TEGG®

The Big Mac Index

TEGG to Begin Using the Big Mac Index for Sales Programs and Awards

Starting in 2019, ABM Franchising Group will begin using the Big Mac Index to level the playing field between all franchises for annual sales awards, including Sales Recognition, Sales Program and Base Growth & Revenue for single and multiple franchise locations.

Developed by **The Economist** in 1986, the Big Mac index, or Big Mac purchasing power parity (PPP), is the global standard used to measure the purchasing power parity between nations. It uses the price of McDonald's Big Mac sandwich in America as the baseline.

The theory behind the Big Mac Index is that, in the long run, exchange rates should move toward the rate that would equalize the prices of an identical basket of goods and services in any two countries. It is used to help determine the actual currency exchange rate between countries, based on the value of identical goods.

Please review **COM 1, Title 7** for more information and the implementation of the Big Mac Index, and **COM 1, Title 8** for the Sales Recognition Program. If you have additional questions, please contact your AVP.

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