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U.S. Franchise Businesses Drop In Q3 As Global Markets Tumble

November 28, 2011

DURHAM, N.H. – The University of New Hampshire Rosenberg Center Franchise 50 Index, which tracks publicly traded companies in the United States engaged in business format franchising, dropped 9.5 percent in the third quarter of 2011, weighed down by mounting domestic and global economic and political uncertainties.

“The debt crisis in Europe with Greece on the verge of default, political gridlock in Washington, a historical downgrade of the U.S. credit rating by Standard & Poor, and shaky domestic and global economies characterized by anemic growth and stubbornly high unemployment spooked investors and business executives,” said Hachemi Aliouche, associate director of the Rosenberg International Franchise Center at the UNH Whittemore School of Business and Economics.

Of the 50 components of the Rosenberg Center Franchise 50 Index (RCF 50 Index), 44 lost market value in the third quarter of 2011, most incurring double-digit losses. Only six of the 50 index components managed to make positive gains, with large gains by SFN Group (+48.9 percent) and Midas (+31.7 percent). SFN Group, the temporary work company, was acquired by Dutch staffing firm Randstad Holding in July 2011. Speculation about the possible acquisition of Midas, the automotive services company, pushed its share price up sharply.

The large losses sustained by RCF 50 Index and the S&P 500 Index this quarter erased all their 2011 gains, with the RCF 50 Index down 1.8 percent for the year and the S&P 500 Index down 10 percent this year.

The Rosenberg Center Franchise 50 Index tracks a representative set of 50 publicly traded companies in the United States engaged in business format franchising. Since its inception in 2000, the RCF 50 Index is up 100.6 percent, while the S&P 500 is down 18.9 percent over the same period.

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

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PHOTO
Hachemi Aliouche
Associate director of the Rosenberg International Center of Franchising at the UNH Whittemore School of Business and Economics
http://www.unh.edu/news/img/wsbe/Aliouche.jpg

IMAGE
Rosenberg Center Franchise 50 Index v. S&P 500 2000-2011

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