



# 2016 Top Markets Report **Franchising** Country Case Study

## Canada

As our largest North American trading partner, Canada’s close proximity and common language makes it one of the most logical destinations for franchise firms to export their concepts. The franchising sector accounts for about 10 percent of Canada’s GDP.

Overall Rank  
**1**

According to the Canadian Franchise Association, Canada's franchising sector comprises more than 1,000 franchises and more than 78,000 individual units, ranging from restaurants to non- food retail establishments, from automotive product retailers to purveyors of business services. This sector accounts for 10 percent of Canada’s GDP. In the retail sales sector, 45 percent of all sales are from franchise operations. The fastest-growing demographic of franchise buyers is women.<sup>1</sup>

The Canadian franchise industry:<sup>2</sup>

- Generates approximately \$68 billion each year
- Over 1 million Canadians, 1 of every 14 working Canadians, are directly or indirectly employed by the franchise industry
- There are over 78,000 franchise units across Canada

Although there are no federal franchise laws, Ontario, Prince Edward Island and Alberta have franchise-specific-legislation aimed at ensuring that small business investors are able to make informed decisions prior to committing to franchise agreements. Disclosure requirements provide prospective franchisees with information about how sellers plan to approach key contractual issues, such as termination, and afford buyers stronger legal remedies regarding court action. Similar legislation is under consideration in other provinces.<sup>3</sup>

### World Economic Forum’s Global Competitiveness Index (GCI)<sup>4</sup>

The high ranking is a result of Canada’s highly efficient labor markets, excellent health care and primary education, and a stable government known to be trade friendly. Canada continues to be the largest export market for the United States.

Canada	
Competitiveness Index	Score (1-7)
Government/Regulatory	5.1
Labor Force	5.1
Infrastructure	5.9
Demand/Business Factors	5.1
Industry Interest*	5.9
<b>5.42 Total</b>	
<small>World Economic Forum International Franchise Association*</small>	
Economic Statistics	
Population	35.54 million
GDP	\$1.785 trillion
GNI, per capita (PPP)	\$43,360
Income Level	High
Unemployment	6.9%
Inflation	1.9%
<small>World Bank (2014)</small>	

### Government/Regulatory

Canada offers an efficient and transparent legal system that incorporates strong intellectual property protection.

The regulatory burdens on industry in Canada, however, are somewhat high for a developed country. Canada rates high for security within its borders.

#### Labor Force

With a population of over 35 million, franchise firms can take advantage of Canada's highly efficient labor market.

#### Infrastructure

With its world class transportation infrastructure and efficient electricity and telephone systems, Canada boasts one of the best infrastructures for doing business in the world. Canada's banking system is considered strong in this global economy.

#### Demand/Business Factors

Canada's financial system is considered one of the strongest in the world. Local suppliers are known for their ability to produce quality goods and services.

#### Industry Interest

Of the top 12 markets identified by the members of the International Franchise Association as markets most valuable to them for international expansion and to have profiled in the Top Markets Report, Canada was ranked 11<sup>th</sup>.

#### **Resources**

U.S. Commercial Service – Canada  
<http://export.gov/canada/>

Canada Country Commercial Guide (CCG)  
<http://export.gov/ccg/canada090978.asp>

Canada - Franchising:  
<http://apps.export.gov/article?id=Canada-Franchising>

Canada – Protecting Intellectual Property  
<http://apps.export.gov/article?id=Canada-Protecting-Intellectual-Property>

#### **Industry Expert's Take:**

**The Canadian Dollar versus the USD is causing challenges for food and beverage franchises. New government needs to show they are pro new business investment.**

**William Edwards, Edwards Global Services, Inc., December 16, 2015**

<sup>1</sup> <http://apps.export.gov/article?id=Canada-Franchising>

<sup>2</sup> Franchising Fast Facts, Canadian Franchise Association ([http://www.cfa.ca/tools\\_resources/franchise-research-facts/](http://www.cfa.ca/tools_resources/franchise-research-facts/))

<sup>3</sup> <http://apps.export.gov/article?id=Canada-Franchising>

<sup>4</sup> World Economic Forum, The Global Competitiveness Report 2015-2016