

## **Exporting America – international growth of U.S. franchises**

It's a small world. These days, you can saunter up to the all you can eat Ponderosa Steakhouse buffet in Dubai and then make your way to a 35,000 square foot Gold's Gym facility. In mainland China and other parts of Asia you can go to Curves (a weight loss and exercise center), eat Dunkin' Donuts or bulk shop at Sam's Club. In Johannesburg you can eat, drink and watch the World Cup at Hooters. Nigeria recently welcomed Orkin Pest Control. And if you're in the Morocco Mall in Casablanca, you might just want to pick up a t-shirt at The Gap.

With slow growth at home, many American brands have turned to emerging and developing markets for opportunities to expand. In fact, American brands are growing faster abroad than they are domestically, according to a CNNMoney review of industry data collected by the Franchise Times. Strong economic growth, coupled with an increasingly large middle class with disposable income, has created a big appetite for U.S. brands in many emerging markets. Consumers are ready to spend, and not just on fast food. They want to take advantage of everything that American-style franchising has to offer.

Future entrepreneurs are lining up too, eager to bring something new to their local tables. At the recent International Franchise Expo in New York, approximately one-fifth of the nearly 20,000 attendees were foreigners. They bring with them the willingness to learn and cultural knowledge, and are seeking the opportunity for financial success – backed by already established brands and systems. This high demand can also translate into great terms for franchisors, such as multi-unit agreements and the economies of scale that come with the opening of multiple locations at the same time.

When well-planned and executed, U.S. brands can reap the rewards of franchise expansion into emerging markets. In fact, the Overseas Private Investment Corporation (OPIC), the international development arm of the U.S. Government agrees. They have specifically tailored financing and political risk insurance products to meet the needs of franchise systems and franchisees looking to expand into certain emerging markets. Why? Because of the win-win opportunities that franchising can offer on both sides of the equation.