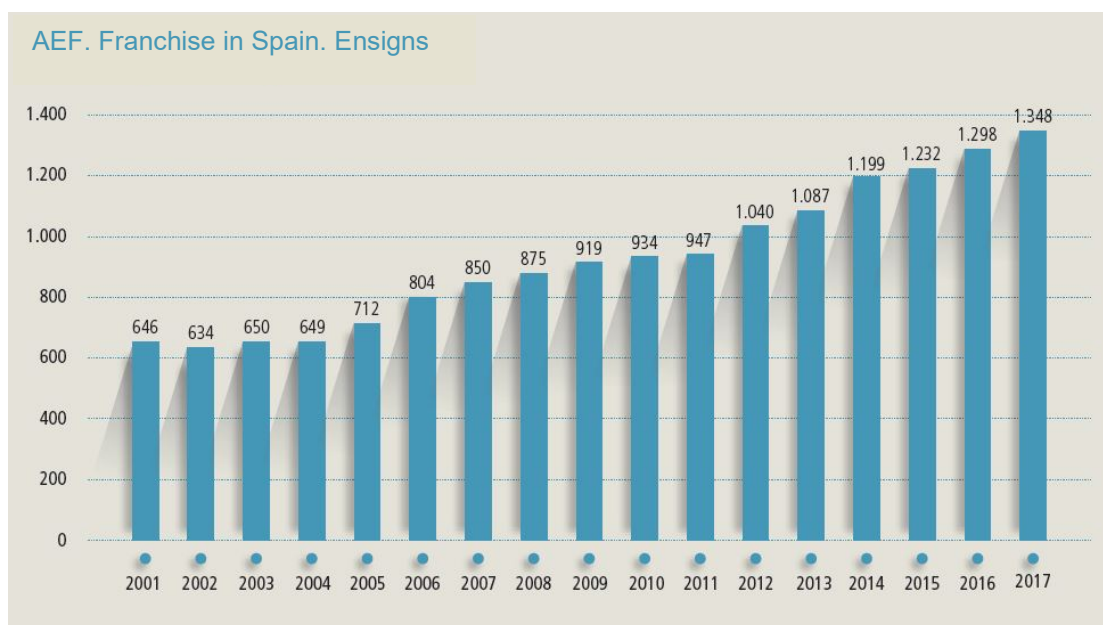


Operational ensigns

The Spanish franchising system is currently made up of a total of 1,348 ensigns, 1,116 of which are of Spanish origin (82.8%) and the remaining 232 (17.2%) come from a total of 26 countries, led by France (54 ensigns), Italy (which has climbed to second place with 44 ensigns) and the United States (39); further down the list are Germany (14) and the United Kingdom (13). These 5 countries represent 70.7% of foreign ensigns with a presence in Spain.

Of these 1,348 franchises, the sector with the largest number of ensigns is "Fashion", with a total of 238 networks, subdivided into eight subsectors of activity, followed by "Hospitality/Catering", with 198 chains, broken down into six sub-sectors, "Beauty/Aesthetics", with 105 networks, and "Specialised Stores", with 78. Likewise, the surfacing of 11 new firms stands out particularly in the "Hospitality/Catering" sector and 9 in the "Fashion" sector. Altogether, in 2017, 50 new ensigns were created in Spain.

Taking into account the complete series, which started in 2001, the data in this report present a global increase of 108.7% in the franchising networks in Spain, with an accumulated annual average growth rate of 4.7%.



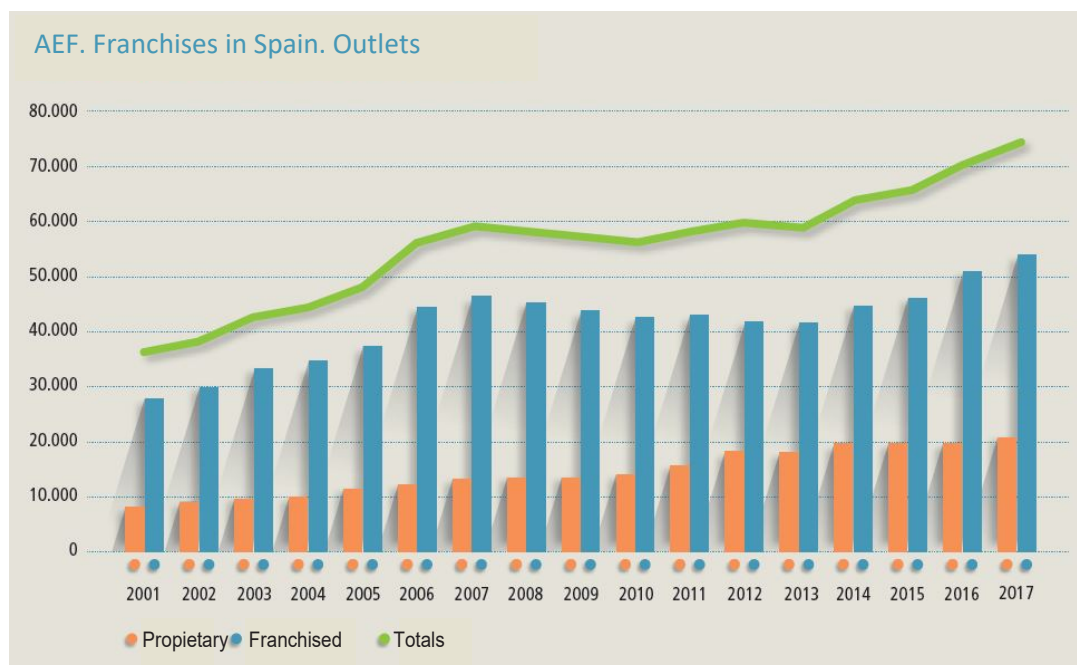


Outlets

With regard to the number of outlets in operation, at the end of 2017 there were a total of 74,398 business premises operating in Spain, 20,620 of which were proprietary and the remaining 53,778, franchised. In total, there were 3,857 outlets more than at the end of 2016 (when there were 70,541 open outlets), representing an increase of 5.5%, slightly less than in the previous year. At the end of 2017, further proprietary establishments were registered, 1,073 more than in 2016, as well as 2,784 new franchises (5.5% more).

Regarding sectors, the sector with the largest number of open outlets continues to be the "Food" sector, with a total of 13,997 (1,306 more than at the end of 2016). Following the "Food" sector are Fashion (9,107 local) and Hospitality/Catering (8,659). Further down are the sectors "Beauty/Aesthetics", with 4,286 establishments and "Computer/ Labelling/Printing", with 3,419 outlets.

For a year now, the rate of expansion has been higher than the growth rate of the Spanish economy and also the rate of opening of outlets registered by all the non-agricultural companies in Spain (data provided by the Central Directory of Companies, DIRCE-Spanish acronym). Specifically, the outlets of the Spanish franchising system grew by 5.5% in 2017, compared to 3.1% estimated for the national GDP and to 1.5% of the establishments registered in the DIRCE:





Turnover

In relation to the total turnover obtained by the entire franchise system at the end of 2017, the figure recorded was € 27,592 million, compared to € 26,992 million reached in 2016, which equates to an increase of 2.2%, a rate higher than the 1.9% of the previous year.

Of this global figure, proprietary outlets accounted for € 10,806 million in 2017 (1.5% more than in 2016), while franchised outlets turned over € 16,786 million, 2.7% more than in 2016.

By sectors, as usual in recent years, the one that obtained the highest turnover was "Food", with a total of € 10,740.4 million (6.2% more than in the previous year). Next, "Hospitality/Fast" "Food", billing € 2,678.2 million (4.9% more), followed by "Hospitality/Restaurants/Hotels", whose sales aggregated € 2,243.7 million (+2,4 %).



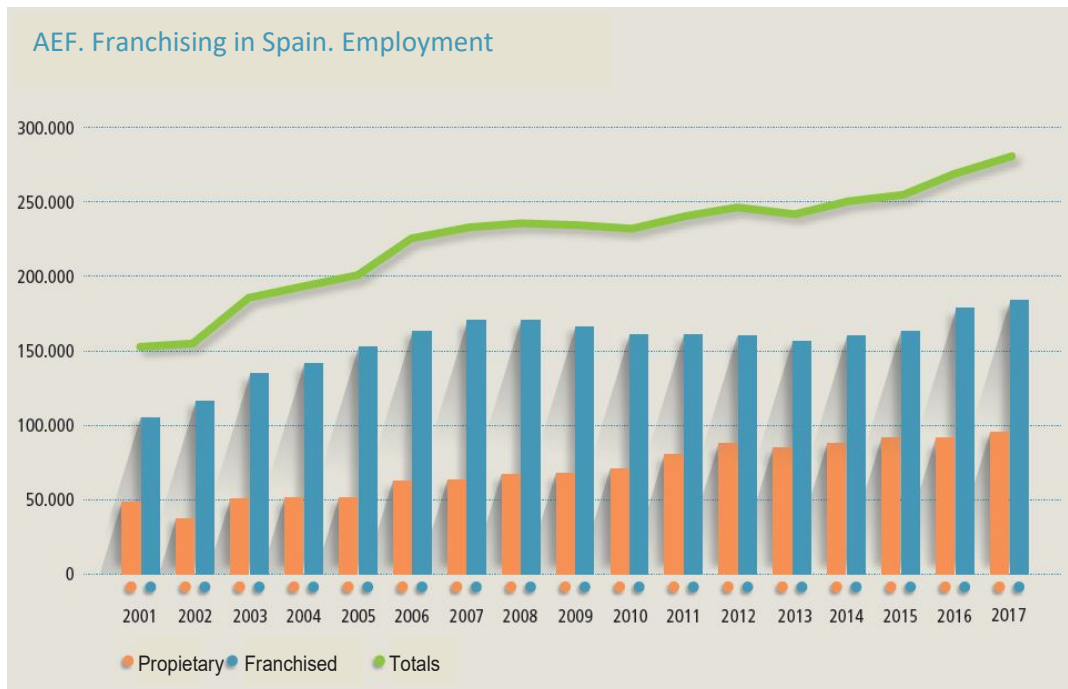


Employment

In relation to jobs generated by franchising in Spain, at the end of 2017 the system employed 278,951 people, 9,965 (3.7%) more than in 2016. Of this figure, 94,919 worked in proprietary establishments (which equates to an increase of 5%) and the remaining 184,032 in franchised establishments (a total of 3.1% more than at the end of 2016).

With regard to the sectors, those that generate the greatest number of jobs are: "Food", employing 73,538 workers (26.4% of the total); "Hospitality/Fast Food", 30,338 workers and 10.9%; "Hospitality/Restaurants/Hotels", which employs 20,676 people (7.4%); "Beauty/Aesthetics", which moves up a place employing 12,273 people (4.4%), and "Transport Services", representing 11,100 people (4%).

In relation specifically to the employment generated in Spain during the economic recovery, the franchising system was instrumental in the growth of the Spanish economy above the average line in three of the last four years. Specifically in 2017, the occupancy up to December in Spain measured by the Active Population Survey (EPA-Spanish acronym) increased by 2.7% over the same period of the previous year. In that same time frame, employment in the Spanish franchising sector grew by 3.7%, one point above the previous figure.





Statistics by Autonomous Communities

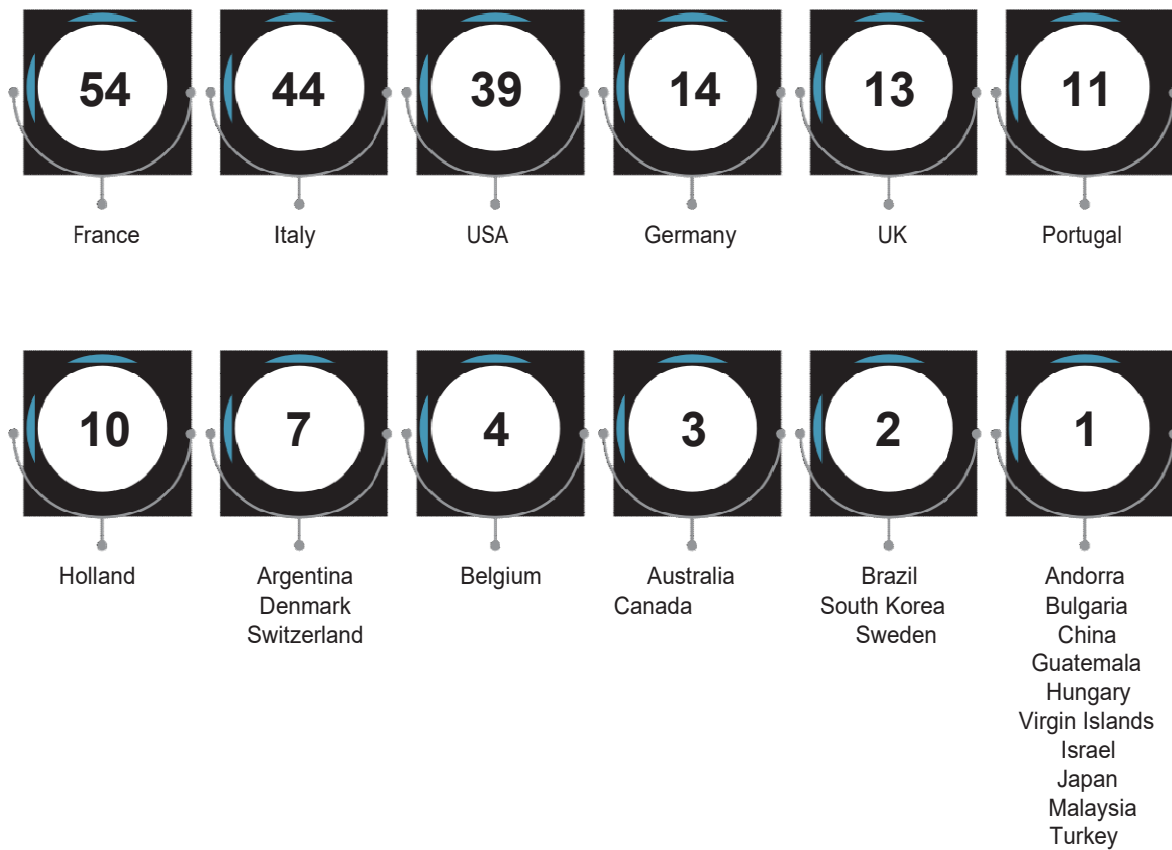
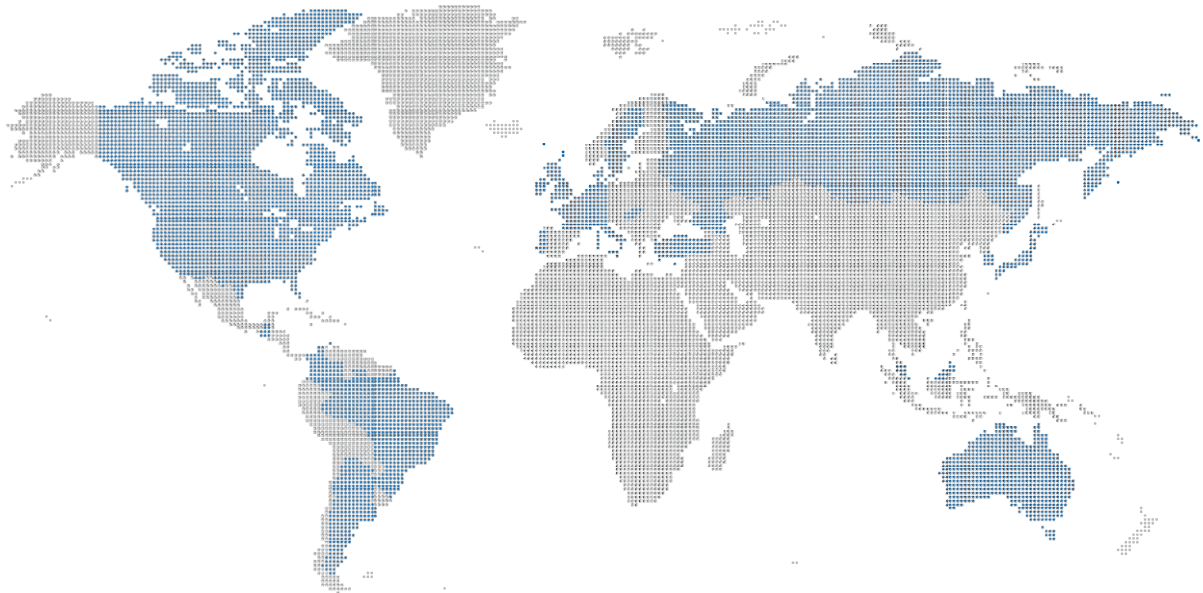
Lastly, of the 1,348 networks that currently make up the franchising system in Spain, the Autonomous Community with the largest number of franchising outlets continues to be Madrid, with 335 (10 more than in 2016), followed by Catalonia, with 321 (10 more); Valencia, with 174 (8 more); Andalusia, with 156 (9 more), and Galicia, with 54 (3 more). These five Communities account for 77.2% of the total number of ensigns that make up this business model in Spain, 4.5 points more than the previous year.

It should be noted that the Community of Madrid generates the highest turnover from the headquarters offices established there, with a total of € 13,311.1 million, leaving Catalonia behind, with € 6,504.8 million. Likewise, the headquarters at these two Autonomous Communities are the offices with the largest number of jobs and that have the largest number of outlets in the rest of the country. Headquarters located in the Madrid region generate 115,752 jobs and those in Catalonia 72,087. Considering the set of five Communities with the largest number of ensigns, they account for 82.6% of outlets, 82.9% of turnover and 82.4% of jobs.

Autonomous Communities				
AC	Nº Ensigns	Establishments	Turnover	Jobs
Andalusia	156	5,368	1,016,737,000	14,588
Aragon	35	1,512	508,207,000	6,045
Asturias	15	294	227,525,000	1,203
Balearic Islands	20	2,241	1,439,924,000	11,859
Canary Islands	11	174	28,076,000	428
Cantabria	7	771	127,401,000	1,906
Castile-La Mancha	21	487	122,632,000	1,608
Castile and Leon	32	638	130,161,000	1,574
Catalonia	321	21,736	6,504,843,000	72,087
Extremadura	23	780	120,519,000	1,596
Galicia	54	2,370	546,641,000	7,856
Rioja	11	312	50,895,000	819
Madrid	335	25,411	13,311,103,000	115,752
Murcia	26	668	116,720,000	1,669
Navarre	12	362	59,196,000	1033
Basque Country	36	3,403	1,446,196,000	13,805
Valencia	174	6,602	1,491,593,000	19,681
Based outside of Spain	59	1269	343,698,000	5,442
TOTALS	1,348	74,398	27,592,067,000	278,951



Origin of foreign franchises





Annexes

Total operating stores by branch of activity	
Sectors	2017
Property Administration	10
Real Estate Agencies	35
Travel Agencies	16
Food	68
Beauty/Aesthetics	105
Gyms	24
Leisure Centres	17
Health Centres	30
Sports	21
Dietetics/Pharmaceuticals	14
Renewable Energy	8
Teaching/Training	42
Hospitality/Cafes/Chocolatiers	30
Hospitality/Breweries/Cider houses	12
Hospitality/Fast Food	45
Hospitality/Ice Cream/Yogurt shops	24
Hospitality/Restaurants/Hotels	65
Hospitality/Tapas	22
IT/Labelling/Printing	57
Telecommunications	22
Jewellery/Trinkets	21
Furniture/Home	70
Fashion/Tailoring	7
Fashion/Accessories	56
Womenswear	62
Generic Mixed Fashion	29
Childrenswear	40
Lingerie	20
Bridal wear	6
Menswear	18
Office/Stationery/Bookstore	23
Optics/Photography/Audiometry	22
Bakery/ Patisserie	35
Company Services	50
Automotive Services	45
Financial Services	14
Cleaning Services	12
Transportation Services	14
Various Services	37
Specialised stores	78
Dry Cleaning/Laundries	22
TOTAL	1.348



Outlets by branch of activity			
Sectors	Out.. Proprietary	Out. Franc.	Total Out..
Property Administration	44	255	299
Real Estate Agencies	111	1,549	1,660
Travel Agencies	1,450	1,812	3,262
Food	6,942	7,055	13,997
Beauty/Aesthetics	670	3,616	4,286
Gyms	72	343	415
Leisure Centres	126	190	316
Health Centres	324	694	1,018
Sports	351	559	910
Dietetics/Pharmaceuticals	193	1,109	1,302
Renewable Energy	17	228	245
Teaching/Training	196	2,260	2,456
Hospitality/Cafes/Chocolatiers	155	492	647
Hospitality/Breweries/Cider houses	24	401	425
Hospitality/Fast Food	552	2,514	3,066
Hospitality/Ice Cream/Yogurt shops	85	536	621
Hospitality/Restaurants/Hotels	740	2,271	3,011
Hospitality/Tapas	57	832	889
IT/Labelling/Printing	229	3,190	3,419
Telecommunications	100	1,982	2,082
Jewellery/Trinkets	449	653	1,102
Furniture/Home	573	1,919	2,492
Fashion/Tailoring	63	99	162
Fashion/Accessories	586	1,127	1,713
Womenswear	1,067	1,160	2,227
Generic Mixed Fashion	612	825	1,437
Childrenswear	687	973	1,660
Lingerie	358	910	1,268
Bridal wear	35	130	165
Menswear	177	298	475
Office/Stationery/Bookstore	123	1,031	1,154
Optics/Photography/Audiometry	1,171	812	1,983
Bakery/Patisserie	324	873	1,197
Company Services	153	1,382	1,535
Automotive Services	434	2,946	3,380
Financial Services	76	305	381
Cleaning Services	17	139	156
Transportation Services	133	2,226	2,359
Various Services	268	1,060	1,328
Specialised Stores	674	1,584	2,258
Dry Cleaning/Laundries	202	1,438	1,640
TOTAL	20,620	53,778	74,398



Turnover by branch of activity			
Sectors	Billing of proprietary	Billing of franchised	Total Billing
Property Administration	6,977,000	28,545,000	35,522,000
Real Estate Agencies	23,437,000	307,850,000	331,287,000
Travel Agencies	420,214,000	350,252,000	770,466,000
Food	5,788,185,000	4,952,171,000	10,740,356,000
Beauty/Aesthetics	146,780,000	563,956,000	710,736,000
Gyms	19,773,000	81,850,000	101,623,000
Leisure centres	22,883,000	25,819,000	48,702,000
Health centres	144,102,000	209,107,000	353,209,000
Sports	190,021,000	237,721,000	427,742,000
Dietetics/Pharmaceuticals	34,087,000	143,018,000	177,105,000
Renewable Energy	3,599,000	32,952,000	36,551,000
Teaching/Training	36,480,000	347,418,000	383,898,000
Hospitality/Cafes/Chocolatiers	38,219,000	113,736,000	151,955,000
Hospitality/Breweries/Cider houses	6,172,000	94,682,000	100,854,000
Hospitality/Fast Food	337,018,000	2,341,152,000	2,678,170,000
Hospitality/Ice Cream/Yogurt shops	15,208,000	101,854,000	117,062,000
Hospitality/Restaurants/Hotels	1,293,309,000	950,379,000	2,243,688,000
Hospitality/Tapas	18,972,000	243,109,000	262,081,000
IT/Labelling/Printing	45,104,000	430,969,000	476,073,000
Telecommunications	20,352,000	354,738,000	375,090,000
Jewellery/Trinkets	97,084,000	109,009,000	206,093,000
Home Furniture	235,285,000	553,621,000	788,906,000
Fashion/Tailoring	7,772,000	11,412,000	19,184,000
Fashion/Accessories	111,355,000	173,784,000	285,139,000
Womenswear	286,906,000	273,627,000	560,533,000
Generic Mixed Fashion	367,482,000	194,451,000	561,933,000
Childrenswear	126,284,000	165,772,000	292,056,000
Lingerie	84,146,000	169,344,000	253,490,000
Bridal wear	17,181,000	51,526,000	68,707,000
Menswear	43,320,000	63,992,000	107,312,000
Office/Stationery/Bookstore	31,655,000	251,412,000	283,067,000
Optics/Photography/Audiometry	217,903,000	144,474,000	362,377,000
Bakery/Patisserie	84,100,000	171,631,000	255,731,000
Company Services	31,242,000	141,789,000	173,031,000
Automotive Services	119,088,000	503,032,000	622,120,000
Financial Services	9,057,000	56,324,000	65,381,000
Cleaning Services	2,776,000	16,905,000	19,681,000
Transportation Services	109,561,000	1,237,649,000	1,347,210,000
Various Services	32,261,000	122,956,000	155,217,000
Specialised Stores	144,633,000	259,526,000	404,159,000
Dry Cleaning/Laundries	36,044,000	202,526,000	238,570,000
TOTAL	10,806,027,000	16,786,040,000	27,592,067,000



Jobs by branch of activity			
Sectors	Pers. Proprietary.	Pres. Franchised.	Total Pers.
Property Administration	115	480	595
Real Estate Agencies	289	3,823	4,112
Travel Agencies	3,424	3,495	6,919
Food	39,662	33,876	73,538
Beauty/Aesthetics	2,251	10,022	12,273
Gyms	342	1,486	1,828
Leisure Centres	362	497	859
Health Centres	1,742	2,837	4,579
Sports	946	1,443	2,389
Dietetics/Pharmaceuticals	391	2,218	2,609
Renewable energy	45	418	463
Teaching/Training	735	5,375	6,110
Hospitality/Cafes/Chocolatiers	671	2,032	2,703
Hospitality/Breweries/Cider houses	109	1,735	1,844
Hospitality/Fast Food	5,165	25,173	30,338
Hospitality/Ice Cream/Yogurt shops	222	1,370	1,592
Hospitality/Restaurants/Hotels	11,144	9,532	20,676
Hospitality/Tapas	258	3,815	4,073
IT/Labelling/Printing	625	7,962	8,587
Telecommunications	338	5,990	6,328
Jewellery/Trinkets	885	1,326	2,211
Furniture/Home	2,083	6,332	8,415
Fashion/Tailoring	126	238	364
Fashion/Accessories	1,420	2,562	3,982
Womenswear	3,426	3,266	6,692
Generic Mixed Fashion	3,747	3,037	6,784
Childrenswear	1,488	1,996	3,484
Lingerie	888	2,090	2,978
Bridal wear	133	366	499
Menswear	514	903	1,417
Office/Stationery/Bookstore	356	2,968	3,324
Optics/Photography/Audiometry	3,947	2,450	6,397
Bakery/Patisserie	1,213	2,994	4,207
Company Services	418	2,460	2,878
Automotive Services	1,688	7,358	9,046
Financial Services	145	375	520
Cleaning Services	39	224	263
Transportation Services	765	10,335	11,100
Various Services	483	2,038	2,521
Specialised Stores	1,821	4,080	5,901
Dry Cleaning/Laundries	498	3,055	3,553
TOTAL	94,919	184,032	278,951

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