

Chapter 2.

Impact of Hospitality Franchising on the U.S. Economy

Objectives

After completing this chapter students will

1. Have good understanding of the impact of franchising on US economy
2. Know the different segments of the franchising business
3. Realize the importance of franchising in providing employment opportunities
4. Learn different franchise restaurant segments
5. Study different milestones in restaurant franchise operations
6. Learn about top 10 franchises in different segments
7. Know the differences between company owned and franchise restaurants

Major Concepts and Teaching Points

- **Economic contribution of Franchising:** Although there are different figures, the best way is to emphasize the importance of these numbers.
- **Emphasize the basic points of franchising and its contribution to nation's economy:**
 - Franchising continues to be a strong and significant contributor to the American economy.
 - Overall restaurant industry is a big contributor of any nation's economy. In the United States restaurant industry is considered as an economic engine.
 - Since franchising is so much dependent on entrepreneurs the contribution of the restaurant as “entrepreneur builder” deserves to be emphasized. According to the National Restaurant Association, 80 percent of restaurant owners started in an entry-level position within the restaurant industry. With 93 percent of restaurants having less than 50 employees, restaurants are fundamental to overall small business creation and development.

Summarize the facts using figures to show

- Different segments of franchising
- Share of the different segments of franchising
- Stress the differences of franchising segments
- Top franchises and their contribution
- Discuss the tables showing top franchises emphasizing on the difference between number of units and their rankings
- Emphasize the growth of franchise units over the years

CASE STUDY

Taco Bell's Beef Controversy

- Students should come prepared after reading the case study to discuss what is the Taco Bell's controversy. This can be integrated with Assignment 1.

ASSIGNMENTS

Assignment 1: Use the case study to discuss controversial points. Divide the class in to two groups one for and one for opposing points of view.

Assignment 2 : Assign students to update the information and discuss the top franchises based on different rankings. Students may be encouraged to bring special articles of publication related with economic data on restaurant franchises.

Assignment 3: Ask students to discuss the top franchises and whether the rankings are accurate.