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## KENTUCKY FRIED CHICKEN FRANCHISE (KFC) – COSTS, FEES & EARNINGS STATISTICS



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**Liquid Capital:** \$750,000

**Net Worth Requirement:** \$1,500,000

**Investment:** \$1M - \$2.7M

**Franchise Fee:** \$45,000

**Units in Operation:** 24,394+

**Founded:** 1930

**Franchising Since:** 1952

Harland Sanders was born in 1890 in Henryville, Indiana. When he was just six years old, his father passed away and Sanders took on the responsibility of cooking for his family.

At age 40, Sanders bought a service station in Corbin, Kentucky, and named it "Sanders Court and Cafe." That's where Sanders started testing the recipe that would later become the KFC "secret recipe."

Sanders worked to perfect his mixture of 11 herbs and spices for ten years. Finally, in 1950, Sanders franchised "Kentucky Fried Chicken" to Pete Harman of Salt Lake City, Utah. The first KFC franchise (<https://wolffranchises.com/what-is-a-franchise/>) opened its doors in 1952.

KFC Kentucky Fried Chicken is one of the most popular fast-food chains and the world's largest restaurant company. KFC has over 12,000 restaurants in 123 countries, making it a global brand with a huge customer base.

If you're looking into a KFC franchise, it's essential to understand the associated costs, fees, and earnings statistics. In this article, we'll provide an overview of these topics so that you can make an informed decision about whether or not opening a KFC outlet is the right choice for you.

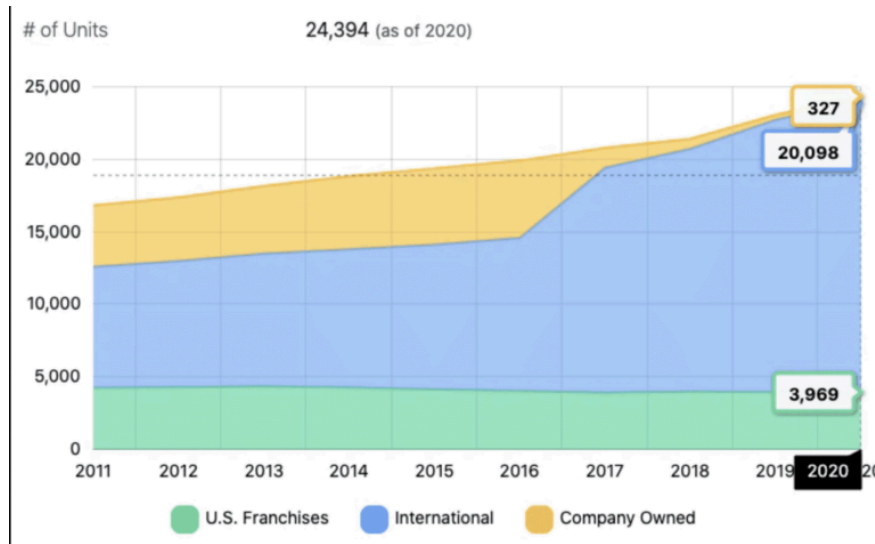
## IS KFC A FRANCHISE OR CHAIN RESTAURANT BUSINESS?

KFC is a chain restaurant business, with most locations being owned and operated by franchisees. The company was founded in 1930 and started franchising in 1952. While there are some company-owned KFC locations, the majority of restaurants are owned by franchisees.

KFC offers a variety of menu items, including chicken, sides, and desserts. Franchisees must pay an initial franchise fee as well as ongoing royalty fees (very common in the franchise industry). KFC also offers training and support to franchisees to help them run their fast food businesses successfully.

## HOW MANY KENTUCKY FRIED CHICKEN FRANCHISES ARE THERE?

As of the beginning of 2021, there are above 25,000 KFC Kentucky fried chicken stores in 145 countries and territories around the globe. The vast majority of these are located in the United States, where the chain originated. The first KFC franchise opened in 1952, and the company rapidly expanded across the country in the following years.



Source: Entrepreneur.com

The first multinational franchise was founded in the United Kingdom in 1965, followed by a significant number of the Caribbean plus developed Western markets in the 1970s. This was headed by expansion across the Middle East and built Asian markets after the mid-1970s onwards.

China entered in 1987. Today, Kentucky fried chicken is one of the most widespread fast-food chains in the world. It is present in almost every country on earth. KFC Kentucky Fried Chicken shows no signs of slowing down anytime soon.

## HOW MUCH DOES A KFC COST TO BECOME A FRANCHISE OWNER?

The cost of opening a KFC franchise varies depending on several factors, including the restaurant's location and the building's size. However, the typical financial requirements of initial investment range from \$1,442,600 to \$2,771,550.

Initial KFC franchise fees are \$45,000 and KFC franchisees must pay a 4-5% royalty fee on gross sales. In addition, franchisees must agree to a 20-year term and maintain a net worth of \$1,500,000. For those wanting to open a KFC franchise, these are some of the initial costs that must be considered.

### What Is the Kentucky Fried Chicken Franchise Fee?

When you purchase a KFC franchise, you will be required to pay an initial franchise fee (<https://wolfffranchises.com/franchise-fee/>) of \$45,000 as per the franchise agreement. In addition, you will be responsible for ongoing royalties of 5% of your total sales and an advertising royalty fee of 5% of your total sales.

While the upfront cost of a KFC franchise ownership may seem high, it is important to remember that you are investing in a proven business model with a strong brand identity that may require financial assistance.

For this, you can get a franchised business loan. Investing in a KFC franchise gives you access to exclusive recipes, marketing purposes-related support, comprehensive training, data, and message rates. In addition, you will benefit from the economies of scale that come with being part of a large chain.

Consequently, the KFC franchise fee is a small price to pay for the opportunity to own your own successful business like many aspiring entrepreneurs.



## HOW MUCH DO KFC FRANCHISES OWNERS MAKE?

Owning a KFC franchise can be a lucrative business venture. Although the exact salaries of KFC franchise owners are kept private by Yum! Brands, it is estimated that they take home around \$120,000 per year.

This is grounded on the average salaries of food franchise owners. Individual KFC units produce revenues between \$942,000 and \$1,000,000 per year. So, multi-unit ownership can lead to a substantial income. Of course, running a KFC franchise requires a significant initial investment.

The initial franchise fee is \$25,000, and the total investment in opening a new unit can range from \$1.3 million to \$2.5 million of liquid capital. However, operating a KFC outlet can be a very profitable enterprise for those with financial resources and business acumen.

## THE WOLF'S TAKE

Generally speaking, 12-15% margins are healthy for a restaurant, so you would think KFC franchisees fall into that range at a minimum (<https://wolfffranchises.com/what-is-a-franchisee/>). Regardless, anyone trying to purchase a KFC would have hundreds of franchisees to speak to who would be able to report their exact profitability – so the lack of data in the FDD (<https://wolfffranchises.com/franchise-disclosure-document-fdd/>) isn't an issue for serious buyers.

Given the popularity of the brand, I honestly expected higher revenues per unit out of KFC. Considering it costs a minimum of \$1M to open a location, it's unfortunate that KFC chose not to include EBITDA from franchisee (<https://wolfffranchises.com/what-is-a-franchisee/>) or company-owned locations.



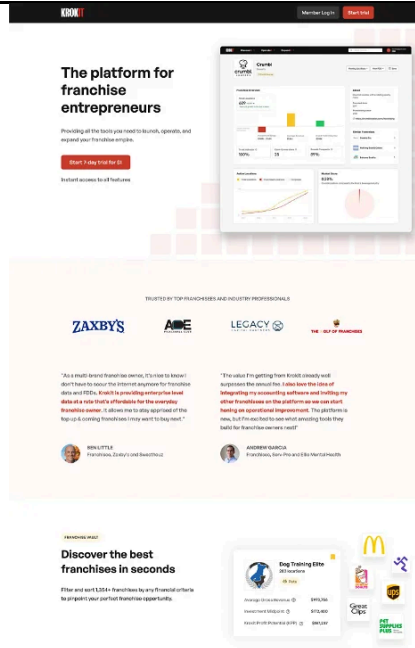
## ENDING SUMMARY

Franchisees looking to open a KFC restaurant should be prepared for hefty startup costs and ongoing fees. While the potential earnings are high, it's essential to do your research and consult with a franchise consultant before signing on the dotted line. Stay tuned for more information and updates on KFC franchise opportunities and information.

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