

# INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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**CONTRIBUTIONS TO BOOKS**

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

**CONFERENCE PAPERS**

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19-22 June.

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**STUDY ON FOOD FRANCHISE IN INDIA: WITH SPECIAL REFERENCE TO BANGALORE****LAKSHMI PRIYA. S****LECTURER****FACULTY OF COMMERCE & MANAGEMENT  
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JINDAL NAGAR****ABSTRACT**

*International business is one of the sources of business opportunities for both domestic as well as to the foreign entrepreneurs. The introduction of globalisation in the earlier 90's has become boon for the conduct of trade and also surged the flexibility of commerce. THE GLOBALISATION of market with the globalisation of product reduced the trade and investment barriers. Also the philosophy of integrated Global market assists entrepreneurs to tap into the international business market. Managing and positioning of innovative business in different countries among different economic systems, diverse levels of economic developments, un-uniformed political system, opposite cultures and wide range of consumer became easy , with this the many forms of entering into the international business also came to limelight, they are: Licensing, franchising, acquisition & merger, turnkey projects, joint ventures, Exporting, Importing, MNCs.... etc. Franchising is one amongst international business tool. It's the well famous means of undertaking business internationally. The business of franchising is relatively a new concept to India though it's an old concept to foreign countries. Franchising is still an emerging cult in India.*

**KEYWORDS**

Franchising; Food and beverages; comparison with other franchising business, Pros to entrepreneurs, Problems faced by fast food franchising business.

**INTRODUCTION**

Franchise business model was introduced in 1921 by A&W Root Beer, who franchised syrup for the first time. As fast foods arrived in restaurants and gained the maximum profits in the USA, it gave birth to the idea of Food and beverages franchising. Today fast food and beverages business as became progressively an international motion. We can find many food franchised stores in world -wide .There are enormous franchise business opportunities available in India. Fast food franchise will always have a good business; Fast food culture in India has predominantly developed over the years. Be it a pizza, burgers, chicken or coffee is always liked by every -one. The fast food industry of India is one of the eternally-raising businesses. In India, even though there are thousands of fast food stores around, but they never seem to be adequate and thus there is always a lot of scope for expansion. The various education machinists and service providers for instance play schools, development& training intuitions, professional coaching institutions etc, started franchising their business by understanding its advantages.

Franchising is the contract between franchisor and franchisee who agrees either to buy or sell the business symbol, brand name, successes to set up same business in same country or at different countries. Franchisor is one who gives permission to others, to establish his business branch without any changes. He is also called as master franchisor. Franchisee is the person who buys business of franchising from franchisor.

**LIMITATIONS OF STUDY**

Franchising is a gigantic business model. Franchising is made approximately on one hundred and thirty (130) fields like automobiles, education, hospitals, cosmetics, parlours, home services, security, tax, training, mailing & shipping, sports, electronics goods, consumer- products, restaurants, fashion, retailing, DVD& video, coffee etc. But our study is confined to fast food franchising and sample size is limited to some food and beverages industries merely to Bangalore.

**OBJECTIVES**

Every study will have its own objectives. Likewise, this study also has some definite core objectives about which the research is conducted. This paper provides guidance to those individuals who are keen to buy a fast food franchise business. some key objectives which are considered for this study are listed below.

1. To determine the advantages of fast food franchising business to entrepreneurs.
2. To analyse the obstacles faced by the entrepreneurs to establish the fast food franchising business.
3. To find out the customers retention for franchising business in food industry.

**METHODOLOGY**

The method used for collecting the data is an explorative way. for this research, both secondary data as well as primary information is used i.e. through internet, journals, questionnaires and direct interviews.

**SOURCES OF DATA**

The data is collected from the franchise branches of Yashwanthapura and Malleshwaram like Five- star chicken outlet by Baglugunte. Managers of Domino's outlet near hesarghatta, pizza-hut outlet near T.dasarahalli, Mc Donald outlet in jalahalli, Cafe Coffee day outlet at hesaraghatta, KFC outlet in rock line mall...etc

**ADVANTAGES OF FAST FOOD FRANCHISING**

Franchising business is the way which helps many business people in various mode. This business model grown as international business because of its intrinsic values. Some of the merits of fast food franchising explained below.

**1. BRAND IDENTIFICATION**

The business in which the franchisee is going to be part is already a proven idea. The biggest merit of buying a franchise is brand identification. Franchisee is benefited from already established world-wide company since Most of all franchises are renowned companies with customary bases. Instead of starting up new businesses, buying a franchise from a well recognised franchisor saves the time and lessens the pressure of building a reputation and drawing customers.

**2. CORPORATE SUPPORT**

Franchisees gets assistance from corporate headquarters in a many areas comprise of training marketing and even in finance. Many franchisors help franchisees with loans to wrap a few starts up expenses, and some big franchisors even favours franchisee by means of providing technical and management training for employees. Also franchisor makes available of raw materials from known suppliers with whom they worked previously so that franchisee easily gets the supplies of raw materials which are essential to run fast food franchise business.

**3. HIGHER SUCCESS RATE**

The franchising business expansion is hastily growing business .The probability of failure in fast food franchise is relatively less when it compared with other types of franchising . Less than 5% of franchised businesses fail every year because of uncertainty which is slightly lesser than the percent of ordinary small business ventures that fail. On this basis we can say that, buying a franchised business is one of the most secure means of investments that one can make. Example: - Mc Donald's, KFC, Five star chicken, Domino's pizza, Cafe Coffee Day etc

**4. MORE CUSTOMER RETENTION**

Tendency of customers change in their taste and preferences is one of the root reasons for the growth of fast food franchising. Advertisement of fast food products and services at a national and local level by master franchisors helps franchisee in increasing as well as boosting up sales and as the corporate icon and brand gets recognition in globe attracts more Consumers in addition to these consumers generally feels more comfortable in purchasing items about which they are familiar with.

**5. EMPLOYMENT OPPORTUNITY**

Every individual likes to be an employer Instead of being an employee. Franchising business model is a way through which the dream of being entrepreneur or employer is fulfilled and helps the person to be their own boss. Example: -Pizza corner, Pizza-huts, Jumbo king etc.

**PROBLEMS FACED BY FAST FOOD FRANCHISING BUSINESS**

Problems to the business are just like soul mate. Every business undergoes with cultural, technological, communication, language problems which are common but there are many problems especially with that business which brings two different entities under one roof that are different in their nature, behaviour and in abilities.

**1. EXCESS CONTROL OF MASTER FRANCHISOR**

Master franchisor is a person who agrees to give his business trade-mark, logo, patent, success to other's (franchisee) to expand his business venture in other host country. The obligations of a master franchisor will be at full extent as he lays many restrictions .There will be no space for innovative ideas and even the franchisee cannot add or delete the product to be served as per his wish since Franchisor is extremely strict. Egg: - The uniforms worn by the employees of the franchisee have to be of a particular colour and design.

**2. SETTING UP OF FRANCHISE BUSINESS IS RISKY**

The franchisor must be very cautious before establishing his business as it includes high risk. It's quite difficult to set up the fast food franchise business because sometimes even the successful beverage have all the possibilities to fail in foreign markets, due to unfamiliarity about the product and even the taste and preferences of customers may un-match, with that of with other countries. As franchising is usually done for a preset time phase, requires a more capital in between for renewal which is unaffordable.

**3. INITIAL CAPITAL INVESTMENT IS HIGH**

Before taking up any business, determining about the product marketability and feasibility to be considered & even the cost payable to brokers to get appropriate franchisor also very high. The initial amount to set up the franchise business, launching, training the staff, is compensate by the franchisee itself. Franchisee as to make an initial payment for being a part of others business (Franchisors) and then he must continue to pay a part of profit to franchisor on percentage of revenue on sales.

**4. FRANCHISE AGREEMENT**

The connection between a franchisor and a franchisee is administered by an agreement called the Franchise Agreement. This agreement includes the rights, term and conditions which a franchisee compulsorily must follow up. A franchise agreement contents may diverge depending upon the type of franchise business. This agreement may restrict the franchisee, which adversely result in downfall of his interest towards business and its growth.

**5. SITE SELECTION**

the place where franchisee wants to setup his Business Empire should be approved by master franchisor. Franchisee does not simply get the permission, he has to accomplish all the conditions of the owner. he has to search for the places where he easily avails of potential customers hence analysing the location by keeping future intensify business plans acquires vital position. .He has to take up many business researches before deciding where to build the industry as the retail space is extremely high in metropolitan cities of India

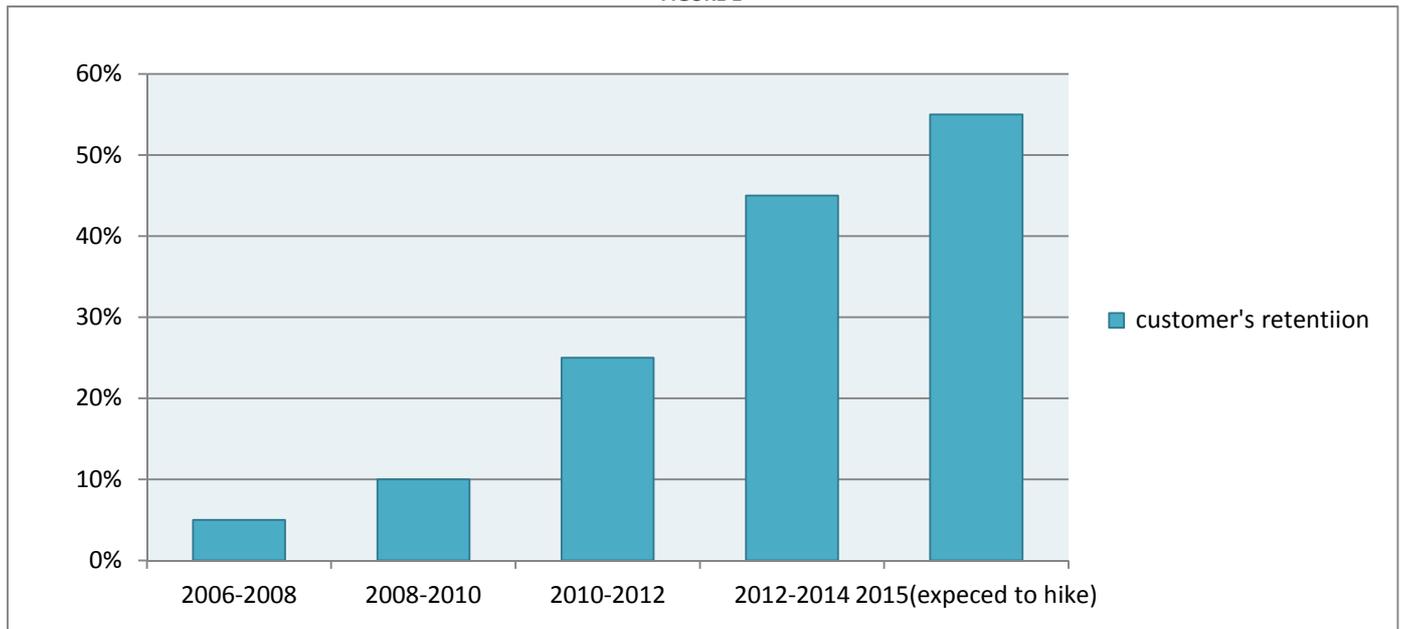
**TABULAR REPRESENTATION OF CUSTOMERS RETENTION TO FAST FOOD FRANCHISE BUSINESS**

TABLE 1

YEAR	
2006-2008	5%
2008-2010	10%
2010-2012	25%
2012-2014	45%
Expected hike(2015)	55%

CHART SHOWING THE CUSTOMER'S RETENTION TO THE FAST FOOD INDUSTRIES

FIGURE 1



The estimated chart of fast food franchising (1) provides the information about the customer's attraction towards food and beverages industries in last previous years. this chart clearly says that fast food industries growing rapidly in india.

LIST OF FAMOUS FOOD FRANCHISE PRODUCTS

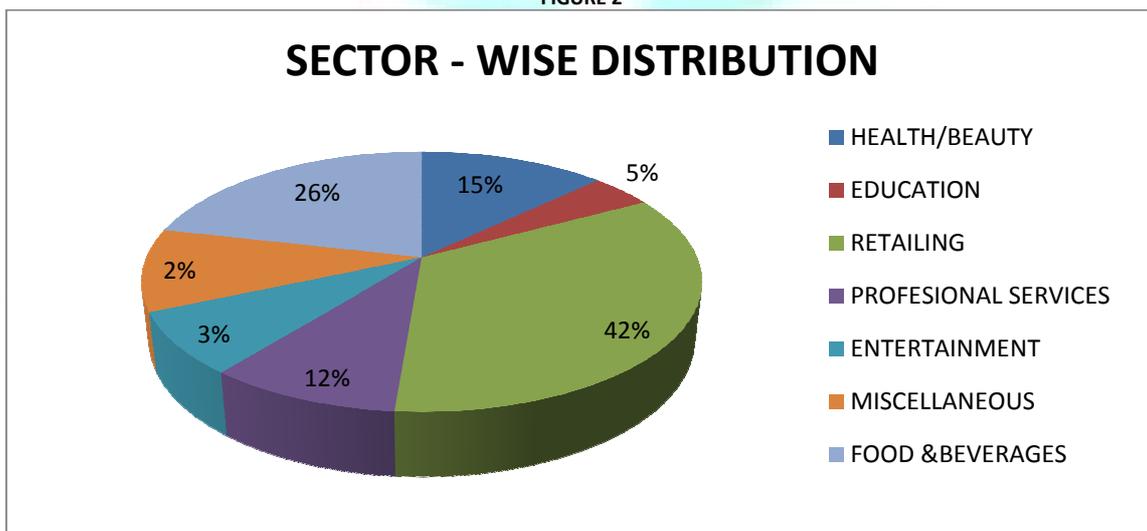
TABLE 2

products	founded	outlets	revenue	countries
KFC's	1930	18,875	\$23 billion	118
Mc Donald's	1940	35,000	\$28,1057(b)	119
Burger king	1953	13,000	\$1.97 billion	79
Pizza hut	1958	11,139	\$15 billion	94
Domino's pizza	1960	10,000	\$1.802 billion	17
Pizza corner	1996	100	\$1.35 billion	6
Cafe coffee day	1996	1640	\$4 billion	4
Goli vada pav	2004	500	15 crores	Only in India

ANALYSIS OF SECTOR WISE DISTRIBUTION OF FRANCHISING BUSINESS

Approximately we can find more than 2,000 franchisors and franchise and 135 kind of franchise business spread over the country which are successfully operating in different sectors including; Health/beauty (15%), Education (5%), Retailing (42%), Professional services (12%), Entertainment (3%), Miscellaneous (2%), Food & beverages (26%).

FIGURE 2



FINDINGS

the goal with which the research was conducted is achieved successfully. even though there are some disadvantages of franchising fast food, if once the business starts up it makes a huge profit. As India is the country where it has huge population and the busy citizens who are in need of quick meal options for those fast food restaurants offers with healthy choices .The life style of peoples helps in the successes of fast food franchising.

**CONCLUSION**

This exploratory research aimed at knowing merits and demerits for entrepreneurs to buy a fast food franchise business. It proceeded with open interviews with 55 franchisees who indulge themselves in fast food franchise business. According to franchising association of SA (Fasa) "The fast food franchising industries remains one of the fastest growing and most successful segments of retail sector". By these words we can conclude that Franchising is an eye catching business system from an economical point of view. The cause for this is that the entrepreneur's recognised that their entrepreneurial project may face numerous hazards if they with new business ideas on their own. For them, franchise offers the chance to set up a business .The long-term survival of a franchise system depends on the willingness of the franchisees to cope up with the franchiser.

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