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MCDONALD'S FRANCHISE: COSTS, FEES & EARNING STATS



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Liquid Capital: \$500,000

Net Worth Requirement: N/A

Investment: \$1.37M - \$2.45M

Franchise Fee: \$45,000

Units in Operation: 40,000+

Founded: 1955

Franchising Since: 1955

The McDonald's franchise is a global fast-food restaurant franchise. Ray Kroc who bought out the two founders, Richard and Maurice McDonald, turned it into a billion-dollar business. The McDonald's franchise has since expanded to over 30,000 locations in more than 100 countries across the globe.

The McDonald's franchise (<https://wolffranchises.com/what-is-a-franchise/>) is known for its signature menu items, such as the Big Mac, Quarter Pounder, and McNuggets. The company also offers a variety of other food items, including burgers, fries, salads, wraps, breakfast items, and desserts.

IS MCDONALD'S A FRANCHISE OR CHAIN?

McDonald's is a fast-food restaurant franchise and it rapidly expanded across the United States and around the world. McDonald's is one of the most popular fast-food franchises in the world, with locations in countries all over the globe.

While McDonald's restaurants are owned by different franchisees, they are all required to follow the same standards and procedures to maintain the company's brand identity.

This business model allows McDonald's to have greater control over its stores and menus, ensuring that customers have a consistent experience no matter where they go. It also allows the company to invest heavily in marketing and advertising, which has helped to make McDonald's an iconic brand. McDonald's, with its iconic arches, is one of the most recognized franchises in the world.



McDonald's famous Dollar Menu offers several menu offerings for just a few dollars.

HOW MANY MCDONALD'S FRANCHISES ARE THERE?

There are more than 40,000 McDonald's restaurants worldwide. The majority of these restaurants are located in the United States, with around 13,300. Other countries with a large number of McDonald's franchises include China, Japan, Germany, and France.

According to Business Insider, the city with the most McDonald's restaurants per capita is [Orlando, FL](https://www.businessinsider.com/10-cities-with-the-most-mcdonalds-restaurant-per-capita-2019-12#2-dayton-ohio-1564-mcdonalds-restaurants-per-100k-residents-9) (https://www.businessinsider.com/10-cities-with-the-most-mcdonalds-restaurant-per-capita-2019-12#2-dayton-ohio-1564-mcdonalds-restaurants-per-100k-residents-9), where there is one franchise location for every 5,102 residents. The number of McDonald's franchises has been relatively stable in recent years.

In 2014, McDonald's opened its first restaurant in Vietnam, and in 2016, it opened its first location in Kazakhstan.

As tastes and preferences change, McDonald's will continue to adapt its menu and operations to meet the needs of its customers around the world.

HOW MUCH DOES A MCDONALD'S FRANCHISE COST?

McDonald's is one of the most popular fast-food franchises in the world and franchisees can be found in many countries (https://wolfffranchises.com/what-is-a-franchisee/), but how much does it cost to open a McDonald's franchise? The answer may surprise you.

Several factors can impact the cost of a McDonald's franchise, including the location of the restaurant and the size of the property.

The initial investment to start a McDonald's franchise can range from \$1,366,000 – \$2,450,000. Of course, this is just a ballpark figure – the actual cost will vary depending on the specific circumstances of the franchise location.

Also, McDonald's does require that franchisees have at least \$500,000 in liquid assets.

In addition, franchisees must pay 4% royalties on their gross sales and another 4%+ brand fund fee on gross sales as well. So, while the upfront costs of starting a McDonald's franchise may be high, the potential rewards can be great. With careful planning and management, a McDonald's franchise can be a profitable investment.

So if you're serious about opening a McDonald's franchise, be sure to do your homework and speak with an experienced franchising consultant.

HOW MUCH IS MCDONALD'S FRANCHISE FEE?

If you're thinking about opening a McDonald's franchise, you'll need to be prepared to pay a pretty hefty fee. McDonald's initial franchise fee (https://wolfffranchises.com/franchise-fee/) is currently \$45,000.

Of course, the size and location of your restaurant will play a big role in determining your total investment costs. But even if you're able to find a bargain on real estate, you'll still need to come up with a significant amount of cash upfront just to get started. And of course, that's not counting the ongoing costs of running your business. So before you take the plunge and open a McDonald's franchise, make sure you have a good understanding of all the costs involved.



IS OWNING A MCDONALD'S FRANCHISE PROFITABLE?

The average annual sales in 2021 from over 12,000 US-based locations that were open at least a year was over \$3 million.

While there is no guarantee that a McDonald's franchisee (<https://wolfffranchises.com/what-is-a-franchisee/>) will be successful, the brand has a strong track record of profitability. As a result, franchisees who are willing to put in the work can expect to see a healthy return on their investment.

HOW MUCH DOES A MCDONALD'S FRANCHISE OWNER MAKE A YEAR?

The average McDonald's restaurant franchise owner in an existing restaurant makes \$150,000/year. However, this figure can vary depending on several factors, such as the location of the restaurant and the owner's level of experience. For example, franchise owners in expensive cities like New York or San Francisco may make more than those in smaller towns. In addition, owner-operators who have been with McDonald's for many years are likely to earn more than new franchisees.

THE WOLF'S TAKE 🍔

McDonald's is synonymous with the word franchise itself. Ray Kroc, the founder of McDonald's, is largely responsible for popularizing the franchise model, as he turned a 1 location burger restaurant in San Bernardino, California, into one of the world's largest and most successful franchises.

The numbers, as expected, are fantastic. Given the brand recognition, McDonald's has, it can open in almost any market worldwide, and you can expect customers to flock to the golden arches to consume their tasty food.

There are two caveats however to owning a Mickey D's franchise:

First, it is expensive! \$14 – \$2.5 million is not a cheap investment, so if you aren't able to afford it, you'll have to look at more inexpensive options.

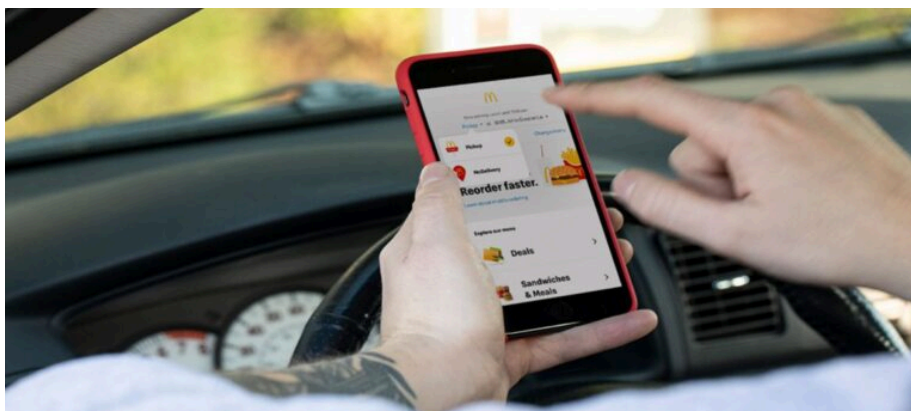
Secondly, even if you do have the financial ability to afford one, it's incredibly difficult to break into the system. McDonald's is known for allowing families to retain ownership, meaning that when one generation is ready to retire, they pass on ownership to their kids via McDonald's "Next Gen" program.

If you do happen to get a McDonald's franchise, however, there's never been a better time to own one:

- The average location sells for 10x EBITDA (<https://wolfffranchises.com/what-is-ebitda/>)
- The average revenue per location of ALL locations is \$2.9 million
- The average franchisee today owns 8 locations

Assuming modest 10% margins, this means the average franchise owner is worth \$23.2 million dollars!

Not bad at all!



McDonald's mobile app offers convenient ordering and payment processing.

ENDING SUMMARY

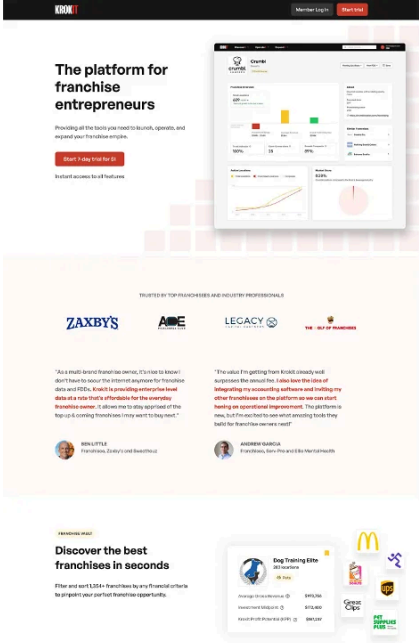
Overall, opening a McDonald's franchise can be a profitable investment, but it requires a significant amount of upfront capital. Franchisees must also pay ongoing royalties and brand fund fees. However, the potential rewards can be great for those who are willing to put in the work.

As always, due your due diligence. Ask to see the franchise disclosure document (<https://wolfffranchises.com/franchise-disclosure-document-fdd/>) to see if this is the right opportunity for you. Make sure to check out my step-by-step guide for potential franchisees on how to find and review FDDs online (<https://workweek.gumroad.com/l/thewolf-fdds>) without breaking the bank.

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ZAXBY'S ABE LEGACY THE WOLF FRANCHISES

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ANDREW LITTLE
Franchisee, Zaxby's and Beantitos

"The value I'm getting from KROKIT already well surpassed the result the I also been the idea of comparing my own performance and finding my other franchisees on the platform so we can start being an operational improvement. The platform is new, but I'm excited to see what amazing tools they build for franchise owners next!"

ANDREW LITTLE
Franchisee, The Wolf & The Market House

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The Wolf

The Wolf of Franchises is an industry insider who's sharing the secret sauce of how lucrative the franchising industry can be. He offers expert insight to help both new and existing franchise owners reach success.

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