

 **FRANCHISING ALERT****WHAT IS FRANCHISING?**

You may have heard of the term “franchising” being bandied about in the media or from other sources.

But are you aware of exactly what the term franchising means and how franchising fits into the general business and economic environment in Australia.

Are you aware, for example, that:

- Australia has the most franchising outlets per capita in the world (and 3 x more per capita than in the USA); and
- 14% of Australia’s gross domestic product (GDP) is represented by revenue generated from businesses in the franchise sector with an estimated sales turnover of about \$131 billion.

As such, although franchising may be associated with small business, in fact it is “big” business in terms of the Australian economy.

So what is franchising?

Franchising is not a business in itself but rather a marketing concept involving a system for the distribution of goods and services. Franchising encompasses the business relationship between a franchisor and a franchisee whereby the franchisor grants to a franchisee the right to:

- market and distribute the franchisor's goods or services;
- use the franchisor’s intellectual property, branding and know how;
- use the franchisor’s methods and procedures,

in a setting where the franchisor also provides ongoing training and support structures to a franchisee and allows the franchisee to benefit from franchisor’s marketing and advertising campaigns.

In return, the franchisee agrees contractually to pay the franchisor specified fees and to comply with certain terms and conditions typically set out in a Franchise Agreement.

At McCarthy Durie Lawyers we have a team of lawyers with extensive experience and knowledge able to assist you with your franchising requirements, whether that be in relation to: (i) the acquisition or sale of a franchised business (ii) reviewing and advising you about franchise contract documentation (iii) regulatory compliance (iv) preparing franchise documentation (v) assistance with disputes including dispute resolution and litigation (vi) establishing franchise systems for franchisors; or (vi) general franchise assistance and advice.

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