



# IFA<sup>®</sup>

INTERNATIONAL FRANCHISE ASSOCIATION

## 2023 Franchising Economic Outlook

In partnership with:

  
Franchise Business Intelligence

Sponsored by:

  
a Veritone company

# Helping Franchises Streamline Their Recruitment Efforts

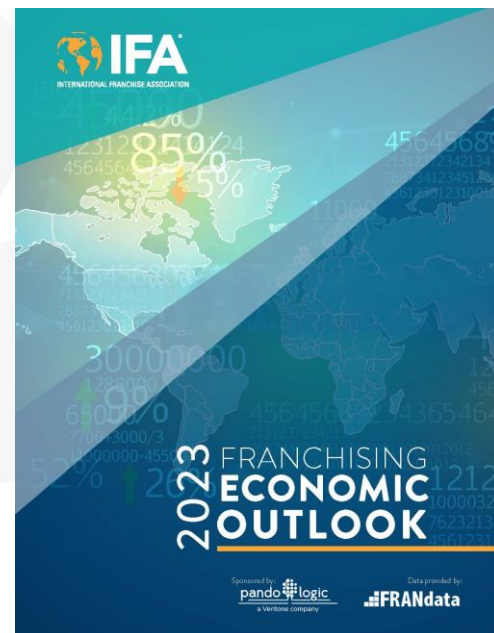
PandoLogic uses AI technology and data-backed insights to help you attract, qualify, and engage talent



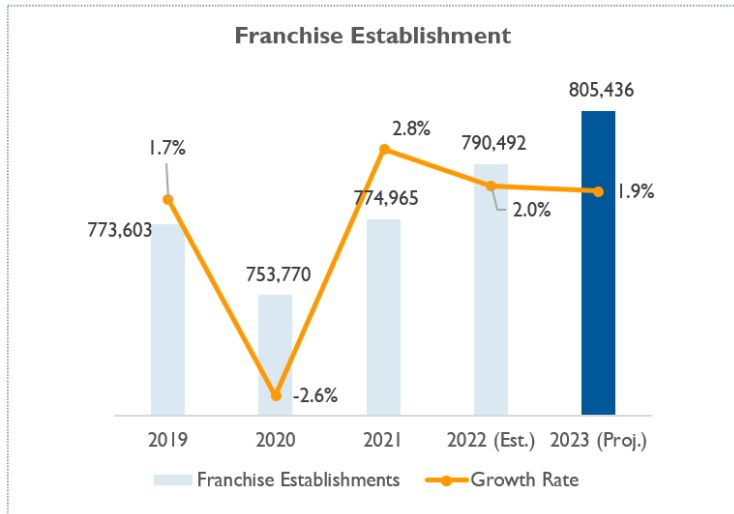


# 2023 Franchising Economic Outlook – Overview

	2020	2021	2022 (Est.)	2023 (Proj.)
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%



# New Unit Growth: High Performing Operators Acquiring Low Performing Units



Brands use downturns to address low performing units in their system

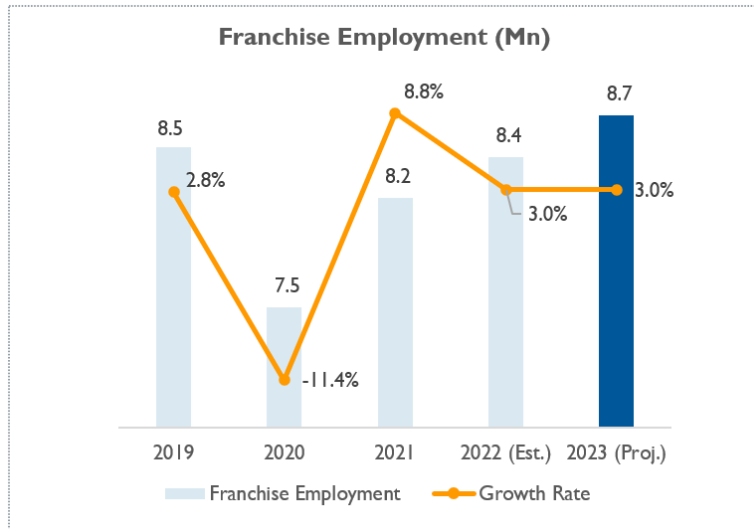
Brands will focus on attracting multi-unit operators for scalability and sustainable growth

Access to capital will be more difficult as banks tighten risk assessments

To mitigate the risk of financing, brands will diversify lender options

Cost of opening new units have increased and tilted risk-return ratio

# Labor Continues To Be The Biggest Drag On Growth



As labor market eases, wages will continue to grow but at slower pace than 2022.

Franchise business struggled to fulfill skilled and unskilled workers

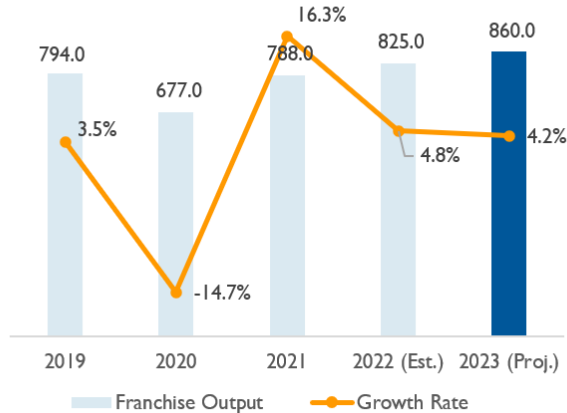
Franchise businesses remained a source of job growth

Franchise businesses benefitted from scale and support of system to mitigate labor challenges

Cost of labor is expected to increase putting margin pressure

# Macro-Economic Headwinds Will Continue To Challenge The Franchise Business

Franchise Output (\$Bn)



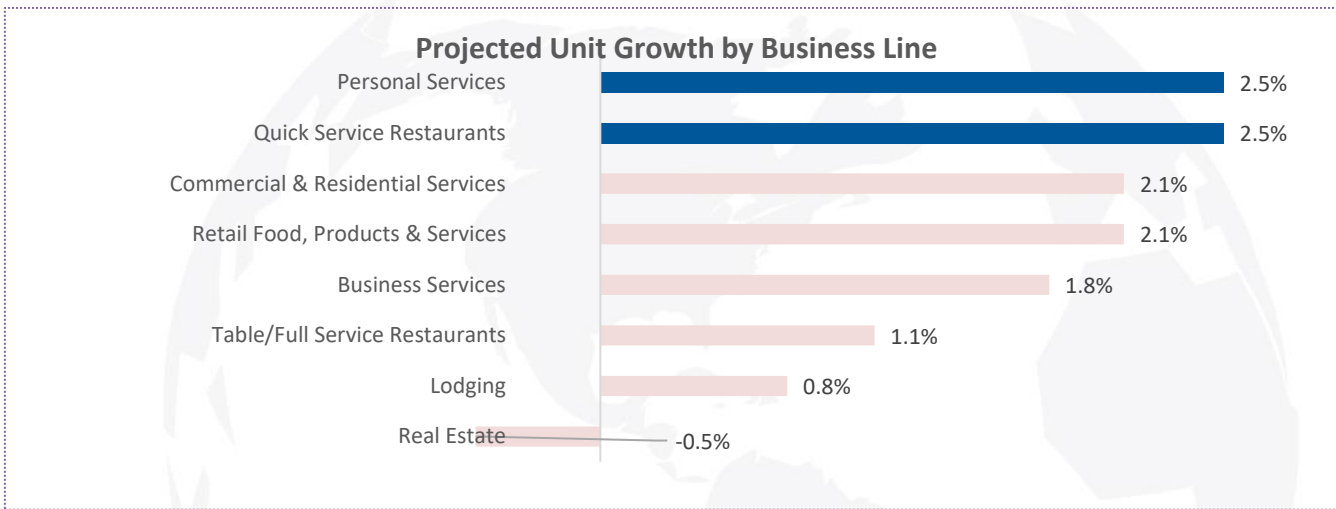
High interest rates, inflation continues to challenge business growth and profit margins

Banking upheaval will tighten credit boxes and slow unit growth/transfer activity

Business investments will be focused on technology, equipment, sustainability rather than plants and buildings amidst high borrowing costs

Service-based industries and QSR is expected to grow faster than other industries

# Growth By Business Lines

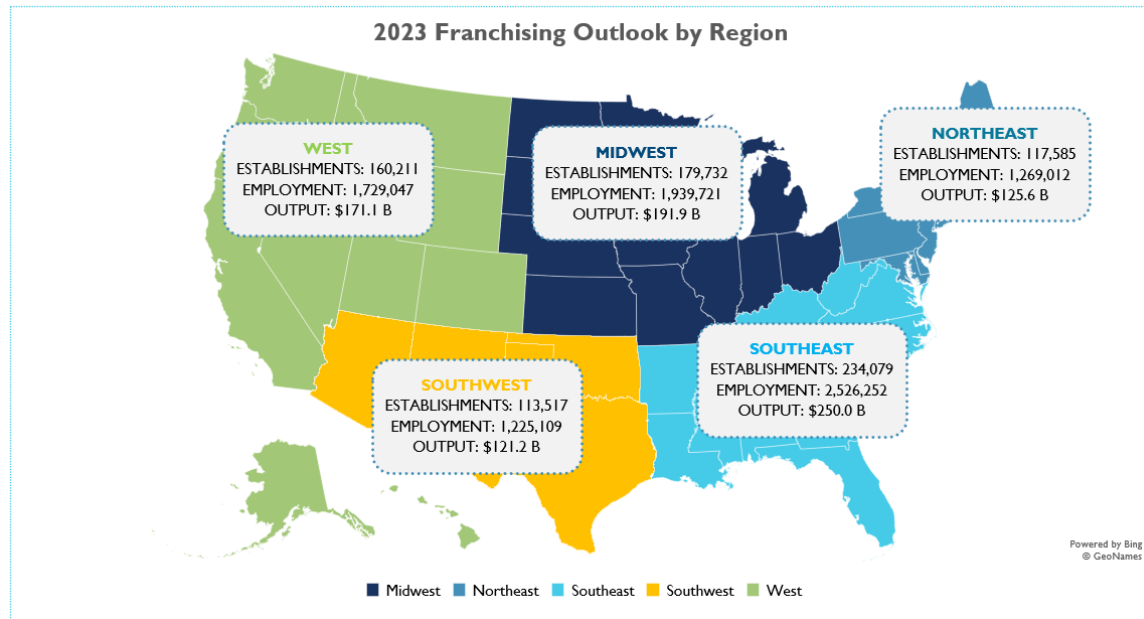


**Strong growth in consumer spending in 2022 is likely slowdown in 2023** which will impact demand of goods and service

The impact of decline in demand will be more profound in high priced, premium goods and services



# Southwest & Southeast Region Are Expected To Grow At Higher Rate



Top 10 States	Unit Growth Rate
Texas	3.3%
Illinois	5.5%
Florida	2.7%
Georgia	2.6%
Tennessee	2.7%
North Carolina	2.2%
South Carolina	3.2%
Arizona	2.4%
Colorado	2.5%
Indiana	2.4%

# THANK YOU!



## Questions?

Contact: Katherine Patterson  
at [kpatterson@franchise.org](mailto:kpatterson@franchise.org)

# Experience An Easier Way to Hire

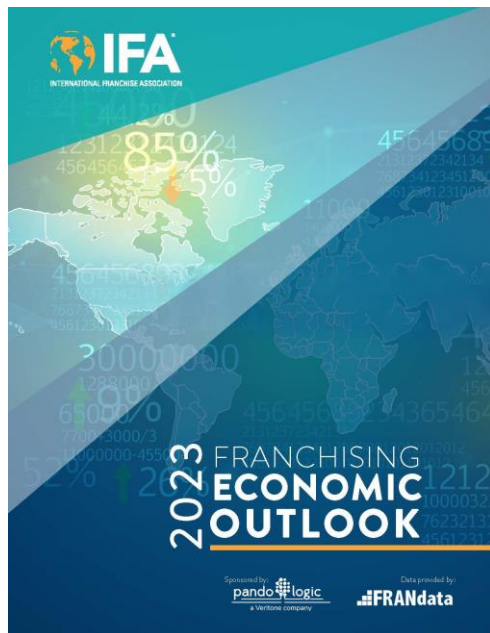
- Ensure Optimal Flow of Talent
- Fill Roles Faster
- Reduce Turnover and Candidate Ghosting
- Decrease Recruitment Costs
- Add Efficiencies to Your Hiring Process

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# THANK YOU!



## Questions?

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at [kpatterson@franchise.org](mailto:kpatterson@franchise.org)