

COMPREHENSIVE FRANCHISE MARKETING STRATEGY THE FOURTH STEP TO THE FRANCHISE DEVELOPMENT PROGRAM

Issues to address when preparing a Franchise Marketing Plan

Long Term Goal:

The first thing that a franchisor needs to keep in mind when creating his marketing plan is the goal. Knowing and picturing what he would like to achieve in the initial years of the total time period that he would be putting in a business, will surely give him the clue of how to write a good marketing plan. Is he looking to establish his franchise locally or he is looking for nationwide or overseas expansion are some of the points of concern that come to the surface of the franchisor's mind while preparing the long term goal and hence the marketing plan.



Identifying and choosing the right franchisees:

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An Impressive Advertising Strategy:

Often has been the case that a franchisor confuses the advertising plan of a franchise with that of a consumer product or a service. He mixes the two and assumes both delivers the almost the same services. This, however, is strictly not the case. There is a significant difference between advertising a franchise and advertising any other consumer targeted business. Many a times franchisors fail to prepare a good advertising plan just because they do not have the adequate knowledge and the experience. In cases like these, he should either hire a professional franchise advertising consultant company or seek a support of an experienced franchisor who has been in this business for long enough time period. The franchisor, as a part of his advertising strategy, should seek the services of advertising campaigns, public and media relations efforts, TV and radio commercials, internet advertising and direct mail initiatives. Many franchisors sometimes have public relations representation and this help them provide guidance or drive campaigns at the corporate level too.



FROM THE CHAIRMAN'S DESK

BREAKING BOUNDARIES IN 2011



Gaurav Marya,
Chairman, Indian Franchise Association

Dear Friends,

Let me take this opportunity to introduce you to IFA's Newsletter - Fra(n)ews. With Fra(n)ews, we aim to bring forth the latest developments taking place in the franchise sector, thereby increasing awareness in the franchise community. This newsletter would also act as a platform for all the start-ups as well as established brands, to showcase the business potential and seek potential franchisee's attention.

It's my sincere hope that Fra(n)ews would successfully help in disseminating franchise knowledge to the entire franchise fraternity. In addition, I strongly believe that it would assist franchisors in reaching out to their potential investors, and in turn aid the aspiring entrepreneurs to get their desired brands.

Gaurav Marya
Chairman | Indian Franchise Association(IFA)

A LADDER TO YOUR INCREASING FRANCHISE SALES



“After having a new franchise organization, the first question that bothers the franchisor the most is “how he would sell his franchises to the franchisees?” Most of the times, the franchisor prefers taking the aid and guidance of a professional franchise sales advisor who makes a step by step basis plan and generate lead development for him. Whereas, in some cases the Franchisor, being a skilled business professional and having an experience of many years, prefers doing it himself. A well defined franchise sales process in place is essential to a successful franchise sales effort and a healthy franchise development program.”

Here is the following process that helps the franchisor make through good franchise sales:

STEP-1.

Understanding the franchisee and establishing relationship with him:

Building an effective relationship with your franchisee is the first step in positioning yourself as a franchisor. Ultimately at the end of all the sales cycle steps, you would want to be viewed as someone who can solve their business issues. By building a strong relationship with the prospect you are setting the stage for a long term benefits. Get into the psyche of the prospect and evaluate the reasons for choosing this option of franchising. Whether it is social driven, expansion purpose, diversification driven or social security purpose. This would give you a fairly good idea as to which direction you should row the franchise business boat to.

STEP-2.

Information handshake :

It is very important to provide the required information to the prospect but one has to keep in mind that too much or too less an information at the initial stages can make the prospect not interested in the project. The set of information that is required to be handed over to the prospect are:

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- About the Opportunity/Business Model –** Sharing the Business Opportunity or model with the prospect is very necessary as it not only helps the prospect understand what he is in actual getting into but also help him align his personal goals with that of the parent company.
- Brand expectation from the franchise partner:** A good will in the market is one intangible aspect that the parent company develops after investing years of its hard work. It would therefore prefer to hand it over to someone who it is sure would take the onus of maintaining the brand image.

- Total Investment -** Finance forms the major part of the information that the franchisor needs to give the prospect in the first place. He should be made very clear of the total investment that he would be required to pay so that he can make the necessary arrangements and make himself fully prepared for the investment.
- Area Required -** Since the size of the land that is taken on lease for the business purpose is decided by the franchisor, it is imperative on his part to share the details so that the prospect doesn't take a wrong decision by spending too much or too less on it. Its size should be appropriate in respect to the requirement calls.



STEP-3.

Sharing of Franchise Evaluation form:

Following the release of the information to the prospect, the franchisor then shares an evaluation form with him expecting himself to be filled with the required set of information.

STEP-4.

Screening of Evaluation form:

The various components that form a part of the evaluation form and that are required to be furnished from the franchise prospect are Place of residence, Occupation, Educational Background, Professional Background, Financial Status, Involvement in the business i.e.

A LADDER TO YOUR INCREASING FRANCHISE SALES

Who would manage the business if the franchise is awarded to them, Time span for investment i.e. availability of funds, Location availability (Rental/Owned/prevaling market rentals), Industry experience, Why did you choose the XX industry? How can you make a useful contribution to the brand? Why did you choose to be associated with the XX Brand? Why do you think this is the right business for your location? How soon they can invest and start the project?

STEP-5.

Sharing of Financial details with the prospect:

A pertinent financial disclosure regarding the claims on earnings should unavoidable be made to the prospect. It is essential for a franchisor to disclose the financial information and the basic operating expense data to help Eradicate any misinterpretation of figures, understand the importance of a particular expense and understand the logic behind the assumptions given.

STEP-6

Inviting questions regarding the Brand (Recommendations):

It is very natural on the part of the prospect to come back with a series of questions to be answered by the franchisor. These questions could be in respect to the brand, the financial divulgence made, the managerial and operations issues, training related queries and so on and so forth. The franchisor should make a successful attempt in meeting to these queries by making it all appear as an interactive session and thus help the prospect not lose an interest in the project.



STEP-7.

Sharing the legal documents of the brand:

This forms the closing step of the franchise sales process wherein the MOU is shared between the two parties involved. The MOU will throw light on the terms and conditions incorporated following the mutual consent of the franchisor and the prospect. It also has the details regarding the date of signage by the two parties involved.

STEP-8.

Closure:

Following the successful implementation of the seven steps mentioned above, the closure of the deal is bound to happen. This gives rise to a successful franchise deal that is assumed to be a win-win situation for both the franchisor and the franchisee.



Gold Gym's Zeroes To Open 100 Fitness Centres

Gold's Gym, a US based chain of fitness centres is planning to open 100 new fitness centres in India by September 2012, confirms a company's official. 25 of these centres will be company owned and rest will be all franchised.

The company is targeting the various metro cities such as Mumbai, Delhi, Bengaluru and Chennai to open the company owned gyms while franchised centres will be launched in the tier II and III cities.

F2 Fun & Fitness holds the Master Franchise agreement for Gold's Gym in India, which started its operation in 2002. At present, the company is operating through 55 fitness centres across the 30 cities of the nation, of which 12 are company owned fitness centres.



Nirula's is coming up with new casual dining format



Quick service restaurant chain Nirula's today announced the launch of a new format in the casual dining space in the Capital targeting customers with more spending power. Keeping in sync with changing times, India's oldest fast food chain will also start serving alcoholic drinks such as wine and beer to its customers.

Nirula's has been a strong name in the quick service segment with a customer spending up to Rs 250 on an average at the restaurants. With the new concept, Nirula's is targeting customers who spend around Rs 1,000 per head in a casual dining environment. Nirula's has plan to convert some of its existing QSR format outlets into the new bigger and revamped casual dining restaurants.

Nirula's currently operates about 85 QSRs across India and plans to add 50 new by the end of this fiscal.



Häagen-Dasz opens its first cafe in New Delhi

- The world's favourite premium ice cream brand, Häagen-Dasz, has opened its first café in Delhi. The brand, which has over 900 shops globally, sees this as the first step towards a more pan India presence, though it admits that currently its target is just about six million consumers.
- The parlour believes that it doesn't sell icecream but lifestyle, and thus bringing the brand to India in a franchisee agreement with RTC Restaurants. Häagen-Dasz has been retailing in Mumbai for about a year and in Delhi for a few months from select outlets. The brand is looking at opening more cafes, but also wants to test the waters through its first flagship café. The cafe wants to establish its presence in the metropolitan cities and believes itself the beach head of its strategy for expansion top end brands. The entry of Häagen-Dasz

would be the emergence of a new category of ice creams in terms of price. A 100 ml scoop would cost Rs 165, significantly more than of the nearest competitors as the brand wants to compete with the



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Download Proposal

A GLIMPSE OF IFA FIRST NATIONAL COMMITTEE MEETING ON FRANCHISING IN FOOD, BEVERAGE & HOSPITALITY SECTOR



IFA had its first National Committee Meeting on Franchising in F&B and Hospitality Sector on 1st July, 2011 at Barista Corporate Office, Noida. The meeting acted as a forum where issues in respect to role of franchising in F& B sector, its challenges and the ways to overcome them were discussed. Members shared their view on the status of the industry and mentioned that industry is in nascent stage and growing rapidly but at the same time the sector is observed to be facing various challenges plaguing the sector. The most common one of them is the paucity of trained manpower & poor productivity of the present human resource, which they believed is the biggest challenge in juxtaposition some other problems such as taxation, licensing or even real estate. Apart from it decelerating

the company's production, they thought the lack of trained manpower also halts the progress of the sector as a whole. The unorganized and fragmented nature of the sector is another area that they believed corrodes the industry and prevents it reap the actual and real benefits. Members deduced that investors mainly hailing from the 2nd and 3rd generation get attracted to take up a restaurant franchise because of it being glamorous in nature and acting as a quick medium to churn out money, which exactly is not the case. They do not join it because they want to add some constructive value to the brand. Hence, members wanted that there should be some potential handholding during the initial stages of the business from the franchisees' side. Not any individual who has been left a fortune by his ancestors should be allowed to give a franchise. Members agreed that they are seeking more of a business partner in a franchisee than an investor as most of them are looking for operator. This became more apparent as one the brands quoted that they have 95% operator in the franchise model against 5% as investor. Members mentioned during the meeting, that as long as they have an operation bandwidth, they prefer to supply from own kitchen and franchise in areas where they don't have the sufficient operation bandwidth. Proper rating system and standardized way of working were also some of the vital points of deliberations during the meeting.



A GLIMPSE OF IFA FIRST NATIONAL COMMITTEE MEETING ON FRANCHISING IN FOOD, BEVERAGE & HOSPITALITY SECTOR

Policy issues:

The members identified various issues plaguing the Indian Franchise sectors and few were discussed as follows.

They believed that there are no specific rules and regulations that guide both the franchisor and the franchisee. This leaves the franchisor and the franchisee with no sense of accountability.

There is also a huge disconnect between franchisors and franchisee (investors) as they are not aware of the basic information about franchise business model. The requirement of approaching the Indian Trade Commission/ trade bodies for taking the brands to overseas countries for expansion purposes and inviting the

franchisee initially in neighboring countries like Sri Lanka, Nepal, Bangladesh, etc was also strongly felt during the Meet.

They realized the gap in manpower skill development in the sector and urged the need to train the manpower serving the F&B sector (such as waiters, crew members, helpers) for the two core areas of concern – personal hygiene & customer servicing.

Members also felt the need of having some rating system (or at least listing) for the franchisee so that franchisors are aware of the background of the franchisee which in turn would help them to regulate the absence of empirical data.

Course of Action:

- Considering the requirement of proper guidelines, IFA will come up with a franchise based charter, on similar lines of the U.S.A, which would entail some common best practices across all the industry status in India.
- IFA is relooking at starting up skill development initially to cater the F&B sector in association with a good craft Institute that would meet the shortage of the manpower in the Franchise Sector.
- IFA would soon compile a directory having the details of all the franchisees that have done good business with the franchisors in the past. For this, members would be requested to share the database of their franchisees with IFA. This would enable the initiation of a proper franchise rating system.

- IFA would come up with some B2B meetings where the initial screening of the investor, on the basis on his/her financial capacity, would be done before he/she takes up a franchise business.
- IFA should initiate some awareness program to provide basic information to investors looking for business opportunity in franchisee sector.
- Realizing the need of the members to expand their business in the overseas market, IFA is head on to take up few more delegations in the countries like Bangladesh, Nepal, Gulf Club and Pakistan. This would take place besides the present the delegation that IFA is taking to Sri Lanka on 27th and 28th August 2011.

ABOUT US

Ensuring Best Practices in Franchising



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Indian Franchise Association is India's premier, non-political, not-for-profit body representing Indian Franchise Sector. IFA's endeavor is to promote, promulgate and popularize the concept of franchising as a mode of doing business across the industry verticals and to nurture the entrepreneurial skill of every Indian.

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