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EDITORS AND REPORTERS: Director Udo Schlentrich and senior research fellow Hachemi Aliouche of The William Rosenberg International Center of Franchising at the University of New Hampshire are available to discuss the latest Franchise 50 Index™ report. Udo Schlentrich can be reached at 603-862-0137 or udo.schlentrich@unh.edu. Hachemi Aliouche can be reached at 603-918-6049 or hachemi.aliouche@unh.edu.

The latest Rosenberg Center Franchise 50 Index™ report is available at http://www.unh.edu/news/docs/UNHFran50Q406.pdf

DURHAM, N.H. -- The University of New Hampshire Rosenberg Center Franchise 50 Index™ outperformed the S&P 500 in 2006, and ended the year with a record 13.3 percent jump in the fourth quarter of 2006.

The Rosenberg Center Franchise 50 Index™, which was created by UNH William Rosenberg International Center of Franchising, was up 17.8 percent over the year, compared to 13.6 percent for the S&P 500. The index tracks the market performance of the top 50 U.S. public franchisors. These 50 franchisors represent more than 98 percent of the market capitalization of all U.S. public companies engaged in business format franchising. Since its inception in 2000, the index is up 82.3 percent, compared to 1.7 percent for the S&P 500.

"The year 2006 was eventful for franchised businesses. Major company restructurings took place, including Cendant Corporation’s breakup into four independent entities: Realogy (real estate), Wyndham Worldwide (hospitality), Avis Budget Group (vehicle leasing services), and Travelport (travel distribution services). Other major reorganizations included McDonald’s spin-off of its Chipotle Mexican Grill subsidiary and Wendy’s sale of its Tim Hortons and Baja Fresh chains," according to the latest report from the UNH Rosenberg Center.

“Burger King became a publicly traded company once again. Private equity firms went on a buying spree and snapped up a record number of hotel and restaurant companies. Sandwich chain Subway once again took the top spot in Entrepreneur magazine’s Franchise 500 list, followed by Dunkin’ Donuts, Jackson Hewitt Tax Service and 7-Eleven. Subway also ranked first among quick service restaurants by customers in a survey by Corporate Research International,” the report said.

The shift away from using trans fats in cooking had a significant impact on franchised and non-franchised restaurants in 2006, as several states and cities, including New York City, Chicago, New Jersey, and Massachusetts have either banned the use of trans fats or are considering such a ban.

“In October 2006, KFC announced it was switching to a zero trans fat cooking oil. Since then, several other food chains have switched or have announced plans to switch. These include McDonald’s, Taco Bell, Olive Garden, and Red Lobster,” the report said.
Finally, gourmet coffee was a hot commodity in 2006. “McDonald’s expanded its push into premium coffee. Specialty coffeehouses such as Bad Ass Coffee, Beaner’s Coffee, Bearclaw Coffee Company, and Maui Wowi continued their fast growth, and Starbucks and Dunkin Donuts announced major expansion plans,” according to the report.

In the fourth quarter of 2006, Buffalo Wild Wings Inc. (BWLD) returned the best performance (40 percent) among the Franchise 50 Index™ components while Red Robbins Gourmet Burgers (RRGB) lost the most value (-22 percent).

Buffalo Wild Wings, the fast-growing owner, operator and franchisor of casual restaurants, generated financial results that beat Wall Street expectations, with revenues growing more than 32 percent and profits up more than 84 percent.

“Buffalo Wild Wing’s performance and future growth plans pleased investors, and its stock price shot up 40 percent this quarter,” according to the researchers. “On the other hand, Red Robbins Gourmet Burgers disappointed investors as it reported a decline in profits, and announced a more conservative new restaurant openings growth plan.”

For more information on the William Rosenberg International Center of Franchising or the Franchise 50 Index™, please visit the center’s Web site at http://franchising.unh.edu.