

# PREFACE & ACKNOWLEDGEMENTS

This Executive Summary provides highlights of the full report, *The Economic Impact of Franchised Businesses, Volume 2*, prepared by PricewaterhouseCoopers (PwC), for the IFA Educational Foundation. The full 600-plus page report provides much more detail on the findings presented in this Executive Summary, including more than 550 tables and charts, and a section on the methodology and databases used to produce the report. The full report can be found on the IFA website at [www.franchise.org](http://www.franchise.org).

In February of 2004, PricewaterhouseCoopers (PwC) released *Volume 1 of The Economic Impact of Franchised Businesses*, which provided measures of the total economic impact of franchised businesses in the United States using data for the year 2001. The report, the first of its kind, found that franchised businesses generate a significant amount of economic activity in the United States and that they stimulate still more economic activity in non-franchised businesses.

The purpose of *Volume 2* is to provide updated measures of the total economic impacts of franchised businesses for the year 2005 (the latest year for which data are available). The estimates provided in the report pertain to the U.S. economy, with breakouts for the 50 states and the District of Columbia, and Congressional Districts.

The report measures economic activity in franchised businesses — the number of establishments,

employment, payroll, and the value of economic output. The report also measures economic activity because of franchised businesses. The economic impact of franchising goes beyond activities inside franchised businesses, because their purchases of products and services and the personal purchases of their owners and workers contribute to the overall economy.

The report provides estimates for two major categories of franchised businesses — Business Format Franchises and Product Distribution Franchises. The report also provides estimates for major lines of business within these two categories. The report provides breakouts for the portion of establishments, jobs, payroll and economic output that is due to franchisee-owned businesses and due to franchisor-owned businesses.

The franchising sector of the economy expanded by over 18 percent from 2001 to 2005, and this report shows the growth in establishments, jobs, payroll and overall economic output.

On behalf of the International Franchise Association and the IFA Educational Foundation we offer our sincere appreciation to the team of economists and researchers at PricewaterhouseCoopers for this comprehensive report on the major role franchising plays in the U.S. economy.

**John R. Reynolds**

President // IFA Educational Foundation