Success of Franchise

The study of what makes franchises successful

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Abstract

Franchising is defined by U.S. state and federal laws as a commercial relationship in which three factors are present: a licensed trademark, a prescribed marketing plan and the payment of a franchise fee for the right to participate in the program. When these three factors exist, the relationship is regulated as a franchise by state and federal laws.

Franchising offers an excellent means to go on the road of entrepreneurial success. From research done in relation to the United States economy, one out of every three dollars spent by Americans for goods and services is spent in a franchised business.

No wonder franchising is the most popular system for growing a business in the United States today. According to every government survey, franchising has experienced explosive growth since the mid 70s and is expected to be the leading method of doing business in this century. There are over 2,500 franchise systems, and these have in excess 534,000 franchise units.

Virtually every business form lends itself to franchising. The International Franchise Association now lists more than 75 different categories for describing its members. People usually think of fast food or ice cream shops when thinking of franchising, in fact it covers the spectrum from advertising/direct mail to construction, to dating services, to home inspection, to security systems, to video sales and rentals, printing and copying services, maid services, computer services, cleaners, lawn care services, real estate, hotels and motels, and travel agencies. These are examples of the successful application of franchising to established industries.