CHAPTER 5 - SUMMARY CONCLUSIONS & RECOMMENDATIONS

This chapter is discussed under the following headings:
5.1 - Summary
5.2 Conclusions
5.3 – Recommendations
5.4 – Areas of further research
5.4 5.1 Summary

Until now, research on franchising has been lacking in India. However, India was one of the first Asian countries to develop numerous franchise units. Previous franchising research indicates that qualitative studies are not sufficiently used in this field. Therefore, it was decided to interview franchisees in order to better understand how and why people choose franchise rather than other forms of business.

In continuation to the findings from past research, this study will help to provide insights on the reasons for choosing franchising as a viable business model.

The purpose of this exploratory/descriptive quantitative study is to examine the viability of various franchisee models prevailing in the market. For this research the researcher has selected a sample size of the city of Pune.

The Franchisee models have been studied under Technical Domain and medium category investment plan. We have confined up to franchisees whose investment is below 50 Lacs and these are IT or ITes related, Product Related, Computer Training Institutes and Technical Category.

It can be seen that total available data of Franchisees which were at one time operational and designated as Unit or Master Franchisees was 146. This franchisee data was checked and rechecked from market survey and franchisor websites / market research reports.

The researcher tried to contact all of them but out of 146, he could only reach 55 franchisees who agreed to meet him, fill the questionnaire, answer questions over telephonic interviews, personal interviews, repeated visits etc.

The researcher had extremely good response from franchisees of Impulse Imaging world where he could meet all 5 franchisees and response was 100%, Responses from Sify iWay franchisee owners was good even though their franchise business outlets have been shut down.

Lenskart, Suburban, Vidyalankar, Castrol Bike Zone response was poor and also the data available was also very less. Many of the Franchisees were not keen in
answering the questionnaire but the crisp and objective design of the questionnaire made the task easy and the responses were recorded with high accuracy because of which we could get as expected response from them as well as the data was as per expectations. It was clearly indicating the poor state of affairs in their franchisee domains as well which was seen in form of reluctance from franchisee owners to respond proactively.

The total franchisees surveyed for the study were 55 in number, out of which Master franchisees were 02 and Unit franchisees were 53. The variety of franchise business models studied was 15 but from the same segment of technical franchise domain as was pre decided.

Aims and Objectives of the present research

The proposed study will attempt to address many aspects of franchising in order to contribute to the knowledge about Franchising Business Models for both readers and prospective franchisee takers.

The main objectives of the study, therefore, are:

1. To study various franchisee models currently prevailing in the market of the sample size selected for study.
2. To personally meet the actual franchisee owners and collect primary data for analysis and analyses it to generate expected outcomes
3. To check the success and failure factors for the franchisee.
4. To generate a Franchisee buying guide for the layman who aspires to buy a new franchisee.

The Franchisee Scenario in Pune City

The Franchisee scenarios in Pune do not seem to be much positive as far our research is an attempt to study. We could easily find out that few franchisee models which were blooming and flourishing in 2000-2007 have totally vanished in 2015. Take an example of Sify iWays or Abee Fill Cartridge refilling Franchisee, Refeel Cartridge Refilling franchisees, Cartridge world Cartridge Refilling Franchisees. These
Franchisees were at one point in time open – operational and their market presence was really a matter of pride. Over time these units were non sustainable due to variety of reasons which we shall discuss in detail in coming charts and now these units are non-operational. The Franchisee owners have shut down their units, changed their business to other business. The interesting part that has come up is that no other brands have replaced their market and no new branded franchisees are seemed operational in their respective earlier brand domains.

The Franchisees who are now operational and we could reach them and understand them were very new in the market and their age in market presence was not more than 2-3 years. The researcher could not find a single successful franchisee which was operation for more than 10 years and is flourishing the business.

5.2 Conclusion

The conclusions of the entire research are been discussed in the light of the objectives

The first objective of the study was

1. To study various franchisee models currently prevailing in the market of the sample size selected for study.

146 Franchisee data list was generated but out of 146 only 55 franchisee owners responded to us and the Questionnaire was filled for the data and analysis. It was found that there existed 15 Franchisee models under technical franchisee domain in the city of Pune.

The second objective was

2. To personally meet the actual franchisee owners and collect primary data for analysis and analyses it to generate expected outcomes.

The researcher has personally met the sample size of 55 franchisees and attempt was made to personally understand their business model.

The third objective was

3. To check the success and failure factors for the franchisee.
It was found that out of 55 Unit Franchisees only 8 franchisees had break even happened and they were successful while balance 47 did not even attain their break even against their investment.

Thus was by and largely found that major franchisees were failure and not working on profits.

The fourth Objective was

4. To generate a Franchisee buying guide for the layman who aspires to buy a new franchisee.

Researcher has made a handy franchisee buying guide which shall be an effective tool for new franchisee takers to take a wise decision and consider these success and failure parameters before getting into a franchisee agreement with franchisor.

5.3 Recommendations

After a detailed research and understanding of the Franchisee business modus operandi researcher would like to recommend the following point and also would like to advice his recommendations as below.

1. By and large the franchisee business is not viable and serious attempt must be made by both franchisors and Franchisee takers to make such a potential business model a success in all domains of commerce and markets.

2. Franchisee takes must be more prudent and alert while taking the franchisee from the franchisors. They must have a clarity of idea and also should be able to understand the vision, scope and business strategy of the Franchisor. As said both must have equal passion and should be of equal caliber to read their minds and understand the business laws.

3. Detailed support that a franchisee shall get form the franchisor must be taken from franchisor in writing and in form of a commitment letter or declaration. Also franchisee taker must not over expect or wish to happen a magic wand change or business turnover with all responsibility handed over to franchisor. Franchisee in
real sense holds more responsibility that franchisor to make it success or failure as his commitment and dedication is the deciding factor.

4. There should be always a absolute clarity in terms of Budgets that would be spend on the franchisee by the franchisor on account of
   a) Marketing Local level
   b) Leafleting and Brochures printing and distribution
   c) Branding Activities
   d) Shop promotional activities
   e) Schemes and Discount – Financial implications.
   f) Media – Like FM, Radio Advertisements
   g) Road shows, exhibitions participations, flea market participation

All these activities are must and required for making any Brand stable and establish in the market. Especially when a new franchisee aspirant has invested his hard earned huge capital money in the business only with assurance from the franchisor.

5) Government should have separate rules and laws for Franchisee business and also there lacks clarity in tax structure for Franchisee business outlets.

6) Government must formulate conducive environment for franchising and give incentives for promoting the growth.

With the rich experience of the researcher in the field of franchising field he has been able to form and come out with the First of its kind and not available in the market, “The Franchisee Buying Workbook Kit Guide” This Booklet is attached in the Appendix “D”.

A 10 Page small Book rather a workbook shall assist new franchisee Taker to give focus to necessary parameters while taking a franchisee outlet. This work book not only assists franchise takers but also ensures that franchisor are not put to wrong understanding by blaming them for their unsaid commitments. This shall clearly give a transparent picture about all necessary aspects of franchising business.
5.4 – Areas of further research

1. The present research study was a comparative analysis of Technical Franchisees in Pune but such research are need of the hour for each city and state to analysis the global picture and have a better deeper understand of the business.

2. Other segment like QSR , Play Schools , Salons , Beauty and Body Care Domain , Food and Dining all these franchisee business also need a detailed research to understand their viability.

3. Likewise MAIT and other neutral organizations, Franchisee business organization’s or CII must take proactive steps to conduct detailed all india research on viability and more scholars must be motivated to undertake franchising as topic for study.

4. A similar study can be carried out in small, mid and big size companies. It is possible that the reasons and measures for failures could be different and such a study can focus on understanding the difference in reasons

5. A study on Company owned Company operated outlets based franchisee business is also need of hour and to be carried be out in all other sectors like manufacturing, services etc., to understand the pattern of Business operations and correlation established to find out the similarities between Regular Franchised models and COCO. For a global perspective, a research study can be carried out in only multinational IT companies to understand the strategies to retain the people in those organizations.

6. Franchisor’s must also conduct research for their unit franchisees and also competition must be analyzed to understand the lacunas, improvements, scope of expansion and market acceptance parameters. Also the franchise satisfaction survey is also required.