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Appendix A

Pilot Study Questionnaire
**PILTO STUDY QUESTIONNAIRE**

We thank you for allowing us to speak to you and you took out your valuable time to read this. We are gathering the details about the franchise business so that we can compare the franchise businesses in our area and get ideas about the business model and possible success.

We shall obliged if you could also spare a hint and help us understand the business model by answering few questions below.

<table>
<thead>
<tr>
<th>SR NO</th>
<th>DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>FRANCHISE</td>
</tr>
<tr>
<td>3</td>
<td>FRANCHISE NAME</td>
</tr>
<tr>
<td>3</td>
<td>FRANCHISE OWNER NAME</td>
</tr>
<tr>
<td>4</td>
<td>ADDRESS</td>
</tr>
<tr>
<td>5</td>
<td>EMAIL / MOBILE NUMBER</td>
</tr>
<tr>
<td>6</td>
<td>DATE OPENING OF FRANCHISE</td>
</tr>
</tbody>
</table>

**INVESTMENT**

<table>
<thead>
<tr>
<th>1</th>
<th>INITIAL INVESTMENT</th>
<th>INR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>REFUNDABLE INVESTMENT</td>
<td>INR</td>
</tr>
<tr>
<td>4</td>
<td>FRANCHISE FEES DETAILS</td>
<td>INR</td>
</tr>
<tr>
<td>5</td>
<td>APPROX TOTAL INVESTMENT TILL OPENING</td>
<td>INR</td>
</tr>
</tbody>
</table>

**EXPENSES**

| 1 | MONTHLY EXPENSES - GROSS TOTAL | INR |
| 3 | RENT | INR |
| 4 |)# OF EMPLOYEES (PERMANENT) | NO |
| 6 | OTHER EXPENSES | INR |

**INCOME**

| 1 | REVENUE SHARING WITH FRANCHISE | PERCENTAGE |
| 2 | PROMISED BREAK EVEN PERIOD IN MONTHS | MONTHS |
| 4 | RETURN ON INVESTMENT | PERCENTAGE |
| 5 | MAXIMUM GURANTEED GROSS | YES / NO |
| 6 | DAILY INCOME SELL | INR |

**SUPPORT FROM FRANCHISE**

| 1 | MARKETING | YES / NO |
| 2 | LEAD GENERATION | YES / NO |
| 3 | ADVERTISING | YES / NO |
| 4 | OTHER | YES / NO |
| 2 | FRANCHISE MANAGER VISITS | YES / NO |
| 1 | FRANCHISEE LEVEL PROMOTION DETAILS | YES / NO |

**ADVANCED DETAILS**

| 1 | NEARBY FRANCHISE FACTOR | YES / NO |
| 2 | COMPETITION FACTOR | YES / NO |
| 3 | WILL YOU RECOMMEND NEW FRANCHISE TO OPEN | YES / NO |
| 4 | WILL YOU OPEN ANOTHER FRANCHISE OUTLET | YES / NO |
| 2 | REMARKS / FEEDBACK |

We sincerely thank you for your valuable support and time. Your feedback will help us in taking right decision for taking a franchise and investing the money in right way.

**SIGNATURE OF THE FRANCHISE OWNER / REPRESENTATIVE**
Appendix B

Final Study Questionnaire
We thank you for allowing us to speak to you and you took our valuable time to read this. We are gathering the details about our Franchise business so that we can compare the Franchise businesses in our area and get ideas about the business model's sustainability and growth.

We shall obliged if you could spare 5 mins and help us understand the business model by answering few questions below.

<table>
<thead>
<tr>
<th>Details</th>
<th>Description</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INVESTMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL INVESTMENT</td>
<td>5lac, 10lac, 20lac, 30lac, 50lac</td>
<td></td>
</tr>
<tr>
<td>REFUNDABLE INVESTMENT</td>
<td>Less than 10,000, 10,000 - 20,000, 20,000 - 30,000, 30,000 - 40,000, +</td>
<td></td>
</tr>
<tr>
<td>NON REFUNDABLE INVESTMENT</td>
<td>Less than 10,000, 10,000 - 20,000, 20,000 - 30,000, 30,000 - 40,000, +</td>
<td></td>
</tr>
<tr>
<td><strong>FRANCHISEE FEE DETAILS (INR)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FRANCHISEE AGREEMENT DURATION</strong></td>
<td>0 - 2 years, 2 - 3 years, 3 - 4 years, 4 - 5 years, &gt; 5 years</td>
<td></td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SALARY FOR EMPLOYED</td>
<td>10,000 - 25,000, 25,000 - 35,000, 35,000 - 50,000, +</td>
<td></td>
</tr>
<tr>
<td><strong>RENT PER MONTH</strong></td>
<td>10,000 - 20,000, 20,000 - 30,000, 30,000 - 40,000, 40,000 - 50,000, +</td>
<td></td>
</tr>
<tr>
<td><strong>ELECTRICITY / INTERNET BILL (INR)</strong></td>
<td>500, 1000, 1500, 2000</td>
<td></td>
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<tr>
<td><strong>NUMBER OF EMPLOYEES EMPLOYED</strong></td>
<td>0 - 2, 2 - 3, 3 - 4, 4 - 5, &gt; 5</td>
<td></td>
</tr>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROMISED BREAK EVEN PERIOD IN MONTHS</td>
<td>0 - 2 months, 2 - 4 months, 4 - 6 months, 6 - 8 months, &gt; 8 months</td>
<td></td>
</tr>
<tr>
<td>REVENUE SHARING</td>
<td>70% to 80%, 80% to 90%, &gt; 90%</td>
<td></td>
</tr>
<tr>
<td><strong>SUPPORT FROM FRANCHISOR</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MARKETING &amp; ADVERTISING</td>
<td>YES / NO</td>
<td></td>
</tr>
<tr>
<td>LEAD GENERATION</td>
<td>YES / NO</td>
<td></td>
</tr>
<tr>
<td>HOW MUCH MONEY YOU SPEND PER MONTH</td>
<td>5000 - 10000, 10000 - 20000, 20000 - 30000, &gt; 30000</td>
<td></td>
</tr>
<tr>
<td>COMPETITION FACTOR</td>
<td>YES / NO</td>
<td></td>
</tr>
</tbody>
</table>
| WE SINCERELY THANK YOU FOR YOUR VALUABLE SUPPORT AND TIME. HOPE YOUR FEEDBACK WILL HELP US IN TAKING RIGHT DECISION FOR TAKING A FRANCHISEE AND INVESTING THE MONEY IN RIGHT WAY.
<table>
<thead>
<tr>
<th>Master Data base Sheet for Analysis</th>
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</thead>
<tbody>
<tr>
<td><strong>FRANCHISE NAME</strong></td>
</tr>
<tr>
<td>Money</td>
</tr>
<tr>
<td>Bank</td>
</tr>
<tr>
<td>Credit Card</td>
</tr>
<tr>
<td>Debit Card</td>
</tr>
<tr>
<td>MasterCard</td>
</tr>
<tr>
<td>Visa</td>
</tr>
<tr>
<td>American Express</td>
</tr>
<tr>
<td>Discover</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENT</strong></td>
</tr>
<tr>
<td><strong>DAILY INCOME</strong></td>
</tr>
<tr>
<td><strong>BREAK EVEN POINT</strong></td>
</tr>
<tr>
<td><strong>BREAK EVEN kf.</strong></td>
</tr>
<tr>
<td><strong>MARKETING &amp; ADVT. SUPPORT</strong></td>
</tr>
<tr>
<td><strong>MARKETING &amp; ADVT. SUPPORT NATIONAL</strong></td>
</tr>
<tr>
<td><strong>WILL YOU RECOMMEND</strong></td>
</tr>
<tr>
<td><strong>EXTENDED QUALITY OF SERVICE</strong></td>
</tr>
<tr>
<td><strong>TOTAL FACTOR</strong></td>
</tr>
</tbody>
</table>

| Money | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank | 2 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Credit Card | 3 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debit Card | 4 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MasterCard | 5 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Visa | 6 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| American Express | 7 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Discover | 8 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 9 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
Appendix C

Master Database for Analysis
### Abrevations for Scale Details for Likert Scale used for Master Data Analysis

#### QUESTION NO 2
**TOTAL INVESTMENT (IN LACS)**

<table>
<thead>
<tr>
<th>S/N</th>
<th>RANGE</th>
<th>LIKERT SCALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5 L TO 10 L</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>10 L TO 20 L</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>20 L TO 30 L</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>30 L +</td>
<td>4</td>
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</table>

#### QUESTION NO 16
**DAILY INCOME SALES (INR)**

<table>
<thead>
<tr>
<th>S/N</th>
<th>RANGE</th>
<th>LIKERT SCALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0 TO 5000 INR</td>
<td>1</td>
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<tr>
<td>2</td>
<td>5000 TO 15000 INR</td>
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</tr>
<tr>
<td>3</td>
<td>15000 TO 30000 INR</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>30000 TO 45000 INR</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>45000 +</td>
<td>5</td>
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#### QUESTION NO 12
**BREAK EVEN PROMISED (MTHS)**

<table>
<thead>
<tr>
<th>S/N</th>
<th>RANGE</th>
<th>LIKERT SCALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0 - 12 MONTHS</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>12-24 MONTHS</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>24-36 MONTHS</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>36+MONTHS</td>
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</tbody>
</table>

#### QUESTION NO 14
**BREAK EVEN HAPPENED (Y/N)**

<table>
<thead>
<tr>
<th>S/N</th>
<th>RANGE</th>
<th>LIKERT SCALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>YES</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>NO</td>
<td>0</td>
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</tbody>
</table>

#### QUESTION NO 18A
**LOCAL LEVEL MKTG ADVT SUPPORT**

<table>
<thead>
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<th>RANGE</th>
<th>LIKERT SCALE</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>YES</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>NO</td>
<td>0</td>
</tr>
</tbody>
</table>

#### QUESTION NO 18B
**NATIONAL LEVEL MKTG ADVT SUPPORT**

<table>
<thead>
<tr>
<th>S/N</th>
<th>RANGE</th>
<th>LIKERT SCALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>YES</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>NO</td>
<td>0</td>
</tr>
</tbody>
</table>

#### QUESTION NO 24
**WILL U RECOMMEND NEW FRAN TAKERS?**

<table>
<thead>
<tr>
<th>S/N</th>
<th>RANGE</th>
<th>LIKERT SCALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>YES</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>NO</td>
<td>0</td>
</tr>
</tbody>
</table>

#### QUESTION NO 25
**WILL U OPEN ANOTHER FRANCHISEE UNIT?**

<table>
<thead>
<tr>
<th>S/N</th>
<th>RANGE</th>
<th>LIKERT SCALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>YES</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>NO</td>
<td>0</td>
</tr>
</tbody>
</table>

#### QUESTION NO 22
**EXCLUSIVITY OF REGION GIVEN?**

<table>
<thead>
<tr>
<th>S/N</th>
<th>RANGE</th>
<th>LIKERT SCALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>YES</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>NO</td>
<td>0</td>
</tr>
</tbody>
</table>

#### QUESTION NO 23
**COMPETETION FACTOR FROM SIMILAR LOCAL BUSINESSES?**

<table>
<thead>
<tr>
<th>S/N</th>
<th>RANGE</th>
<th>LIKERT SCALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>YES</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>NO</td>
<td>0</td>
</tr>
</tbody>
</table>
Appendix D

FRANCHISEE BUYIN GUIDE

A HANDY Workbook to check the Viability of Franchisee Model
FRANCHISEE BUYING GUIDE

Better Safe than Sorry

A Handy workbook to check the viability of any Franchisee Business model

By Mihir Porwal

Version 1.0; February 2016
1. Franchised Business Name: __________________________________________________________

2. Brand Name: ___________________________________________Franchisee Kit: □ Yes, □ No

3. Franchisor: ________________________________website: www._____________________

4. Name of Owner: ____________________________ Contact No: _______________________

5. Franchisor Type: □ Master Franchisee □ Parent company □ Country Franchisor

6. Date of Incorporation of Franchisor: ____________________________________________

7. Total Number of year in Franchising: World Wide _____India _____Region_______

8. Franchised Outlets Details

<table>
<thead>
<tr>
<th>S/N</th>
<th>Total Number of Outlets</th>
<th>Opened</th>
<th>Operational</th>
<th>Shutdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>World Wide</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>India</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>State</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>City</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Locality (Where you plan to Put up an outlet)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Nearest Franchisees to your proposed Site :</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
9. A) **Details of Existing Franchisees 1**

Name of Business: ____________________________________________________________

Franchisee Owner name: ________________________________________________________

Type of Franchisee: _____________________________________________________________

Operational Since: _____________ Address: _______________________________________

________________________________________ Email Id: ________________ Cell No: ____________

Personal Visit Findings: _________________________________________________________

B) **Details of Existing Franchisees 2**

Name of Business: ____________________________________________________________

Franchisee Owner name: ________________________________________________________

Type of Franchisee: _____________________________________________________________

Operational Since: _____________ Address: _______________________________________

________________________________________ Email Id: ________________ Cell No: ____________

Personal Visit Findings: _________________________________________________________

*(Please Take Photocopy of the page if more Existing Franchisee Exists)*
10. Investment Computation

<table>
<thead>
<tr>
<th>Sn.</th>
<th>Investment Head</th>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Franchisee Fee</td>
<td>Refundable / Non refundable</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Security Deposit</td>
<td>Refundable / Non refundable</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Stocks - Inventory Investment</td>
<td>Sharing with Franchisor Yes / No</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Store Interior ,Setup Investment</td>
<td>Sharing with Franchisor Yes / No</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Machinery / Setup Investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Training Cost</td>
<td>Sharing with Franchisor Yes / No</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Store Inauguration Expenses</td>
<td>Sharing with Franchisor Yes / No</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Other Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Store Rent Deposit</td>
<td>Sharing with Franchisor Yes / No</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Fund Raising Expenses - Initial</td>
<td>Sharing with Franchisor Yes / No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL EXPENSES TILL OPENING STORE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Duration of Agreement</td>
<td>In Years</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Exclusivity of Region Given</td>
<td>Yes / No</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Minimum Guarantee of Business Given</td>
<td>Yes / No</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Lock in Duration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Nearest Outlet Possibility Dist.</td>
<td></td>
<td></td>
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</tbody>
</table>
11. Operational Expenses & Support

<table>
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<th>Operating Expenses</th>
<th>Details</th>
<th>Amount</th>
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<tbody>
<tr>
<td>1</td>
<td>Rent - Monthly</td>
<td>Sharing with Franchisor Yes / No</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Manpower - Qty</td>
<td>Sharing with Franchisor Yes / No</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Salary Per Month Estimated</td>
<td>Sharing with Franchisor Yes / No</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>E Bill, Internet, Legal Compliance Expenses</td>
<td>Sharing with Franchisor Yes / No</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Revenue sharing With Franchisor</td>
<td>Percentage/Commission</td>
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<td>6</td>
<td>Interest on Investment Capital</td>
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<tr>
<td>7</td>
<td>Marketing Expenses per Month</td>
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**ESTIMATED EXPENSES PER MONTH**

<table>
<thead>
<tr>
<th>Income and Operational Support</th>
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Remarks: __________________________________________ ______________________________
12. Responsibilities and Duties

<table>
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<tr>
<th>S/N</th>
<th>RESPONSIBILITY &amp; DUTIES OF A FRANCHISOR</th>
<th>RESPONSIBILITY &amp; DUTIES OF A FRANCHISEE</th>
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Remarks: __________________________________________ ______________________________
13. Franchisee Sales Development Manager Details: ______________________________
    Email: _________________________ Cell No: ________________________________
14. Location Requirements: __________________________________________________
15. Time from Franchisee Agreement to Launch: _________________________________
16. Multiple Franchisee Opening /Referral Rebate: ______________________________
17. Competition Factor: __________________________________________________________
18. Loan Facility /Bank Tie-up: ________________________________________________
20. Return on Investment (Percentage): ________________________________
21. Transfer of franchisee /Resale / Termination Clause: ___________________________
   _______________________________________________________________________
22. Remarks: ___________________________________________________________________
   _______________________________________________________________________
23) Decision:  ☐ YES    ☐ NO    ☐ MAYBE
Guidelines while Filling this Workbook

**Question No 1.** - The Actual name of Franchisee what shall be awarded to you and shall reflect on the Sign board and in the Agreement. Check for any difference in Market Prevalent name and Franchisee name.

**Question No 2.** – Brand Name: The Brand Name which is shall carry and the Market Known Brand that shall be attached to the Franchisee business. Check for Trademark, copyright details. Franchisee Kit has to be present as it shall be first face of the Business Model and it shall market the business model in written format and furnish primary information about the business proposition.

**Question No 3.** – Franchisor Name – The Company or the Person who shall be responsible to award you’re the Franchisee and shall be acting as a Parents Role in the entire Business Cycle. Check for Type of Company, Proprietor, Pvt Ltd, Limited, Partnership, LLC-LLP etc...

Website: Check the Original website of the Franchisor Company, The Brand and Franchisee outlet. Check for List of Franchisees too.

**Question No 4.** – Name of the Owner- It is absolutely necessary to know the name, contact number and email id of the Owner or the sole decision maker as identified as The Franchisor. The person signing the Franchisee Agreement is also crucial and their details must be noted and verified

**Question No 5.** – Type of Franchisor – Please check for Master Franchisee Parent company Country Franchisor and also understand the differences and the rights and authorities of each of them.

**Question No 6.** – Date of Incorporation of Franchisor – It explains age of the business and how old they are in this business as franchisor.

**Question No 7.** – It explains the age of the Franchisees in respective areas which is also an important factor to understand their reach and experience. World Wide, India, Region. Region is the district or city where you plan to open a new outlet.

**Question No 8.** – Count of Franchisees, it shows the International, National, Regional and Local Number of Outlets give us the Trend of Growth, Sustainability and Risk about Franchisee Number – Global Scenario along with local Scenario.

**Question No 9.-** Details about Existing Franchisees, Personal Visit to these outlets is mandatory and extremely vital to understand Ground realities, existing franchise owners views, opinions, suggestions and to judge the business sate if affair first hand. It shall be the most and
extremely important to take details 100% accurately and visit them all. You can add photocopies of this page if the nearby franchisee outlets are more.

**Question No 10.** - Investment Table – It shall give a clear picture of the Total Investment that shall probably take place in the business model. Ensure all heads are properly understood and data is entered correctly. Also the sharing with franchisor column is necessary to understand the financial relation with franchisee – franchisor and the implications on the Cash Flows.

**Question No 11.** - Operational Expenses table shall give the cash out flow on operational mode when the franchisee outlet shall be opened and shall start functioning on daily business basis. It shall give a clear picture about Monthly expenses, Salaries, Rents, Other Legal Compliance expenses and Monthly Funding Interest which you shall arrange as capital investment.

Income and Operational Support is also major pillar to understand the Franchisee Viability. This data will give you clear picture about the support from Franchisor on day to day basis apart from their assistance during pre-opening phase. Also the Cash Flow incomes, systems, support, audits will give clarity on operational scenario.

**Question No 12.** - Responsibilities and Duties have to clearly understood and jotted down to understand the scope and reach of each business party. All necessary doubts, roles to be played, accountability and commitments shall be learnt from this table. Also it shall help in trouble shooting and conflict resolution in future.

**Question No 13.** - The person who shall be selling the Franchisee to you details are must as in future if he quits and you need to refer to his commitments it shall be helpful also during decision making you need to interact with him for clarifications and help.

**Question No 14.** - Location Requirements will help you understand what kind of location is required to open a unit and also the financial commercial terms related to the location. The foot fall, business expectations, sales figures shall also largely depend on the right location finalisation.

**Question No 15.** - Time to Launch the Unit from Date of Agreement shall give you the lead time, interior work time, fund arranging time and employee recruitment time. In all it shall give you the timeline of work and project completion to ensure you start business on stipulated time schedule and avoid unnecessary delays.
Question No 16. - Multiple Unit opening / Referral program shall give you discount, money savings and referral incentives information on more than one outlet opening decisions and site selection, bargain power etc…

Question No 17. - Competition Factor shall give you detailed information about the business competition, other competing brands, local business setups and which shall give you some clarity about the market size, client base and revenue projections.

Question No 18. - Loan – It shall help in your fund raising. Lower interest rate funding and minimal paper processing shall assist you if the franchisor has a tie up with financial institutions to help you with fund raising. Business Plan would be already approved by them in principle.

Question No 19. - Breakeven point – IT shall give you the time within which you expect to recover all your total investment and then thereafter bank upon profits once your money is recovered.

Question No 20. - It shall give you return on your investment in percentages which shall help you decide the money growing power of the business model viz-a-viz other options and opportunities.

Question No 21. - In case of shutdown or closure of business this shall help you dispose of your unit safely and with fair price shall be recovered. Also exit clause shall help you understand the flexibility of the business and transparency of the rules and regulations binding the franchisee agreement.

Question No 22. - Remarks – Any feedback, remarks or necessary information

Question No 23. - Outcome of using this workbook for a wise and unbiased decision

☐ Yes  ☐ No.

Declaration: This Workbook is an attempt to address major aspects of franchisee business understanding but does not guarantee 100% completeness and fool proof path way towards decision-making. Conscience and Understanding of Franchisee takers are necessary before any decision. Thank you!!
Appendix E

Research paper presented and published

Mihir Suresh Porwal and Dr Asha Nagendra. (2014).

Title: The Other Side of Franchising: Often Revealed Too Late. Research paper co-authored and presented at the International Conference on Retail Franchising- A Gateway for Growth. 6th and 7th March 2014.

Organized by Department of Commerce, University of Madras In Association with FICCI, TNSC.

FRANCHISING
FRANCHISING
A Gateway for Growth

R. Shanthi  P. Murari
S. Gurusamy  M. Rafeeqeque Ahmed

MJP Publishers

Tennai  New Delhi  Tirunelveli

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ATTENDANCE CERTIFICATE

Certified that Dr. / Thiru. / Smt. / Ms. MHIR SURESH POREMAL

Attended the International Conference On "RETAIL FRANCHISING - A GATEWAY FOR GROWTH"
6th & 7th March 2014, organized by the Department of Commerce, University of Madras in association with FICCI, TNSC.

(Conference Director)

Dr. R. SHANTHI
Convenor, Retail Panel, FICCI TNSC
Assistant Professor
Department of Commerce
University of Madras,
Chennai, Tamil Nadu, 600 005.
Tamil Nadu, India.
International Conference on Retail Franchising
A Gateway for Growth
6 & 7 March 2014, Thursday & Friday
Organised by Department of Commerce, University of Madras
In Association with FICCI TNSC

Certificate

This is to certify that Dr. / Mx / Ms. MIHARI SURESH PAVAL has Participated in the International Conference as a Delegate / Member of Organising Committee, chaired a Session / Presented a Paper Entitled "A Case Study of Failure More Than Success..." Presented: Cartridge Refilling Business, Franchising in Pune

Dr. R. SANKHNI
Conference Director &
Convenor, FICCI TNSC
Professor & Head
Department of Commerce
University of Madras

Dr. G. GURUSAMY
Professor & Head
Department of Commerce
University of Madras

Mr. P. KUMAR, MD (Retd.)
Director, FICCI TNSC
New Delhi

Page 155
Preface

In India, franchising is still in emerging stage but it has ranked as the most attractive global market for investment and leading global brands eyeing India as their target market. The concept of franchising has been progressively gaining recognition in India as well experts declare that it is the fastest growing retailing format in the world.

Indian franchising story has just started and it has a long way to go; only 10% of the businesses in India are franchised as compared to 70% in the United States. Education sector which accounts for the maximum portion of the total franchised business in India is only 38% franchised as a sector as a whole. Other sectors like retail, food, healthcare etc. go on similar lines.

According to KPMG in India estimates, the franchising industry is expected to quadruple between 2012 and 2017. There is scope for the franchising industry to contribute to almost 4% of India’s GDP in 2017 (assuming 6% Y-o-Y GDP growth between 2012 and 2017), growing from a current estimated contribution of 1.4 % of GDP. This is also expected to create job opportunities (including both direct and indirect) for an additional 11 million people by 2017.

India would be able to do so with its huge population, the growing aspirations and prosperity of the middle class, changing lifestyles, growing entrepreneurial culture, and the shifting of gears to small cities and towns. All these factors will lead to the growth of a WIN - WIN partnership between the brand and franchisee.

This book highlights various issues on estimating the amount of economic activity that occurs in franchise businesses, examining the investment potential & Opportunity in International franchises Sector. It focused on the franchises issues and threats that need to be addressed for promoting growth in this dynamic sector. It deliberates the global franchise scenario through presenting successful case studies of International franchise sector. There are number of more than 50 research papers to be presented on the concept of branding, future models of franchising and relationship between franchisor and franchisee etc, which helps the corporate and Industrial sector to have a wide knowledge about franchising in modern world.

This book also intends to help entrepreneurs, business leaders, analysts, policy makers, franchising executives, franchising consultants and academician for understanding the inclinations in franchising and potential powers in running the franchising business, to develop schemes and policies for enhancing better performance.

Dr. R. Shanthi
Conference Director &
Convenor, Retail Panel, FICCI TNSC,
Assistant Professor
Department of Commerce
University of Madras
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THE OTHER SIDE OF FRANCHISING: OFTEN REVEALED TOO LATE

Mihir Suresh Porwal* & Dr. Asha Nagendra**

OVERVIEW

"Falling in love and having a relationship are two different things and that’s because falling in love is easy but keeping that love alive every single day is tricky!"

— Keanu Reeves (actor)

A Franchisor-franchisee relationship mirrors personal life in this aspect. It may not be difficult getting into a business agreement, but keeping promises and honouring commitments on a daily basis is challenging. Hence, there is a need to know how to keep the relationship alive and kicking says Parmina Sood. Franchising as a job option in India can be really rewarding, as it is at a nascent phase. There are no official certified classes made available by any identified schools/universities at present in India. This is a double-edged sword. On the one hand, it opens new avenues for studying like textbooks, web, and publications and so on. On the other hand, one runs the risk of not being capable to find out about franchising in a structured fashion and for that reason, might have to work harder and discover from the difficult trial and error method. In India, one may find men and women with a formal track record in advertising or retailing, who have properly shifted monitor to franchising. Traditionally, franchising has been all about low cost retail expansion, a minimum guarantee clause, sporadic franchisee recruitment and too much of face value contracts. However, the truth is that franchising in India is all set to broaden its horizon.

Inadequate capitals are no longer the primary reason for franchisors to take up the franchisee model. For them, says Gaurav Marya, finding an appropriate location and the high rentals involved in property are the main constraints that push them into franchising to make business expansion

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* PhD student at Tilak Maharashtra University, Pune
** Professor at Symbiosis International University, Pune
more viable. Therefore the edge that one as a franchisee should have is local market knowledge and adequate human resources at your disposal.

A franchisee who does not attend training programs, no matter how old he has been in the business, cannot be successful, says Chuckochem. A franchisor, after much research, shares the latest findings, trends and methods to combat competition in such meetings. It is the duty of the franchisee to stay abreast with the latest, in order to earn more profits and portray loyalty to the brand.

Once the franchisor’s objectives and goals are clarified, it is important to determine the company’s value and analyze value/risk drivers. According to Jones Day, an initial valuation will create a baseline against which to compare future valuations and company progress. Thorough, periodic valuations subsequently will constitute useful status reports highlighting value drivers and areas in which the company has realized or still needs improvement. Typical value drivers address: earnings potential, quality of earnings, projected performance and, of course, risk. Value drivers allow owners to establish strategic and tactical plans to grow their companies into highly attractive businesses in advance of their eventual sales thorough analysis of the franchisor’s business valuation can enable owners to better manage their companies to perform optimally against such metrics.

The BFA and the National Westminster Bank’s Franchisee survey in 1997 have shown that 2.3 per cent of all new franchisees went out of business. Research has shown that during the 12 year period after beginning to franchisee, typically three quarters of the new franchisor have ceased to exist. The attrition rate is quite severe in the early years of franchising.

**THE OTHER SIDE OF FRANCHISING - WHAT DOES IT MEANS?**

Every coin has two sides; similarly every business has its pros and cons. The positive side of franchising is so great that sometimes, one fails to look into the negative side while thinking about starting a franchise. But to ensure a secure future, checking out both the sides is very necessary. This way, one can understand whether franchising is suitable for oneself. To help make a decision in this regard, given below is a list of pros and cons of franchise ownership.
THE PROS OF FRANCHISE OWNERSHIP

- You don’t have to start a business from scratch. A skeleton business model is available, which you just need to fill up with your hard work and understand how the system works.

- The franchisor will help you at every step when you start a franchise business.

- The franchisor will provide you an estimate of how much money you will need to buy a franchise from it.

- Finding an investor, who is willing to invest in a business venture of a novice, is quite difficult. But with franchising, it’s not a problem, because the name of the franchisor acts as guarantor for the new franchisees.

- The bulk purchasing power of a franchise system ensures that you get discounts from manufacturers.

- Developing a market position takes a long time; but with franchising, it comes easily as you are marketing the already established brand-name of the franchisor.

THE CONS OF FRANCHISE OWNERSHIP

- One’s freedom as an entrepreneur is restricted when one is a franchisee. Your franchisor may dictate you in almost everything, starting from when you open your store and what you can sell to what will be the design and color of your store!

- You may suffer loss, if another franchisee somehow gets entangled in bad publicity. Like the proverbial “rotten apple”, it can damage the whole chain.

- Your franchisor may be out of sync with the local market and force you to adopt policies that are counter-productive.

- Your franchisor may force you to buy products from suppliers at higher prices than the market-rate.

- Joining hands with certain franchisors can be damaging, as they may have a restrictive non-compete clause, if you terminate or don’t wish to renew your franchise agreement.
A high royalty fee may eat into your profit margin. When it comes to pay ongoing royalties and advertising fees along with the initial franchise fee, it becomes a nightmare if the cash flows and the expenditures are not properly monitored.

The public image of your business can be damaged if other franchisees are performing poorly or the franchisor encounters problems.

The parent company or franchisor you sign a franchise agreement with has the right to control a large portion of your operational decisions, including setting prices for goods or services, determining location decor and mandating employee uniform requirements. These constraints rob you of the chance to put your own stamp on your franchise location. This may make you feel like less of a small-business owner because you don't truly have total control over your company. In the end, you have to adhere to the parent company's demands to preserve your franchise agreement.

**REASONS FOR LATE REVELATION OF THE HARD FACTS IN FRANCHISING BUSINESS**

- Eagerness to Start “My own Business” results in Non adequate Market Research, Funds Arrangement for Future, Market Dynamics understanding etc parameters

- Partial Marketing and Sales Impact of Franchisor on the Prospective Franchisee

- Closure Tactics for Signing Franchisee Agreement by Franchisor results in giving no room for Time to Research the Market by Prospective Franchisee Taker.

- Disclosing wrong or fake ROI/BEP sheets which does not fall in line with market parameters

- Prospective Franchise Takers Social Pride in Friends and Network to satisfy the Ego against declaration of Appointment of the Franchisee by Franchisor.

- Attitude to look at Franchise Business investment as Investment rather than Active working Partner or Owner with responsibility in daily routine.

- Trust on the Franchisor projections despite a doubt on the projected numbers.
Revealing of the revenue outflow at actual in terms of Royalty, Taxes, Rentals, Salaries, and Admin Expenses as compared to Income.

**SOME HARD FACTS IN THE JOURNEY OF FRANCHISING**

- Involvement of Middlemen or Franchisee Consultant which did not disclose the real picture of the Franchisor. Vested interested in the commission and the payback against appointment of the Franchisee from Franchisor prevented him from disclosing the other side of the Business Model and Risks Involved.

- Franchise Takers presumed role as Investor in the Business and expectations to get returns as per ROI /BEP sheet turns down after actual revenue figures clocked in.

- Unpreparedness to Lead the Franchised Outlet as active Working Partner

- Local Market and Competition going way ahead in terms of
  - Sales revenue / Daily Collections / Business Transactions
  - Customer Acquisition and Retention
  - Savings viz-a-viz operational expense, Salaries, Administration Expenses and Royalties.

- Franchisor Appoints another Similar Franchised Outlet to compete with you and you have "No Right to Say No to the Franchisor". Killing your own territory and sharing with the Business Enemy.

- ROI /BEP Calculations turning out to be unrealistic
  - Inflation / Taxes / Budget allocations / Legal Fulfilment Expenses / Increasing Demand of Salaries by Staff

- Real Estate Market Boom – This enforces the Mall to increase the Rent beyond Sustainable limits.

- Especially for Malls – CAM –Common Area Maintenance Increase YOY basis


IMPLICATIONS OF HARD FACTS ON THE FRANCHISEE

Good Implications

a) Planning an exit to re-enter the same business as franchisor with an improved version of offerings and with corrected current shortfalls in the new Franchisee Model.

b) Learn from Past Mistake – Be penny wise in the next business venture

c) Avoid Loss in future – Put Stop Loss if planned for multi outlets / multiple franchisees

d) Intimate other Franchisee owners about the Hard Facts / Consequences /Issues and prevent them from getting duped.

Bad Implications

a) Quit Franchisee System that the most obvious reason for franchises to quit is they do not get the expected financial returns

b) Financial Loss / Loan Repayment / Attachment to Assets by Lenders

c) Mental Setback / Depression / Suicide

d) Family Life disturbed due to sudden loss in business

e) Legal Implications

IMPLICATIONS OF HARD FACTS ON FRANCHISOR

Good Implications

a) Improve the Business Model from past experiences

b) Redo existing Franchisee outlets for optimum efficiency and avoid iteration or business closure

c) Opportunity to launch the new facet of the Franchisee concept with Confidence and boost.

d) Take and implement precautionary measures for the parameters which were unforeseen.
Bad Implications

a) Shutting down of Franchisee outlets – Revenue Drop, Refund of Deposit, Business loss.

b) Reduction in the Total Count of the Franchisee outlets thus fall in market share, presence

c) Possibility of bad word of mouth by the Franchisee

d) Fear of Competition getting ahead and taking undue advantage of the closure of franchisee outlets.

e) Social / Business Domain defamation

f) Need to start the existing setup with other Franchisee owner at discounted offerings thus imply financial loss

g) Legal implications if Franchisee sues Franchisor to court for justice.

PREVENTIVE MEASURE OF SOLUTIONS TO AVOID LATE REVELATION OF THE HARD FACTS

• **Middlemen Policy:** Despite involvement of the middlemen or the Franchisee Consultant let the Franchisee Taker take a wise decision unbiased with proper research and adequate time to arrive at a viable decision.

• **Tendency to overspend by Franchisor:** Franchisors have a tendency to under capitalise by not budgeting themselves. They get tempted by all the trappings of a big corporate house, high-rise office buildings, overstaffing, company cars expensive hotels elaborate trade shows and expensive publicity. This pushes Franchisors to Change the Revenue Standard or divert funds which were else to be utilised for Promotions, Marketing, Advertising, and Business Development Venues to unnecessary avenues.

• **Mutual respect is the best policy.** In few cases, it has been observed that the franchisors in view of the ownership refrain from offering required respect to their franchisees. However, it is necessary to build up strong relationship through mutual respect with the franchise partners.

• **Make exit easy.** Franchisors, at times, select franchisee that is not suitable for the business concept. Thus crumbling to the pressure these franchisee continuously struggle in the business. Franchisors should work with them; provide help, support and guidance to prepare them for the transition.
• **Create brand culture.** It is the owner or the franchisor's duty to build a brand culture that holds all levels of the organisation together, from the owner to employees, franchisees and customers.

• **Rewards and appreciation.** Franchisees should be rewarded and appreciated openly for their achievements and contribution in the success of brand. This can be done through conventions, meetings, newsletters, and personal correspondence. Moreover, in annual meetings, the franchisor should ask all his franchisees for ideas and ways to improve his brand.

• **Good research** - Go in for a market research that will provide key trends to give you better understanding of the franchise market, customers and competitors. If your research shows that demand is sufficient for support and growth of your prospective franchise business then you can start searching for an ideal location and develop a start-up marketing plan. Analysis will help you investigate the state of your intended market and determine the demand for your franchise.

• **Have sound online Presence** - It is the age of instant news and smartphones. The online market sells and the social media has a tremendous influence on trends. Face book, Blogs, Peer Power, LinkedIn, You tube get updated information and reviews about anything and everything sought.

• **Be a part of one or several networks** - This is an era of networking. The world is not the limit and the internet and the social media networks have made access to anyone simple and easy. However, being a part of network and meeting people face to face goes a long way in helping you take right decision.

• **Arrange Funds** - Precarrange capital. Consider how much cash it will take to properly invest in the business proposition before signing a licensing agreement. This allows your finance and accounting professionals to look over the books and determine if the agreement is a smart financial move.

• **Business is a long-term asset.** Experienced franchisee aspirants understand they are acquiring a long-term asset and view their target company accordingly. Too often, we see inexperienced buyers become overly focused on the most recent financial and operating data and lose sight of what they are seeking to acquire: the long-term value of the business.
CONCLUSION

As this Franchising Industry evolves, research shall continue to help the Franchisee make right decision and help them the way they want to buy. There is a clear need of more accurate statistical data of the different components needed to franchise in India. The white paper on franchising would clearly attempt at getting to the closest reasons for failure of Franchisee options and reduce the numbers for failures as much as possible and while bringing out distinct learning's of how franchising has evolved in India, where it stands today and how it will shape up in the coming years.

A major area that requires look at continued focus of the franchiser is the profitability of the franchisee, because at the end of the day the franchiser franchisee relationship becomes sustainable only if both are in a WIN-WIN situation. The author is a PHD student and is fascinated by Franchising Business Economics. He has worked for more than a decade in appointing Franchisee across India with multiple brands and business models.

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FRANCHISING
A GATEWAY FOR GROWTH

Dr. R. SHANTHI is presently Assistant Professor, Department of Commerce, University of Madras, Chennai. She has over 18 years of teaching and research experience in the realm of Marketing and Banking. She has contributed to national and international journals. She has also undertaken consultancy services on customer satisfaction and brand equity.

Dr. S. GURUSAMY is presently professor and Head of the Department of Commerce, University of Madras, Chennai. He is an academician of the repute having over 32 years of teaching and research experience in the realm of banking and financial system. He has authored a number of books on banking and financial services besides contributing to national and international journals.

P. MURARI, IAS is presently Adviser to President, FICCI: Federation of Indian Chambers of Commerce and Industry. Some of the important positions held in Government both at the Centre and in Tamil Nadu are Secretary to the President of India, Secretary, Ministry of Information and Broadcasting, GOI, Secretary, Ministry of Food Processing Industries, GOI, Secretary to Govt. of India, Additional Secretary to Govt. of India, Ministry of Industry, Dept. of Industrial Development Commissioner for Commercial Taxes, Govt. of Tamil Nadu. He is also serving as Independent Director in number of private sector companies. Awarded Census of India Medal in 1963 by the President of India.

Mr. M. RAFEEQUE AHMED is Chairman of the Farida Group. Some of the important positions held by him are President of All India Hides and Skins Tanners and Merchants Association from 1999 till date. Chairman, Council for Leather Exports, 1997-1999, 2005-2007 and 2010 till date, President, Tamil Nadu State Council, Federation of Indian Chamber of Commerce and Industry – 2006 till date, President, Federation of Indian Export Organization from Jan 2012. He was awarded the Padma Shri, the fourth highest civilian Award of Republic of India in 2011 for his achievement in Trade and Commerce.

MJP Publishers
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Ph. 044-28441043/2381
www.mjptnbh@rediffmail.com
Appendix F

Research paper presented and published

Mihir Suresh Porwal and Dr Asha Nagendra. (2014).

Title : A Case Study of Failure more than Success. Printer Cartridge Refilling Business Franchising in Pune.

Research paper co-authored and presented at the International Conference on Retail Franchising- A Gateway for Growth. 6th and 7th March 2014.

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FRANCHISING
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A Gateway for Growth

R. Shanthi P. Murari
S. Gurusamy M. Rafeeqe Ahmed

MJP Publishers
Tirunelveli New Delhi
ATTENDANCE CERTIFICATE

Certified that Dr. / Thiru. / Smt. / Ms. MHIR SURESH POIRWA

Attend the International Conference On "RETAIL FRANCHISING - A GATEWAY FOR GROWTH"
6th & 7th March 2014, organized by the Department of Commerce, University of Madras in
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(Conference Director)

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Certificate

This is to certify that Dr. / Mr. / Ms. MIHIR SURESH PORWAL has participated in the International Conference as a Delegate / Member of Organising Committee / Chair of a Session / Presented a Paper Entitled... A CASE STUDY OF FAILURE: More Than Success:... Printers, Cartridges, Refilling, Business Franchising... in Pune... ...

Dr. R. SHANTHI
Conference Director &
Convenor, FICCI
Dr. S. SUSWAMTY
Professor & Head
Dean, Institute of Commerce
University of Madras
Mr. P. MURARI, IAS (Retd.)
Co-Chairman FICCI Franchise
Kev Belma
In India, franchising is still in emerging stage but it has ranked as the most attractive global market for investment and leading global brands eyeing India as their target market. The concept of franchising has been progressively gaining recognition in India as well experts declare that it is the fastest growing retailing format in the world.

Indian franchising story has just started and it has a long way to go; only 10% of the businesses in India are franchised as compared to 70% in the United States. Education sector which accounts for the maximum portion of the total franchised business in India is only 38% franchised as a sector as a whole. Other sectors like retail, food, healthcare etc. go on similar lines.

According to KPMG in India estimates, the franchising industry is expected to quadruple between 2012 and 2017. There is scope for the franchising industry to contribute to almost 4% of India’s GDP in 2017 (assuming 6% Y-o-Y GDP growth between 2012 and 2017), growing from a current estimated contribution of 1.4 % of GDP. This is also expected to create job opportunities (including both direct and indirect) for an additional 11 million people by 2017.

India would be able to do so with its huge population, the growing aspirations and prosperity of the middle class, changing lifestyles, growing entrepreneurial culture, and the shifting of gears to small cities and towns. All these factors will lead to the growth of a WIN - WIN partnership between the brand and franchisee.

This book highlights various issues on estimating the amount of economic activity that occurs in franchise businesses, examining the investment potential & Opportunity in International franchises Sector. It focused on the franchises issues and threats that need to be addressed for promoting growth in this dynamic sector. It deliberates the global franchise scenario through presenting successful case studies of International franchise sector. There are number of more than 50 research papers to be presented on the concept of branding, future models of franchising and relationship between franchisor and franchisee etc, which helps the corporate and Industrial sector to have a wide knowledge about franchising in modern world.

This book also intends to help entrepreneurs, business leaders, analysts, policy makers, franchising executives, franchising consultants and academicians for understanding the inclinations in franchising and potential powers in running the franchising business, to develop schemes and policies for enhancing better performance.

Dr. R. Shanthi
Conference Director &
Convenor, Retail Panel, FICCI TNSC,
Assistant Professor
Department of Commerce
University of Madras
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   Dr. R. Shanthi  

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A CASE STUDY OF FAILURE MORE THAN SUCCESS: PRINT CARTRIDGE REFILLING BUSINESS FRANCHISING IN PUNE

Mihir Suresh Porwal* & Dr. Asha Nagendra**

INTRODUCTION

The printer cartridge refilling industry in India is one of the fastest growing businesses. The Indian market for printer cartridge has a whopping Rs. 4000 Cr. potential. There is a constant increase in demand for printer cartridges in India and growing at 20-30% per annum with more and more corporate and individuals looking for quality and reliable refilling without compromising on quality of prints.

A cartridge refill franchise works to help printer users save money without sacrificing quality by offering printer cartridge refill packs and services. Using the products and services offered by a well established company, a cartridge refill franchise aims to educate printer users about the benefits of refilling and the ways to go about it.

A large number of printer users are unaware that the refilling of a printer cartridge helps to preserve the environment by reusing existing resources. The growing demand for printing products and the subsequent demand for refilling make a cartridge refill franchise an excellent business opportunity.

REVIEW OF LITERATURE

During the current slow-down, one can help consumers save money, at the same time, one can make some money. Past scenario: Whenever we ran out of ink for our printers, we had two options both with their respective pros and cons.

---

* PhD Student from Tilak Maharashtra University, Pune
** Professor at Symbiosis International University, Pune
Option 1: Local re-filler, who would do it at a low cost, however quality would be low.

Option 2: Expensive original cartridges having great quality but proved quite expensive.

Today, in the current scenario, the consumer has a 3rd and a very viable option of refilling the cartridge. This is the most affective option for all printing needs and eliminates the cons of the previous two options since it is cost effective without compromising on quality. The cost of a new cartridge is extremely high and original equipment manufacturers (OEMs) are making healthy margins.

However, a few branded franchise opportunities like Cartridge World, ReFeel, Abbee Shoppe are offering refilling at 50% or lesser, in comparison to buying a new cartridge.

According to Lyn Research, nearly 70% of all cartridges are just thrown away when empty. This is a major cause of concern on environmental grounds. Recycling or refilling of cartridges can significantly reduce landfill waste originating from cartridges and their components, such as steel, aluminum, plastic and oil. Growing awareness about the benefits of refilling printer cartridge has led to spike in the segment and the expansion of the cartridge refill franchise network. Therefore, the demand for refilling or refurbishing a cartridge every few months or days, depending on the usage, is extremely high.

Cartridge World, founded more than a decade back, is a leading provider of cartridge related products and refilling services for a wide variety of printers. The company has established itself in the marketplace through its competitive pricing and superior products. Cartridge World retail franchise is a one stop-shop for all printer-related needs, including inkjet cartridge refilling services, laser cartridge reloading services and printer repairs. The store also stocks original equipment manufacturer (OEM) inkjet and laser cartridges, high quality specialty paper, OEM printers and other office supplies.

According to Mr. Naveen Rakhecha, CEO, Cartridge World, South Asia, “Introduction of the Cartridge World concept has given the after market industry the much needed fillip. The negativity attached to this concept is rapidly getting reversed. Today, even corporate are actively considering this option. Cost management, Resolutions to be eco friendly, Visibility of the organised concept and the reassurance of a global brand are
acting as catalysts. In short the aftermarket industry is gaining market share and respect of consumers very rapidly.

Today, ink, toner and cartridges are becoming more and more intelligent and thereby need of scientifically refilling or remanufacturing an absolute necessity. Remanufacturers will need to be prepared to make sizeable investments in R&D and customer education. Delivery of OEM comparable quality & service is a must. Formats operating on retail models will be the fastest growing. As per industry estimates the total size of printer cartridges market in India is over Rs. 4000 Crore growing at about 30 - 35% YOY.”

"Cartridge World continues to carry out aggressive branding and end user awareness activities centered on cost effectiveness, quality assurance and post sales service through the usage of recharge / re-manufactured cartridges. This industry is estimated at 6 billion dollars globally and at Rs. 4000 crores in India with a growth rate of nearly 30% and with our rapid expansion plans in India and neighboring countries, this sector is one to watch out for", adds Hemal Manek, Head - Network Development, Cartridge World - South Asia.

Naresh Krishnani, a Re-feel Franchisee at Mumbai mentioned that, We do face competition from local stationary stores who would refill cartridges at Rs. 70 to 80 versus Rs. 200 to 230 charged by Re-Feel. Customers generally inquire for price, however the quality conscious ones go ahead with Re-feel and the price conscious ones will opt for local stationary stores.

Anuradha Somani, Executive Director at Abbee Shoppee mentioned that their franchise model is quite different from rest of the players in the business. Their model is franchisee owned and company operated. The franchisee has to invest Rs. 45 to 50 Lakhs and can expect a return of 16% (assured), and 20% as per market conditions.

**Interesting Facts relating to the Print Cartridge Industry**

According to Caboodle Cartridge, almost 90 per cent of cartridges sold in the US come from the original equipment manufacturers (OEMs), such as Hewlett Packard, Canon, Epson and lexmark, because consumers believe they are getting better quality. But new advances in the remanufacturing of printer cartridges means consumers can now get OEM-like quality at half the price by having their old ink-jet and laser printer cartridges refilled. Not only is this less expensive for consumers it is also eco-friendly. According to Cartridge World franchise, "48% of people throw away their empty ink cartridges" when they can be refilled and used again. Slowly consumers are becoming more aware of the cost and function of print cartridges and are
turning to more eco-friendly print cartridge franchises to refill on a regular basis.

**Market Size**

The total refilling and remanufacturing industry in India stands at Rs 3000 crores and is growing at 25% each year. Here are some facts and figures:

In 2006-07 approximately 7, 17,000 Inkjet Printers and 3, 25,000 Laser Printers were sold in India. Assuming only 1 cartridge is consumed per month, simple maths will tell you that over 912 lacs inkjet cartridges and over 413 lacs laser cartridges will be required every year. Typically, 70% of the market is for black ink and 30% is for colour.

**Benefits of Franchisee of Printer Cartridge Refilling**

Franchisees will be offered ongoing support from experts within the parent company, so any start up hurdles can be quickly eliminated and the road to success mapped out. They will also benefit from marketing and advertising support, so they can concentrate on the day to day running of their business without having to worry too much about the reputation of the brand as a whole. However, before jumping head first into a deal with a franchiser it is important that franchisees make sure the business is suited to their budget, skills and time commitments. Some companies offer straightforward cartridge refilling, while others offer additional services, such as digital photography processing which could yield healthy profits but require additional time and manpower. Competition is also something to look out for. Since the cartridge remanufacturing industry is a fast growing one there are franchises popping up across the country. It is therefore critical that franchisees do their homework to make sure they are setting up the business in an area where demand is high and where rivals are unlikely to steal market share.

1. Unlimited Business Opportunity
2. Affordable start-up investment
3. Rapid Return on Investment (ROI)
4. Comprehensive training program
5. Ongoing supply of inkjet and toner parts and components
6. Perfect add-on profit centre for an existing business
7. Save your customers money
8. Great Impact in the Community
9. Great Environmental impact

RESEARCH METHODOLOGY
- Type of research: Descriptive
- Data type: Primary Data
- Data Collection Method: Franchised Outlet Owners Interaction; References.
- Primary data collection instrument: Telephonic survey
- Sampling technique: Total Sample Evaluated
- Sampling Universe: Pune City Region
- Sample size: 12 Units
- Statistical tools: Bar graphs, Pie charts, etc.

<table>
<thead>
<tr>
<th>Prominent Franchisee Players</th>
</tr>
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<tr>
<td><strong>Unit Franchisee</strong></td>
</tr>
<tr>
<td><strong>Investment</strong></td>
</tr>
<tr>
<td>Abeerfill</td>
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<tr>
<td>Cartridge World</td>
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<tr>
<td>Reecol</td>
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</tbody>
</table>
FINDINGS OF THE DATA

Reasons for Franchisee Outlets Failures

1) The OEM Manufacturers

The major printer manufacturers have a vested interest in making sure that Refillers don't succeed. HP, Canon, Epson and Lexmark make a lot of money from printer cartridges, and although Refillers have only a slice of the market this represents billions of dollars in lost sales.

Manufacturers are making it difficult for Refillers in 3 other ways:
1. By placing chips and other proprietary designs on the cartridge to make it more difficult or time-consuming to refill cartridges;

2. By making the cartridges a lot smaller and a lot cheaper thus making it uneconomical to refill for instance some new HP cartridges cost just $10 — and if you factor in the cost of labour, rent, franchise and advertising fees and utilities.

3. Creating vastly superior inks and toners that are difficult to replicate. These days OEM manufacturers’ toner is made to the finest tolerances, and they have patented processes to make the particles a spherical shape. Presently replacement toner of such quality is difficult to obtain, resulting in print quality from newer type remanufactured cartridges being noticeably lower quality. Colour inks too are becoming more and more complex and difficult to duplicate.

2) The rise of digital photography

The fuel for the latest burst of activity in the printing industry is the huge growth of digital photography. Consumers are printing out literally millions of photos on their home printers and consumers demand photo quality prints. This requires not only quality ink but also quality paper.

This market will continue to grow. Unfortunately Cartridge World has positioned itself on price, not on quality. The OEM’s have the upper hand here. HP, Canon and Epson all advertise that best printing results are achieved by using genuine inks and paper, and when people want to print photos they think OEM ink.

3) Local Competition: Local Refillers refill at 50% t 70% cheaper than Franchised Refilled Rates. This creates a very tough competition. Despite Quality, Longevity of the Service and Product it becomes very difficult to convince the super price sensitive typical Indian Customer.

4) Franchised Brand Competition: Though the 3 entrants created healthy competition but rates under cutting and unhealthy sales practices to some extent killed the markets where an overlap was seen in terms of client’s base and bulk order processes like tenders.

Can the refill market grow to absorb these new competitors? While awareness can increase the refill market, the OEM’s will not tolerate losing market share — every 1% increase in refill sales hurts their sales by $3 billion. This is the real competition for Franchised Outlets.
CONCLUSION

From 2007 till 2014 the Cartridge Refilling Franchisee market has proved to be big failure. We have seen more outlets shut down that opened and the market predominantly remains under the dominance of Local Refillers and OEM Gimmicks.

We have seen Abe fill has lost all its Franchisees and surviving with only 1 COCO outlet. ReFeel seems to be totally out of market. Cartridge world is somehow surviving without any expansions and their existing franchisee not willing to expand or open multi outlets. Paradox is the though there is tremendous increase in sale of Printers and Cartridges the refilling business is degrading with Branded players and local Refillers are blooming. A minimum of 25 local Refillers is seen in every pin code of the city, which constitutes of more than 1000 local Refillers viz merely 4 branded Refillers plying in market.

RECOMMENDATIONS

The Pune market where IT, Educational Institutes, Manufacturing, MIDC,Residential Boom, Hospitality Industry all these domain have registered remarkable growth in the past 3-4 decades. The penetration of the PC – Printer in these sectors has been a record breaking and the use of Printing be it Home or Office is on growth side. This clearly depicts that there is a real need for a Good Printer Cartridge Refilling Option.

Pune needs a alternative Branded Franchisee option for Printer Cartridge Refilling. Customers want Quality but at their affordable price range. They want Branded Quality refilled cartridge but at local Refillers rate. This can only happen if such a Refilling Franchisee Alternative is made available which –

- Understands Local Refilling Market
- Make Quality raw material like toner powder, ink available are cheaper rates
- Micro Level Marketing is implemented
- Corporate refilling accounts are generated to ensure bulk business is generated.
- Along with Refilled Cartridges, OEM, Remanufactured and compatible cartridges are sold as value addition.
- Professional Customer Service approach is adopted.
Exclusivity between two Franchisee areas is maintained and proper demarcation of the market is done before appointing franchised outlets.

Technology is kept upgraded with the market; new refilling techniques are adopted to meet daily newly launched variety of toners and cartridges.

Research and development is focused to meet dynamics of the market.

Today Pune with an approx area of more than 1000 sq km there can easily have 10 outlets to cater to this vast market. Proper business model and fair franchisee sales practices can make it a successful venture for Franchisor as well as Franchisees.

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FRANCHISING
A GATEWAY FOR GROWTH

Dr. R. SHANTHI is presently Assistant Professor, Department of Commerce, University of Madras, Chennai. She has over 18 years of teaching and research experience in the realm of Marketing and Banking. She has contributed to national and international journals. She has also undertaken consultancy services on customer satisfaction and brand equity.

Dr. S. GURUSAMY is presently professor and Head of the Department of commerce, University of Madras, Chennai. He is an academician of the repute having over 32 years of teaching and research experience in the realm of banking and financial system. He has authored a number of books on banking and financial services besides contributing to national and international journals.

P. MURARI, IAS is presently Adviser to President, FICCI: Federation of Indian Chambers of Commerce and Industry. Some of the important positions held in Government both at the Centre and in Tamil Nadu are Secretary to the President of India, Secretary, Ministry of Information and Broadcasting, GOI, Secretary, Ministry of Food Processing Industries, GOI, Secretary to Govt. of India, Additional Secretary to Govt. of India, Ministry of Industry, Dept. of Industrial Development Commissioner for Commercial Taxes, Govt. of Tamil Nadu. He is also serving as Independent Director in number of private sector companies. Awarded Census of India Medal in 1963 by the President of India.

Mr. M. RAFEEQUE AHMED is Chairman of the Farida Group. Some of the important positions held by him are President of All India Hides and Skins Tanners and Merchants Association from 1999 till date. Chairman, Council for Leather Exports, 1997-1999, 2005-2007 and 2010 till date, President, Tamil Nadu State Council, Federation of Indian Chamber of Commerce and Industry – 2006 till date, President, Federation of Indian Export Organization from Jan 2012. He was awarded the Padma Shri, the fourth highest civilian Award of Republic of India in 2011 for his achievement in Trade and Commerce.

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www.mjptnbh@rediffmail.com
Appendix G

Research paper presented and published

Mihir Suresh Porwal, Asha Nagendra and Madhup Gandhi. (2015),

Titel : Business Of Internet: A Case Study On Retail Branded Cyber Café.

Businesses International Journal of Advanced Research and Technology
INTRODUCTION

Cyber Cafe Business in India

Once upon a time, the cyber cafe was a place for surfing the Web and sending emails to friends. Very few people had access to the net, and yet everyone was fascinated by the idea of getting online. But with the internet access so widely available now, paying for the privilege to go online doesn't seem worth it. More and more of us can log on at home and have free access in the workplace. Although not everyone is benefiting from this yet, it is still a complete change from how we were a few years ago. Thus, for those wanting their internet cafe business to thrive, adapting to more sophisticated demands become crucial. The decreasing revenues from internet browsing, high rental charges, declining customer base, and other factors have prompted the providers to transform cyber cafes into a hub for a variety of e-services, going beyond vanilla web browsing and chat, which were hitherto the mainstay of the business. While the major ones went for re-branding initiatives and adding a host of sophisticated services, the street corner cafes went for value added and personalized services. The two scenarios explained above prove this fact.

Two common scenarios in today’s cyber cafes.

Scenario 1: “Shoot him, knock him down”, shouts a 12-year-old boy to his friend sitting at the other end of a room. It is not a physical fight. The scene is in a cyber cafe where five boys, between 12 and 15, are
crowding around a PC, the keyboard of which is getting tapped not only by the one sitting on a rickety old plastic chair, but by all the boys around him who are emotionally worked up by what is happening on the screen. Their eyes are glued to the screen, on what looks like a violent game. Around them, the other surfers are quietly engrossed in their business. They’ve been here before.

Scenario 2: A 60-year-old woman walks into Net City, a small cyber café in an alley in a crowded residential locality of Bangalore. She does not even know how to switch the computer on. The boy in the café sets up the system and puts her before her son who is on the other side of the globe, through a webcam. They are able to see each other. She doesn’t touch the system, but talks to her son loudly and sincerely. She knows how thin he has grown and advises him to take care of his health. After talking for half an hour she walks out, paying the money, brimming with the happiness of having ‘seen’ her son.

Teledensity in urban India is above 70%, with rural areas lagging behind at around 16%. If an effective mechanism isn’t developed to increase telecom penetration in rural India, all sorts of economic spinoffs — better education, improved market access for products, improved employment opportunities — will remain a distant dream. But different agencies offer widely divergent pictures of what the future will look like. One CII study estimates that there will be 700 million subscribers by 2012, with teledensity of around 60%, with 40% of the rural population owning a phone and with total revenues reaching $54 billion. The average revenue per user will decline but be made up through higher minutes of usage, with rural telecom emerging as the new growth constituent. Another 2007 study also estimates that India will cross 700 million subscribers by 2012, adding that for every 10 mobile handsets added per 100 people in a developing country, the country’s GDP growth rate would rise by 0.6%. This study, too, recognises rural India as offering key potential for growth in connectivity.

History of Internet in India:

The history of the Internet in India started with launch of services by VSNL on 15 August 1995. They were able to add about 10,000 Internet users within 6 months. However, for the next 10 years the Internet experience in the country remained less attractive with narrow-band connections having speeds less than 56 kbps (dial-up). In 2004, the government formulated its broadband policy which defined broadband as ‘an always-on Internet connection with download speed of 256 kbps or above. From 2005 onward the growth of the broadband sector in the country accelerated, but remained below the growth estimates of the government and related agencies due to resource issues in last-mile access which were predominantly wired-line technologies. This bottleneck was removed in 2010 when the government auctioned 3G spectrum followed by an equally high profile auction of 4G spectrum that set the scene for a competitive and invigorated wireless broadband market. Now Internet access in India is provided by both public and private companies using a variety of technologies and media including dial-up (PSTN), xDSL, coaxial cable, Ethernet, FTTH, ISDN, HSDPA (3G), WiFi, WiMAX, etc. at a wide range of speeds and costs. As per IAMAI India will have the world’s second largest number of Internet users with over 300 million by December 2014.
REVIEW OF LITERATURE:

Cyber cafés are growing in the country with its users. The various trends, the growth and the different players in the market mark its prominence.

Ajwani (2006), says as people in different places become more used to using the internet there has also been a growing requirement for public internet access. He believes that the Internet café has a bright future and says consumer demand remains as high as ever. Who said cyber cafés are an endangered species? Look at this myth: There are about 1,800,000 cyber cafés in India, which have seven PCs on an average, and these are available for around 12 hours every single day. In fact they serve more than 72 million strong English speaking populations in the country. With the availability of tools that helps translate English language content into the local languages, the cyber cafés, in fact, are empowering the population in remote locations across the country.

Misra (2009) has slurred vital stats about internet business, he says there is plenty of evidence to show that telephony, internet and broadband penetration have a high correlation with GDP per capita. One estimate is that if a country has 1% higher mobile subscriber rate, its GDP per capita is enhanced up to $200. In case of broadband, the increase is around $ 1,500. There are also enough surveys to establish that access to information and communication technologies boosts social interaction, infrastructural transformation and business opportunities. Not to mention more transparent governance that addresses public agenda speedily. Roy (2012) says ‘Internet is a great empowering tool and it should be channelized in a way that governance issues are addressed adequately’. Chhonkar (2012) said, ‘Internet can facilitate wider access to information and all must work towards it. Let’s spread the usage of Internet and increase its reach’.

Mobile Internet Users
No. of Internet users in India in 2014: 300 Million
Mobile Internet users in India now: 203 Million

Branded Retail Internet Business in India

The Sify iWay franchise is a provider of the largest network of Internet browsing centres or Cyber Cafes. The internet services franchise was launched in India with the aim to bring the Internet closer to the consumer. The browsing services franchise operates as a chain with more than 3300 cafes in about 150 cities in the country.

The dream of SIFY was....“to improve the quality of life of millions of people and organizations by harnessing the power of the Internet”. In a world of changing needs, advanced technology, accelerating pace and shrinking distances the Internet has become an integral for communication, entertainment as well as information. The broadband connectivity at the iWays has guaranteed that the browsing speeds are much more superior to the local cyber cafés.

Sify iWay cafes offer services like browsing, internet telephony, video conferencing and games. The services come with a membership fee that is of different denominations and for different periods of validity. The membership comes in a simple one time online registration process that provides the user with a unique identity. It could be accessed easily through the same ID/ Password for all services, anywhere, anytime within the city or the country. It also provides storage of all favourite sites for easy access and a 250 MB free e-mail space.

Sify technologies, which runs iWay outlets across the country, is attempting to shift
from the concept of cyber cafes to e-stores. The new model will address the need for multiple online services. More services will be available at Internet cafes, which have for the last eight years been primarily a place for net surfing. Sify iWays now offer a range of online services such as ticketing, bill payments and shopping in addition to Internet access, online games and international voice calls over the Internet.

Reliance Communications is able to make better use of its outlets where it not only provides broadband services but also uses them for billing and collection, sales of telecom hardware and services, and serves coffee and snacks through an exclusive arrangement with Java Green. Gaming is also a major attraction for the kids to visit the Reliance cyber cafes known as Reliance Web World.

The branded cafes are also offering other services like e-learning, e-ticketing, and online tests (like the NSE and BSE tests). These cafes also have tie ups with companies for conducting recruitment processes. In many ways, Sify’s Cyber Cafe strategy represents a fantastic Micro Franchise opportunity that can take its iWay brand out to the thousands of smaller towns and villages in India. In so doing, Sify would position itself as a very powerful channel into these otherwise difficult-to-access markets/consumers.

Business of Sify iWay
Sify iWay as a Retail Unit Franchise Model has a detailed market survey which they called Fact sheet for each Pin Code of the city in which they launched iWay Business. They had made a detailed study of:
1) The total number of local MOM & POP Cyber Cafes
2) The total number of PC population in the area
3) Catchment i.e., schools, colleges, hospitals, hostels, student catchment areas etc.

4) The revenue generated by Cyber Cafes per PC per day to estimate the revenue to be generated by the Sify iWays.
Roughly they estimated 1 Sify iWay for 50 PC or 5 Cyber Cafes. Thus their plan is to have minimum 1 iWay per pin code or even more per pin code depending upon the PC Population.
Taking the example of Pune City, it had roughly 72 pin codes. Thus the plan was to open minimum 72 and up to 130 Sify iWays taking into consideration schools, colleges, coaching institutions. Till 2007 they had opened close to 40 iWays in Pune and they were all running successfully. 80% of the Franchisee owners reported success and even opted for multiple iWays business opportunities.

Franchisee Business Model of Sify iWay:
The Franchisee model of Sify was a Traditional Pure Franchisee Based model. They used to appoint Unit Franchisee per pin code. Table 1 below describes this model.
### Table 1: Franchisee model of Sify iWay

<table>
<thead>
<tr>
<th>Description</th>
<th>SIFY iWay Investment Sheet</th>
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<tbody>
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<td>Business model (min. PCs)</td>
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</tr>
<tr>
<td>Marketing Expenses</td>
<td>0</td>
</tr>
<tr>
<td>Rental (min)</td>
<td>3000-7000</td>
</tr>
<tr>
<td>Salary</td>
<td>3500</td>
</tr>
<tr>
<td>Electricity</td>
<td>4000</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>1000</td>
</tr>
<tr>
<td>Courseware</td>
<td>0</td>
</tr>
<tr>
<td>New Course intro (min)</td>
<td>0</td>
</tr>
<tr>
<td>Time Investment</td>
<td>1-2 hrs daily</td>
</tr>
<tr>
<td>Technology change charges</td>
<td>By Sify</td>
</tr>
<tr>
<td>24 Hrs tech support</td>
<td>By Sify</td>
</tr>
<tr>
<td>Owning a claim</td>
<td>Very easy</td>
</tr>
</tbody>
</table>

In short, One Sify of 10 PC would roughly need investment of Rs 5-6 lacs in all.
Sample Marketing Mapping Report:

<table>
<thead>
<tr>
<th>ZONE: PIM-PRI</th>
<th>SUB-ZONE: SANT TUKARAM NAGAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT SCENARIO</td>
<td>POTENTIAL DATA</td>
</tr>
<tr>
<td>Total No. of PCs in That Area</td>
<td>77 Colleges</td>
</tr>
<tr>
<td>Total No. of existing Cafes in That Area</td>
<td>8 Schools</td>
</tr>
<tr>
<td>Total Rev. Generated from All Cafes</td>
<td>5550 Coaching institutes</td>
</tr>
<tr>
<td>Potential Inflows to that area</td>
<td>200</td>
</tr>
<tr>
<td>Daily Student Inflow to that Area</td>
<td>2000</td>
</tr>
<tr>
<td>Daily Internet users in the cafe</td>
<td>1000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PC BREAK UP</th>
<th>REVENUE BREAK UP</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAFE NAME</td>
<td>No. Of PCs</td>
</tr>
<tr>
<td>S.N. Internet</td>
<td>5</td>
</tr>
<tr>
<td>Cyber King</td>
<td>16</td>
</tr>
<tr>
<td>Cyber Net</td>
<td>17</td>
</tr>
<tr>
<td>Friends Communication\Cyber Cafe</td>
<td>10</td>
</tr>
<tr>
<td>Bichinvax\Cyber cafe</td>
<td>7</td>
</tr>
<tr>
<td>Cyberia Net Cafe</td>
<td>9</td>
</tr>
<tr>
<td>Trichuran Cyber cafe</td>
<td>5</td>
</tr>
<tr>
<td>Net World Cafe</td>
<td>6</td>
</tr>
</tbody>
</table>

![Pie Chart Image]

**SIFY STRATEGY**

- INC. OF WAYS TO ADD IN THE AREA: 3
- INC. OF PC TO BE ADDED IN THE AREA: 20
- REVENUE GENERATION TARGET: 2000
Journey of Sify iWay

Growth Story: Sify had opened more than 3300 Franchisees in more than 150 cities. The major success was with iWay 5000 team which aimed to open 5000 iWays by 2005 and they went high head bang with opening new district level cities all across India.

<table>
<thead>
<tr>
<th>SIFY BUSINESS PROMISES &amp; USP'S</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. True Partnership</td>
</tr>
<tr>
<td>3. Superior Technology</td>
</tr>
<tr>
<td>4. High Speed</td>
</tr>
<tr>
<td>5. No shared Band Width</td>
</tr>
<tr>
<td>6. Higher Bandwidth Available</td>
</tr>
<tr>
<td>8. Transparency</td>
</tr>
<tr>
<td>10. High Up-time</td>
</tr>
<tr>
<td>11. Customer Base</td>
</tr>
<tr>
<td>12. Multiple revenue Option</td>
</tr>
<tr>
<td>13. One time investments</td>
</tr>
<tr>
<td>14. No Dead Stock</td>
</tr>
<tr>
<td>15. No credit</td>
</tr>
<tr>
<td>16. Technical Staff Training</td>
</tr>
<tr>
<td>17. Fortnightly Returns</td>
</tr>
<tr>
<td>18. Bulk Price Benefits for control rooms</td>
</tr>
<tr>
<td>19. Promotions</td>
</tr>
<tr>
<td>20. Free sample Packs</td>
</tr>
<tr>
<td>21. Mass Media advertising</td>
</tr>
<tr>
<td>22. Licensed Business</td>
</tr>
<tr>
<td>23. Record at the Press of button</td>
</tr>
<tr>
<td>24. Competition and Awards</td>
</tr>
<tr>
<td>25. Firewall for network Security</td>
</tr>
<tr>
<td>26. State of the art control room</td>
</tr>
</tbody>
</table>
Multiple Revenue Options in the Business Model of Sify iWay

Major Business of Sify iWay is Internet Browsing, Net Surfing, Emails. For their major revenue they bank on Internet sales. Like many of the new age cafes, his cafe also offers value added services like printing, scanning, typing services, and even travel bookings. Some of the services are:

- DTP Services
- Printing (Black & white / Colour)
- Scanning
- Gaming
- Internet Telephony
- Photocopying, Paper Management
- Video Conferencing
- Railway Ticketing / Air Ticketing
- Online Examinations
- Online Training / Distance Learning
- Travel Bookings
- Money Transfer
- CD Writing
- Mobile Recharges
- IT Support and Training

Current Scenario of Branded Cyber Cafes in India

According to a CII-IMRB Broadband report, the number of cyber cafes, which was growing at almost 60 percent in 2004 and 2005, had fallen to almost 20 percent in 2008. Cyber cafe is a bad business for today.

Major Reasons for the Downfall of Cyber Care Business is majorly categorized as below:

1. Low cost of Internet services: The cost of holding an internet connection has drastically gone down. In today’s scenario one can get an internet for mere Rs. 7/- per day which was once a dream a decade ago.

2. Smart Phone and Mobile Internet: Today internet has moved from traditional Desktops to Moving Smartphones, Tablet PCs and Laptops. Earlier people used to sit in a Desktop to access the internet and check emails. But now, emails are at the fingertips. No one goes to cyber cafes to check emails or do a Video Chat.

3. Security embarrassment: Major players attribute this sorry state of affairs to lack of subsidy and support from the government, coupled with increased security concerns and harassment of cyber cafe owners. There are many security challenges faced by the cafe owners; for instance, if someone called from a PCO and threatened an individual, no action is taken against the PCO owner, but if a threatening email has been sent from a PC in a cyber cafe, action is taken against the cafe’s owner.

4. Loss of dedication and pranks played by customers – Customers have become more intelligent and tech savvy. With introduction of new age devices people have many more ways to post damage to the cyber cafes and have loopholes to deviate the standard practices of the Cafe.

5. Cost of Rental of Property - Higher rentals for commercial spaces and a rise in other operational costs also are forcing the owners to close down the cafes.

6. Manpower Cost: Today the labour is the costliest resource. The current age salaries and wages are way ahead to the business revenues and the retention in terms of profits from Cyber Cafe Business.
7. **Local Legal Compliance**: It sounds ridiculous that in a city like Pune, to open a cyber café one has to take permission from the municipal health department, just because ‘cyber’ has got a ‘café’ suffixed to it. (The literal meaning of ‘café’ is ‘a place to have coffee and snacks’). Moreover, across the country, the local police have to provide a no objection certificate to open a cyber café. Experts say that drastic decline of cyber cafés is due to harassment that owners face at the hands of the local police.

8. **Government Initiative**: Reasons for the slow growth rate— it is surprising to note that in a country with as many as 1,80,000 cyber cafés there are no laws to protect the interests of the stakeholders. In fact, the existing law says that only an internet service provider has the right to sell internet to the end user.

9. **Speed**: One of the major issues facing the internet segment in India is the lower average bandwidth of broadband connections compared to that of developed countries. According to 2007 statistics, the average download speed in India hovered at about 40 KB per second (255 Kb/s), the minimum speed set by TRAI, whereas the international average was 5.6 Mbits during the same period. In order to attend this infrastructure issue the government declared 2007 as "the year of broadband".

   Yes, it is heading towards the fate of telephone booths!

**CONCLUSION:**

Even now, cyber cafés emerge as the most popular access point for internet at 36 percent, followed by home (30 percent) and office (25 percent). But, the lackadaisical attitude of the government towards the growth of cyber cafés is impeding the growth. "For the growth of cyber cafés, the government should bring about a centralized framework of regulatory laws and the discriminatory approach towards cyber cafés vis-à-vis PCOs should be rectified" adds Ajwani. These measures along with the redefining and transforming measures taken by the owners of the cyber cafés will ensure a steady growth for the cyber cafés.

What’s more, is the fact that the customers are asked for ID proofs every single time they visit a cyber café, making them shy away. This is hampering their current business which has already come down from 6 hrs. per PC to 2.30 hrs. of usage. There was a time in India back in the 90’s when some people made money out of this but times have changed and people do not go to net cafés anymore and those who do will not in days to come!

**Save cybercafe, Save Internet in India.**

There is a clear need of more accurate statistical data of the different components needed to analyse the Cyber Café Franchisee Business in India. The white paper on franchising would clearly attempt at getting to the closest reasons for shutdown of Franchisee options and cyber café business diversification.

A major area that requires look at continued focus of the franchiser is the profitability of the franchisee, because at the end of the day the franchiser – franchisee relationship becomes sustainable only if both are in a WIN-WIN situation. The author is a PHD student and is fascinated by Franchising Business Economics. He has worked for more than a decade in appointing Franchisees across India with multiple brands and business models. The suggestions given shall reduce
the numbers for failures as much as possible, while bringing out distinct learning’s of how Cyber Cafe franchising has evolved in India, where it stands today and how it will shape up in the coming years.

REFERENCES:


