



2023 IFA ANNUAL CONVENTION

#IFA2023

ALL IN. ALL HERE.



Labor
Inflation
Interest Rates
Supply Chain

J. Smith
Franchisor
2024 ANNUAL
CONVENTION



Sneak Peek: Economic Outlook

Franchise Business Economic Outlook: 2019-2023					
	2019	2020	2021	2022 (EST.)	2023 (Proj.)
Establishments	773,603	753,770	774,965	790,492	805,436
Percentage Change		-2.6%	2.8%	2.0%	1.9%
Employment	8,503,661	7,532,305	8,192,599	8,438,640	8,625,996
Percentage Change		-11.4%	8.8%	3.0%	2.2%
Output (\$ Million)	\$794,184	\$677,236	\$787,746	\$825,367	\$860,144
Percentage Change		-14.7%	16.3%	4.8%	4.2%
GDP (\$ Billions)	\$473.41	\$446.32	\$474.16	\$500.22	\$521.30
Percentage Change		-5.7%	6.2%	5.5%	4.2%

Source: 2023 IFA/FRANData Economic Outlook Report

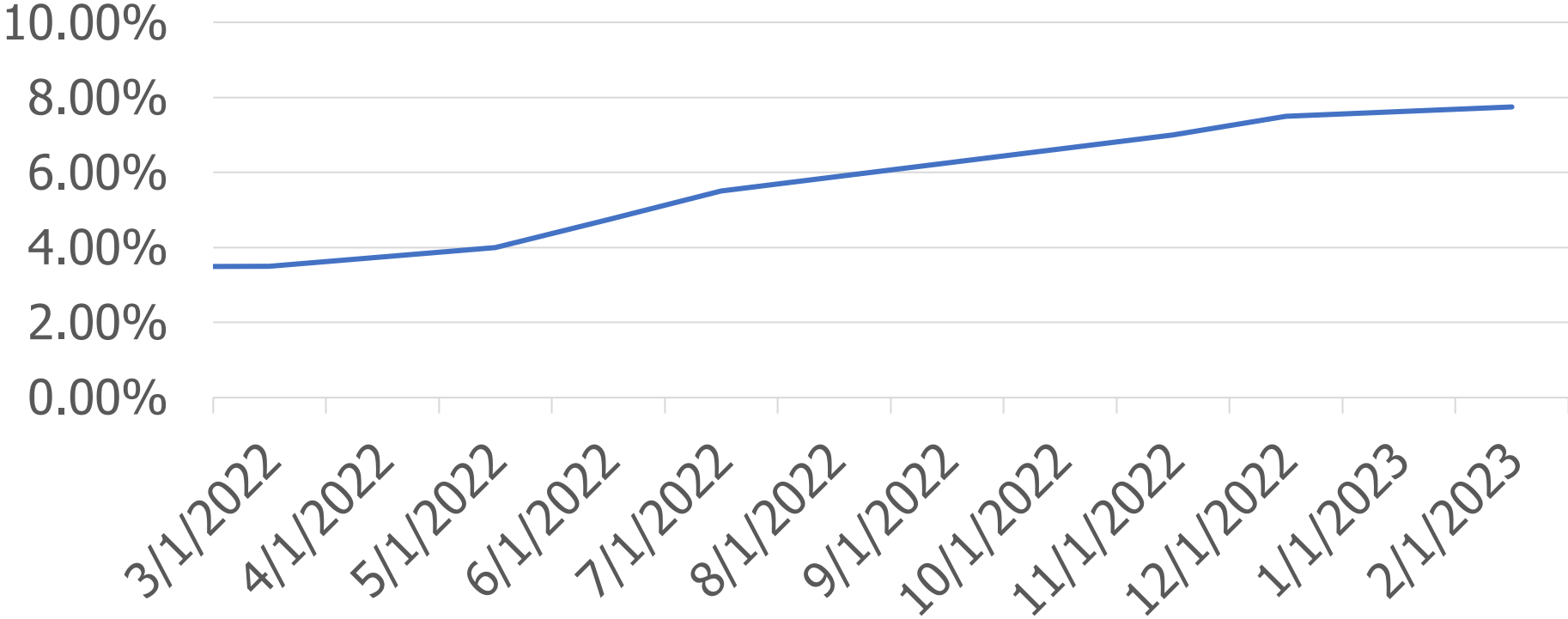
Sneak Peek: Franchise Economic Outlook

	2020	2021	2022 (EST.)	2023 (Proj.)
Business Services	97,732	99,296	100,533	102,343
Percentage Change	-4.8%	1.6%	1.2%	1.8%
Commercial & Residential Services	73,116	75,678	77,850	79,485
Percentage Change	8.8%	3.5%	2.9%	2.1%
Lodging	34,455	35,041	35,566	35,833
Percentage Change	1.3%	1.7%	1.5%	0.8%
Personal Services	110,050	114,012	117,368	120,302
Percentage Change	-7.4%	3.6%	2.9%	2.5%
Quick Service Restaurants	183,543	188,402	192,057	196,858
Percentage Change	-6.7%	2.6%	1.9%	2.5%
Real Estate	66,332	67,929	68,603	68,260
Percentage Change	1.6%	2.4%	1.0%	-0.5%
Retail Food, Products & Services	157,538	162,579	165,636	169,114
Percentage Change	1.2%	3.2%	1.9%	2.1%
Table/Full-Service Restaurants	31,004	32,027	32,879	33,240
Percentage Change	-6.5%	3.3%	2.7%	1.1%
Grand Total	753,770	774,965	790,492	805,436
Percentage Change	-2.6%	2.8%	2.0%	1.9%

Source: 2023 IFA/FRANdata Economic Outlook Report

INTEREST RATES

Prime Rate



LENDING ENVIRONMENT

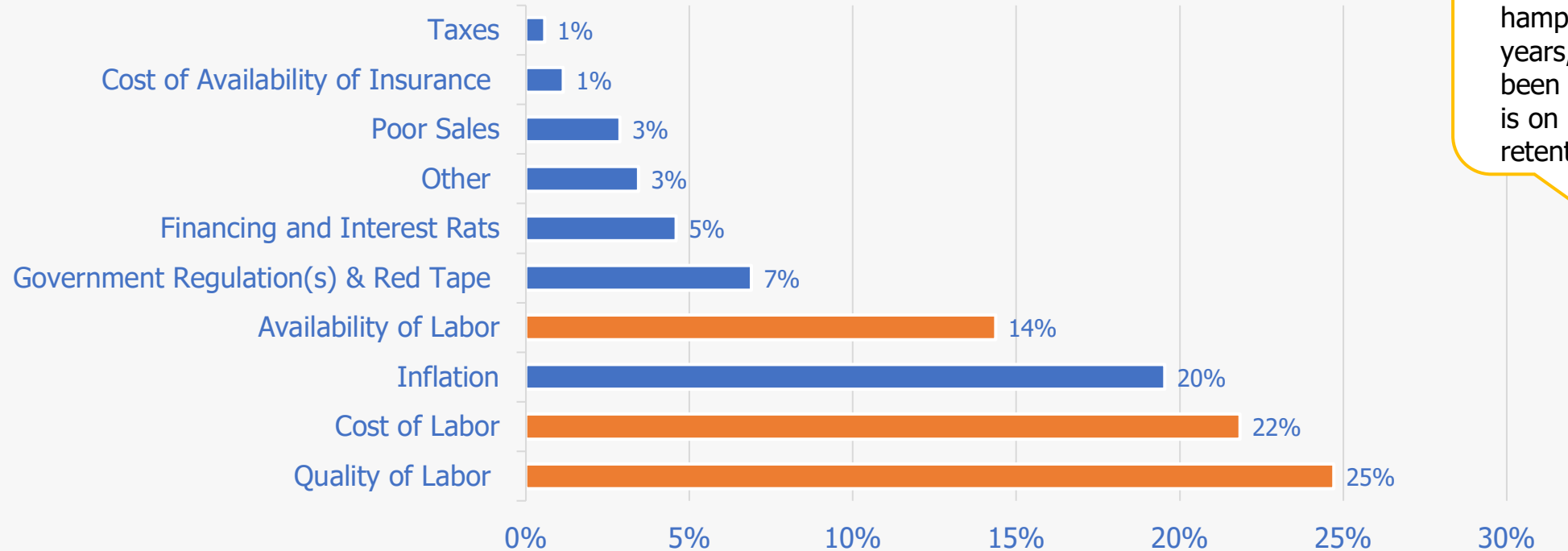
FRANCHISE CREDIT SCORING (FUND) MODEL		
A LENDER'S RISK ASSESSMENT		WHAT THIS MEANS FOR FRANCHISEES
Low Default Risk	750-950	Access to the best credit terms fixed rate financing, low equity payments, easier process
Moderate Default Risk	650 - 750	Favorable terms, but not the best terms
At Risk	550 - 650	Need Strong Borrower to Overcome Franchisor Credit Concerns - Reduced Access to Capital
High Default Risk	550 BELOW	High borrowing costs or loan denials



SINGLE BIGGEST ISSUE

Labor continues to be the **most important problem** for franchisors moving into 2023

What is The Single Most Important Problem Facing Your Franchisees Today?



Our revenues have been severely hampered by lack of labor. For years, our marketing focus has been on consumer traffic, now it is on labor attraction and retention.



CEO of Health & Beauty Brand

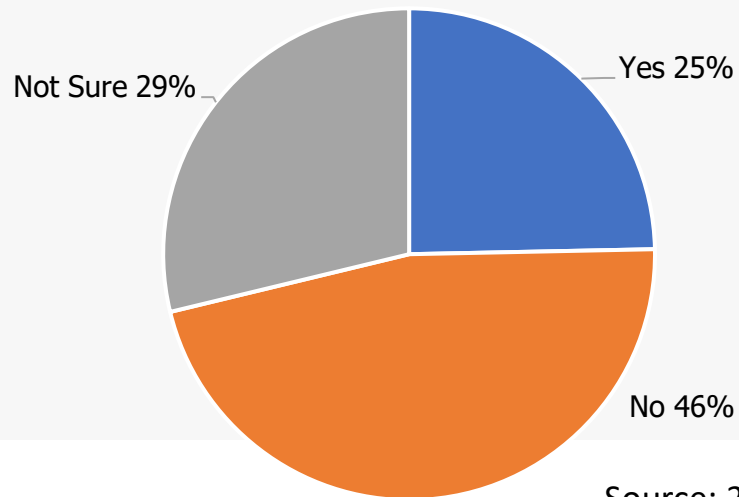
Source: 2023 IFA/FRANData Labor Study



REGIONALITY OF LABOR CONCERNS

Nearly **one in four franchisors** are experiencing labor challenges that are concentrated within certain geographical regions, as compared to nationwide.

Are franchise units in one region experiencing more labor challenges than other regions?



Source: 2023 IFA/FRANdata Labor Study

In some cities, there are more applicants, (as compared to) smaller cities. (This allows for) larger labor pool to pick from.



COO at a Home Healthcare Concept

Small tier 2 markets are not having as much trouble as tier 1 markets.



COO at a Recreational Facility Franchise

Sunbelt states have it a bit easier than other regions.

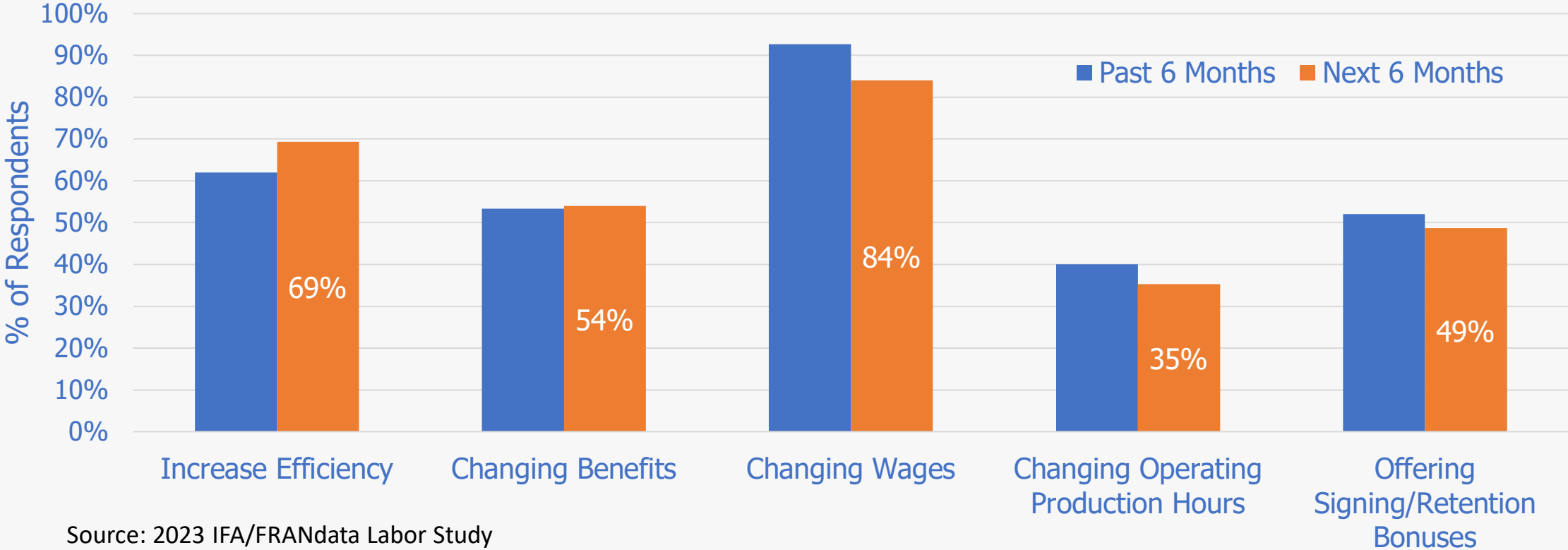


President of a Haircare Brand



FRANCHISEE APPROACHES TO LABOR CHALLENGES

In what ways do you expect your franchisees to address their labor challenges?

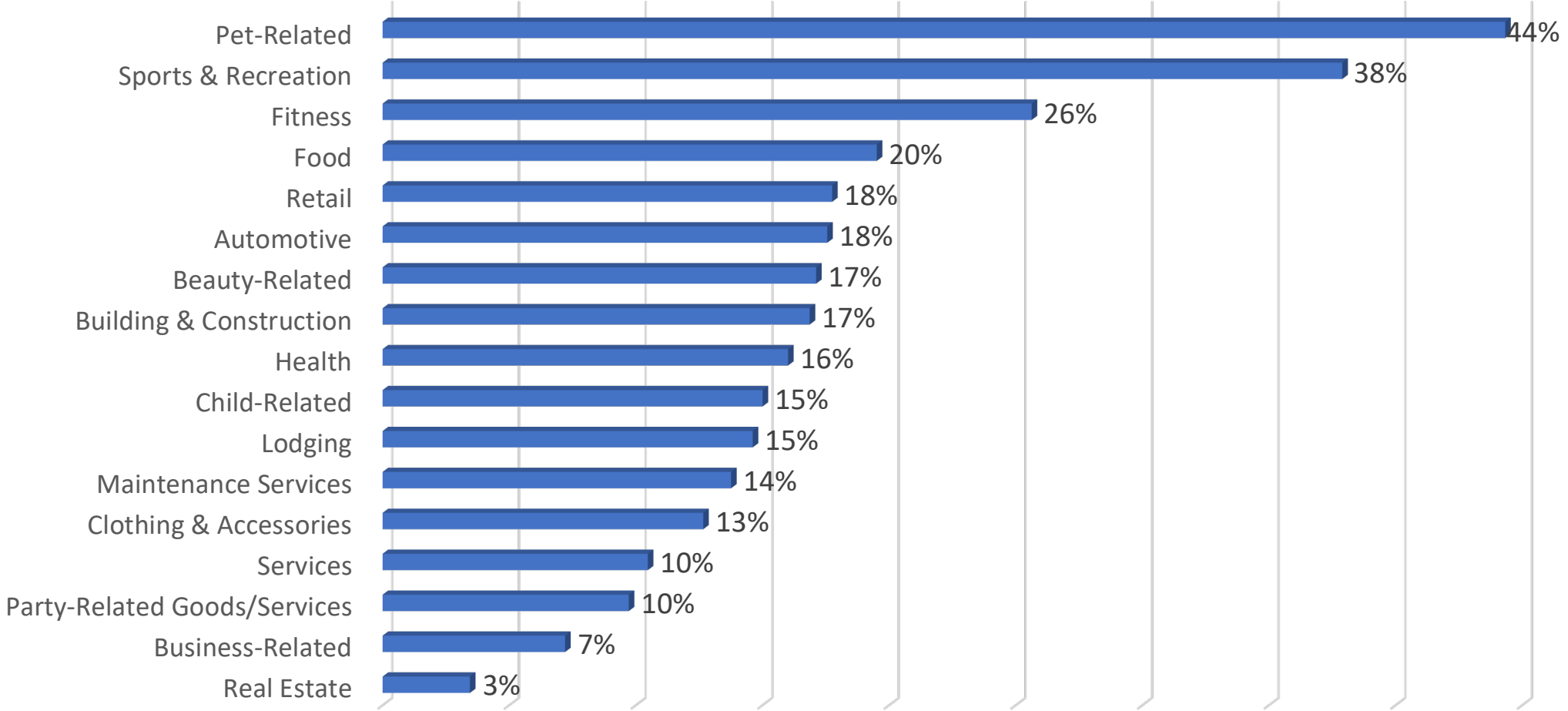


Source: 2023 IFA/FRANData Labor Study



INCREASE IN START-UP COSTS

2019-2022

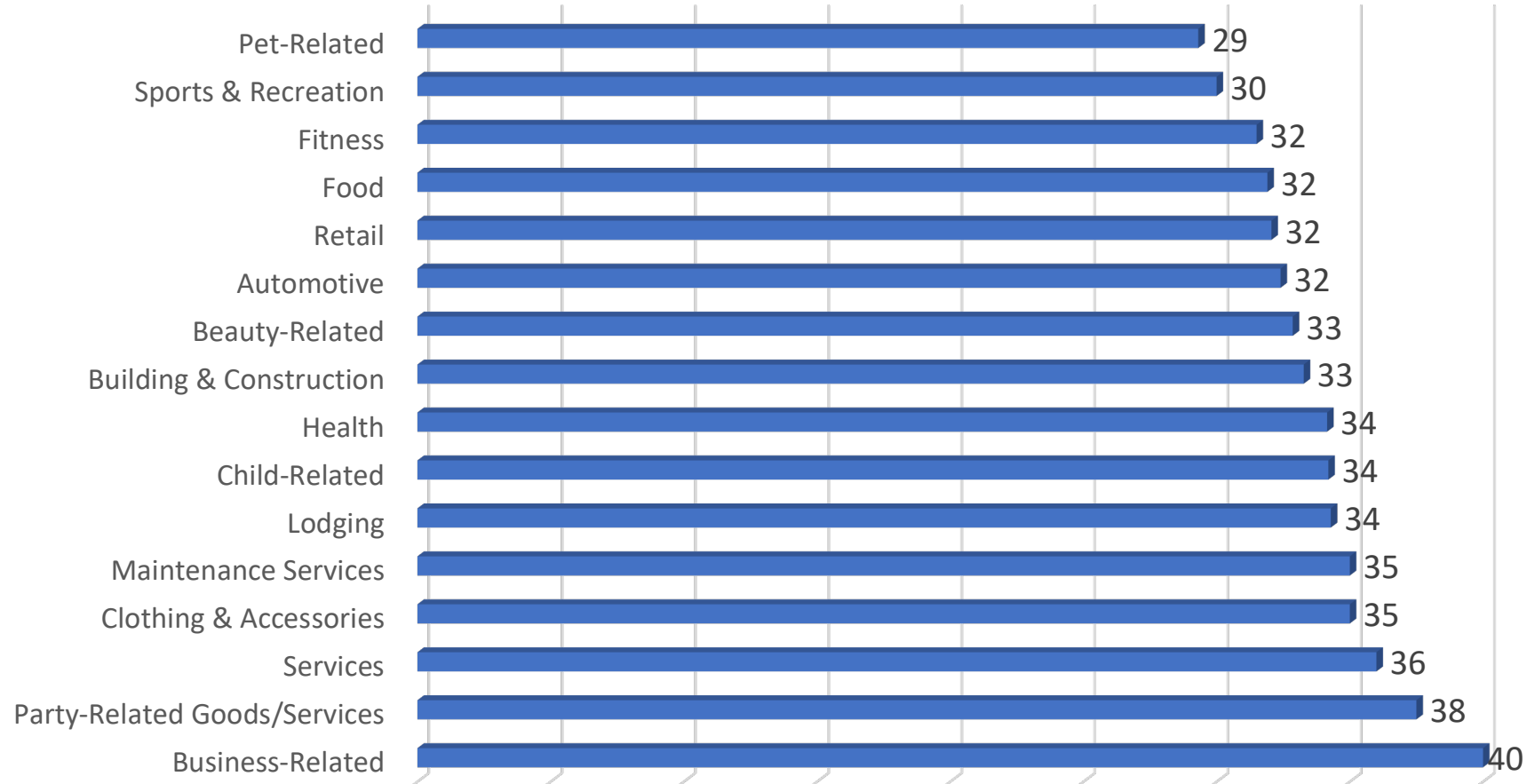


Source: FRANdata Analysis



PROSPECT SCREENING

FUND SCORE PROSPECT SCREENING



On average, brands have not increased their screening criteria to match the increase in costs.

Source: FRANdata Analysis



A cowboy wearing a dark cowboy hat, a dark vest with patches, and blue jeans is riding a brown bull. He is holding the bull by its horns. The bull is bucking, and the cowboy is leaning back. The background is a yellow wall with blue lettering that says "LAS VEGAS".

Take the Bull by the Horns

Questions?

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