

Congress of the United States
Washington, DC 20515

November 3, 2023

The Honorable Lina Khan
Chair
Federal Trade Commission
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Dear Chair Khan:

We write in support of our constituents who utilize the franchise business model to open and grow their businesses. The Commission has an opportunity to support these franchise businesses, and we write to ensure any upcoming Commission action will result in meaningful and immediate benefits to franchising, a business model that has proven resilient through the pandemic and continues to make significant contributions to the U.S. economy.

The approximately 800,000 franchised businesses operating in the U.S. support nearly 8.4 million direct jobs, contribute \$825.4 billion of economic output for the national economy, and comprise almost 3 percent of the Gross Domestic Product,¹ with almost half being owned by single-unit small business owners.² Franchising has successfully created a path to entrepreneurship for business owners of all backgrounds and enabled these owners to create wealth in communities across the nation. A greater percentage of franchise businesses are owned by people of color (30.8 percent) than non-franchise businesses (18.8 percent).³ Furthermore, sales in franchised businesses exceed non-franchised businesses across all demographic cuts, including gender and race. For example, Black-owned franchise firms generate an average of 2.2 times as much in sales compared to Black-owned non-franchise businesses.⁴

We are aware that the Commission's Franchise Rule has been under review and that the Commission separately has sought public comment and information related to the franchise relationship. Further, we are aware that numerous submissions to the Commission's Request for Information (RFI) called for improved presale disclosures. We support those comments. Specifically, we agree with members of the franchise community who have suggested the Commission can:

- Provide greater visibility and transparency of key franchise terms and conditions,
- Modernize franchise disclosures, including executive summaries included with Franchise Disclosure Documents (FDDs), and
- Encourage added dialogue through the promotion of independent franchisee associations and franchise advisory councils.

¹ [2023 Franchising Economic Outlook. International Franchise Association. \(2023\).](#)

² [The Biggest Challenges Facing Small Businesses Right Now. U.S. Chamber of Commerce \(2023\).](#)

³ [Franchised Business Ownership by Minority and Gender Groups. IFA Foundation \(2018\).](#)

⁴ [The Value of Franchising. Oxford Economics \(2021\).](#)

We applaud the Commission's efforts in meeting the GAO's recent recommendations⁵ to improve education and awareness of available resources for franchisees, such as through the agency's new Franchise Fundamentals blog series. We urge the Commission to engage all key stakeholders in the franchise community, both franchisors and franchisees, as well as their supplier networks and other stakeholders, in the Commission's efforts to protect franchisees through improved presale disclosures. We look forward to working together to ensure the continued sustainability of the franchise model and its significant contributions to the U.S. economy.

Sincerely,



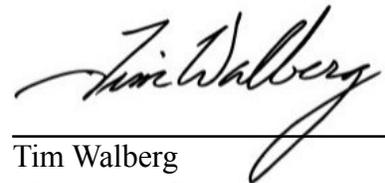
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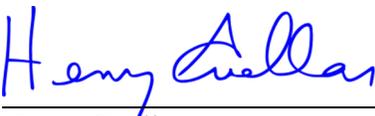
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⁵ [Federal Trade Commission: Actions Needed to Improve Education Efforts and Awareness of Complaint Process for Franchise Owners. U.S. Government Accountability Office. \(2023\).](#)



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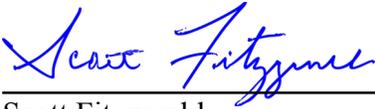
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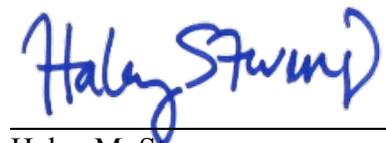
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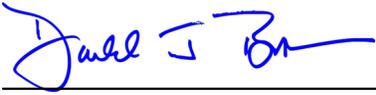
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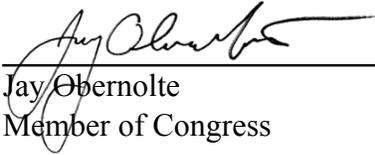
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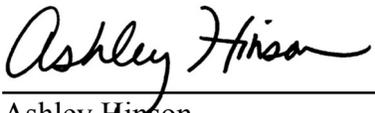
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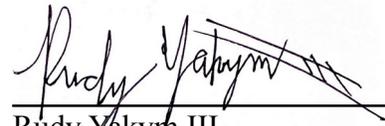
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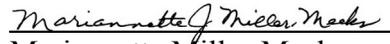
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