

Franchising in New Zealand

New Zealand is a country with the most franchise systems per capita in the world. According to the 2017 Franchising New Zealand survey, there are 630 franchise brands with 37,000 franchisees for a population of 4.6 million, giving it the title of the country with the most franchises in the world per capita. The franchise systems come from all over the world with 70% of them being local franchise systems. Furthermore, franchising in New Zealand is developing at a very fast rate and growing year by year thanks to a very positive climate towards franchising which has developed over the last decade. An estimated 7% of small businesses are franchises

New Zealand is a country with a consistent policy of deregulation, making it one of the best places in the world to do business. In line with this policy, in New Zealand there are no particular laws in relation to franchising, differing from Australia which requires a mandatory disclosure regime.

Franchising in New Zealand accounts for an annual turnover of over \$18 billion. The number of systems and outlets has seen a growth of between 15-20% per year for the last few years and is a trend which continues to grow.

The Franchise Association of New Zealand (FANZ) was formed in 1996 and exists to promote franchising in New Zealand and to help both franchisors and franchisees excel in their business pursuits. The association has over 210 members of which approximately 145 are franchisor members. Members are required to abide by a Code of Practice and the Code of Ethics which aims to encourage best practice throughout franchising and demonstrates a positive will to self-regulate within the sector.

The Code applies to all members including franchisors, franchisees or affiliates such as accountants, lawyers and consultants and all new members of the FANZ will be accepted on the condition that they agree to be bound by the code of membership.

Foreign franchisors typically enter New Zealand by way of a master franchise agreement owing to the small size of the country. However, Australian franchise systems have used the direct franchising method in New Zealand, using a subsidiary company incorporated in New Zealand.