Related Links

[Whittemore School of Business and Economics]

[Franchise 50 Index™ First Quarter 2004 Report]

[William Rosenberg International Center of Franchising]

UNH Rosenberg Center Franchise 50 Index Outperforms S&P 500 in Q1

New Low Carb Menu Fuels CKE Restaurants Top Position as Marriott Sees Drop in Market Value Following Madrid Terrorist Attack

Contact: Lori Wright
603-862-0574
UNH Media Relations

June 15, 2004

DURHAM, N.H. – The University of New Hampshire Rosenberg Center Franchise 50 Index™ is up 6.6 percent in the first quarter of 2004, significantly outperforming the S&P 500's 1.3 percent increase over the same period.

"Franchising is a major force in the economy, and many of the best-known and most successful businesses in the country are franchises. These first quarter results for 2004 are not surprising when we consider that over the January 2000 to March 2004 period, The Rosenberg Center Franchise 50 Index™ is up 36.9 percent, while the S&P 500 Index is down 19.2 percent," said Udo Schlentrich, director of The William Rosenberg International Center of Franchising at the UNH Whittemore School of Business and Economics.

"Industry research has shown that out of eight businesses created, seven will fail. With franchising, the success rate is much higher because you are buying a proven concept and the investor has a much higher likelihood of succeeding," Schlentrich said.

CKE Restaurants (CKR) was the strongest performer of the index this quarter, boosting its stock price by 54.9 percent. CKR is the owner, operator, and /or franchisor of Hardee's, Carl's Jr. and La Salsa Fresh Mexican Grill restaurant chains. Throughout the quarter, CKR repeatedly reported record same store sales at both its Hardee's and Carl's Jr. chains. March average unit volumes were the highest of all comparable periods in at least a decade for Carl's Jr., while Hardee's average unit volumes were the strongest since 1997. The introduction and promotion of new products such as the Loaded Omelet Biscuit, the Low Carb Six Dollar Burger, and the Low Carb Thickburger helped fuel these strong sales results.

International House of Pancakes (IHP) led the decliners this quarter among the RCF 50 Index components with a 9.9 percent drop in its market value. IHP reported a 26.4 percent decrease in profits compared with the same quarter last year. The drop was caused mainly by a reduction in franchise development. IHP also announced in March the resignation of its chief marketing officer.
Marriott International (MAR) suffered the second-largest drop in market value among the RFC 50 Index components this quarter, with a 7.7 percent drop. Marriott was hard hit by the sell-off following the terrorist bombing attacks in Madrid, Spain, in March. Within 11 days of these

terrorist attacks, Marriott's stock price had dropped 8.1 percent.

McDonald's (MCD), the largest component of the index with more than 19 percent of the market value of the index, jumped 15.1 percent this quarter after reporting very strong growth in same store sales, overall revenues, and profits. McDonald's also reported record cash from operations of $3.29 billion for 2003. These results were driven by a number of factors, including new product launches (premium salads, specialty sandwiches, etc.), decreased discounting, restaurant refurbishments, and expanded restaurant hours. This quarter McDonald's also announced that it was eliminating its "super-sized" meal options, and that it would accept more cashless payments such as credit and debit cards.

The Rosenberg Center Franchise 50 Index™ , developed by UNH's William Rosenberg International Center for Franchising at the Whittemore School of Business and Economics, is an index that 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.

The complete Franchise 50 Index™ First Quarter 2004 Report is available at http://www.unh.edu/news/docs/F50Q104.pdf. For more information on the William Rosenberg International Center of Franchising or The Rosenberg Center Franchise 50 Index™ , visit the center's Web site at http://franchising.unh.edu.