Global Analysis

International markets offer opportunities and challenges

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The global franchise landscape continues to evolve rapidly, presenting opportunities and challenges for brands seeking to expand their franchises into new countries. We know from experience that it takes about the same amount of time, money, and resources to expand into small markets as it does to expand into large ones that have the potential for more units, more sales per unit, and eventually, more royalties paid back to the franchisor. It also takes the same amount of time, money, and resources to expand into the wrong countries for a specific franchise.

Most readers will be aware of GlobalVue, a ranking of countries as places to do business that my company has published quarterly since 2001. It addresses factors that relate to doing business in 40 countries. This chart can be downloaded at https://edwardsglobal.com/globalvue/.

This article compares key markets across North America, South America, Asia, Europe, the Middle East, and Africa, providing specific 2025-focused insights into market dynamics, growth potential, and local franchise development for franchise executives to consider in their country expansion planning now.

Foreign vs. local

First, let's look at the balance between local and foreign franchise brands in a country. In our experience, when a country has 90% or more local franchises, it can be a real uphill battle for foreign brands to break through and succeed. This does not mean avoiding such markets, but it means entering may take longer to reach unit critical mass.

Here's why: Local franchise brands often have deep roots in the community. They've spent years building strong customer relationships and earning solid reputations. People tend to stick with what they know, and local brands typically have a solid understanding of their customers. They're in tune with the culture and usually offer pricing that makes sense for the local market.

For foreign brands, this presents significant challenges. Adapting products or services to fit the expectations of the local market isn't always straightforward. Both customers and prospective franchisees may hesitate to embrace a foreign brand, questioning whether it truly fits their lifestyle or meets their needs.

On top of that, governments sometimes stack the deck in favor of local businesses. They might provide incentives or advantages to homegrown brands while making foreign companies jump through additional hoops with strict regulations. It's like being the new kid in school: You've got to work extra hard to fit in and prove your value.

With this background, let's look at the positives and negatives of key franchise countries in 2025.

North America

Canada

- **Positives.** Moderate economy, culture similar to the U.S. but different, a franchise-friendly market, going through an election in 2025
- **Obstacles.** Regional differences, competition from established players, multiple franchise disclosure requirements by province, low density of major population centers, issues with an ability to find country-wide licensees
- **Foreign vs. local.** Approximately 70% of franchises foreign, heavily influenced by U.S. brands

Mexico

- **Positives.** Improving economy, investors seeking new brands, growing appetite for international brands, franchising well accepted
- **Obstacles.** Security concerns, regional economic disparities
- **Foreign vs. local.** About 45% foreign, especially in urban areas, a good balance between local and foreign

U.S.

- **Positives.** Largest franchise market globally, robust ecosystem, established consumer base
- **Obstacles.** Intense competition, high marketing costs, diverse economic regions, no single country master franchisee
- **Foreign vs. local.** 90% local

South America

Brazil

- **Positives.** Large population, rising middle class
- **Obstacles.** Complex bureaucracy, regional economic fluctuations, difficult entry, foreign payment regulations
- **Foreign vs. local.** 95% local, foreign franchises growing

Chile

- **Positives.** Economy going, more business-friendly environment than nearby countries
- **Obstacles.** Small market size, few major cities, sector saturation
- **Foreign vs. local.** About 25% foreign

Peru

- **Positives.** Slowly reviving economy, demand for international brands
- **Obstacles.** Economic inequalities, underdeveloped infrastructure, unstable government
- **Foreign vs. local.** Around 30% foreign, appreciation for U.S. F&B brands

Europe & United Kingdom

Germany

- **Positives.** Large economy, high consumer trust in local brands
- **Obstacles.** High labor costs, strict employment laws, preference for local brands
- **Foreign vs. local.** About 85% local

Poland

- **Positives.** Growing middle class and E.U. membership, modernization of the economy and laws
- **Obstacles.** Regional economic disparities, challenges finding investment capital for new franchises

- **Foreign vs. local.** About 14% foreign and growing

Spain

- **Positives.** High tourism-driven demand, consumer interest in global brands
- **Obstacles.** Low unemployment, challenges finding good locations for franchise brands
- **Foreign vs. local.** Approximately 22% foreign, very accepting of foreign brands

United Kingdom

- **Positives.** Mature franchise market, strong legal framework without a franchise law or disclosure requirements
- **Obstacles.** Market saturation, slow to make investment decisions
- **Foreign vs. local.** About 90% local, foreign brands well accepted

Asia-Pacific

Australia

- **Positives.** High disposable income, strong legal protections for franchisees
- **Obstacles.** High operational costs, market saturation in some sectors
- **Foreign vs. local.** About 30% foreign

China

- **Positives.** Massive consumer base, growing urbanization
- **Obstacles.** IP protection issues, complex regulations, a reluctance currently to take on new foreign brands due to the economy and government concerns
- **Foreign vs. local.** Around 40% foreign, most growth from local brands

Indonesia

- **Positives.** Large, youthful population, growing economy with substantial middle-class consumer base who like to shop at brands
- **Obstacles.** Increasing regulatory hurdles, local supply sourcing requirements
- **Foreign vs. local.** Approximately 35% foreign

Japan

- **Positives.** High consumer spending, developed infrastructure
- **Obstacles.** High costs, especially for real estate, a rapidly aging population
- **Foreign vs. local.** About 25% foreign, open to foreign brands, primarily U.S. brands

New Zealand

- **Positives.** A secure environment for business investments, no franchise regulations or disclosure requirements
- **Obstacles.** Relatively small market, limited scalability of franchises compared to larger countries
- **Foreign vs. local.** About 70% local

Philippines

- **Positives.** English-speaking population, strong consumer demand, prevalence of spending on foreign brands
- **Obstacles.** Limited local partners (investment capital), infrastructure gaps
- **Foreign vs. local.** Roughly 45% foreign, balanced in local vs. foreign franchise brand presence

South Korea

- **Positives.** Tech-savvy population, affluent consumers, several large-population cities
- **Obstacles.** High real estate costs, stiff competition, huge franchise regulatory burden, especially for foreign brands
- **Foreign vs. local.** Approximately 30% foreign, an overabundance of small local franchises favored by consumers

Thailand

- **Positives.** Strong tourism-driven demand, rising incomes
- **Obstacles.** Political instability, complex regulations
- **Foreign vs. local.** Around 40% foreign

Vietnam

- **Positives.** Rapidly expanding economy, a youthful demographic who seem entrepreneurial
- **Obstacles.** High competition, regulatory complexities
- **Foreign vs. local.** About 20% foreign

Middle East & Near East

Egypt

- **Positives.** Large, youthful population, urbanization
- **Obstacles.** Economic instability, challenges finding investors for new franchises
- **Foreign vs. local.** Around 40% foreign

India

- **Positives.** Expanding middle class, vast market potential
- **Obstacles.** Infrastructure challenges, immense cultural diversity, challenges finding franchisees who will follow the foreign brand systems, very price sensitive
- **Foreign vs. local.** About 20% foreign

Saudi Arabia

- **Positives.** High level of new franchise development, high consumer demand
- **Obstacles.** Regulatory challenges, cultural adaptation needs
- **Foreign vs. local.** About 50% foreign

Turkey

- **Positives.** Strategic location, young population
- **Obstacles.** Economic instability, government instability
- **Foreign vs. local.** Foreign franchises growing, challenges succeeding

United Arab Emirates (UAE)

- **Positives.** Hub for international brands, affluent consumer base
- **Obstacles.** High operational costs, almost saturated landscape
- **Foreign vs. local.** Approximately 70% foreign

Bottom Line

By focusing on the positives, obstacles, and the balance between local and foreign franchises, this snapshot helps provide a clearer picture of the diverse franchising landscapes worldwide in 2025. Understanding these dynamics is critical for businesses aiming to succeed in international markets by choosing the right countries to enter for their specific franchise. ■

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