

PROSPECTS FRANCHISE BUSINESS DEVELOPMENTS IN INDONESIA (CASE STUDIES OF FOOD BUSINESSES)

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Abstract

In the globalization era business competition is very tight, it's good competition between firms within a country, regional and global. A new company who is entering the business world has to be equipped with the right strategy to compete not only the already well establish company but also the other new comers. Franchise (franchising) is as an alternative to choose from in determining strategies to grow the business because of the capacity of the market are affected by the conditions, purchasing power and limited consumption patterns

Keywords: Franchise, company, business

INTRODUCTION

Competition in the era of globalization is very tight, it's good competition between firms within a country, regional and global. To be able to survive for a new company to enter the business should have the right strategy so it can compete with companies that have existing or emerging. So the company does not just have to think carefully in addressing local competition in the country but still have to take into account the possibility of the entry of foreign competitors.

Franchising (franchising) is as an alternative to choose from in determining strategies to grow the business because of the capacity of the market are affected by the conditions, purchasing power and limited consumption patterns. Besides, the limited capacity of the company in terms of business development outside of the market that are available today have several problems, among others: the limitations of managerial skills, difficulty developing funds (capital) and limited skilled labor constraints result in licensing franchising business.

Franchising (franchising) for the first time introduced by Isaac Singer founded the company with a Singer sewing machine in the United States (1851), then followed by General Motors Industry (1898). While in the British Empire (UK) Franchise development pioneered by J Lyons through the efforts of Wimpy and the Golden Egg, In the 60's.

In Indonesia, the franchise became known in the early 80's, with the entry of foreign franchises in the business sector fast food such as KFC, Dunkin Donut, AW and others. The phenomenon that occurs franchise (franchise) is more growing and expanding. Many innovative businesses that offer different kinds of ideas and new products, it can be mentioned among other food businesses. Can we see new outlets opened the mall, with strategic locations, such as Sushi Naga, Bread Talk, Hoka-Hoka Bento, Mc Donald, AW, Pizza Hut, Kentucky Fried Chicken and others. The business instantly grabs the public attention proved by the number of customers waiting in line to taste the food without thinking how much they must pay.

MATERIAL AND METHODS

Starting your own business means facing two simultaneous situations are opportunities and risk on the other side. If the prospective entrepreneurs successfully utilize the opportunities that exist then the benefit will be obtained in the form of profit or earnings. Conversely, if that fails then the consequences are obtained to bear the loss. According Griffin and Ebert (1997: 156), sixty percent of new small businesses can only survive less than six years. Some things are often the cause of small business failure are:

- 1) Experience and excellence in the management of low
After opening a new business and looking successful, the owners and managers are less committed or negligence that failed to focus on the business. Opening a small business takes time, sacrifice and commitment to work seriously in longer time.
- 2) Weak control systems. Control system will help owners and managers to monitor costs, monitor production capacity and so on. If the control system is weak and the system does not provide a signal problem that will soon take place, and the manager would be in a serious situation prior difficulties kept him awake.
- 3) Lack of capital.

Factors that could succeed in small business are: 1) Work hard, motivated to succeed and dedication; 2) High demands; 3) Management Skills; 4) Luck

Franchise

Franchise is the right purchase agreement to sell the products and services of the business owners. Business owners called the franchisor or the seller, while the buyer's "Right to Sell" is called the franchisee. The contents of the agreement are the franchisor will provide assistance in the manufacture, operation, management and financial issues sometimes up to the franchisee (Anang Sukandar, 2004: 9). Benefits differ widely depending on the policy of the franchisor. For example, some franchisors provide assistance to the franchisee from the start of the business ranging from site selection, store design, equipment, how to produce, standardization of materials, recruiting and training employees, to negotiate with financiers. There is also a franchisor marketing strategy and bear the cost of marketing. Instead franchisee will be bound by various regulations concerning the quality of the product / service to be sold. Franchisees are also tied to the financial kewajiban royalty payment to the franchisor as well as regular or not related to the level of successful sales achieved.

It can be concluded that the franchise operation is a contractual relationship between the franchisor and the franchisee in which the franchisor offers and must maintain a continuous interest in the franchisee business in the areas of knowledge, training. Franchisees operate under the brand / trade names are the same, the format and procedures are owned or controlled by the franchisor in which franchisee to invest in it with its own resources.

The Company franchises (franchise) by Machfoedz (2007:34) can be performed on a variety of products and services such as drinks, fast food, ice cream, laundry services, hotels and so on. The franchise can be classified into four types with different characteristics to one another:

- 1) Manufacturer-retailer franchise system. Factory gives license to all retail outlets (outlet) to store inventory and market its product. For example: motor vehicles, agricultural equipment, oil and gas products and shoes.
- 2) Manufacturer-wholesaler franchise system. Company's beverages, particularly soft drinks and beer dominate the franchise in this type.

- 3) Wholesaler-retailer franchise system. This disistem dominate the wholesale business, for example: Lotte Mart, Indomaret and others.
- 4) Franchise company name. Franchising is the most popular and growing rapidly in the past two decades this. For example: fast food restaurant Mc Donalds, KFC, Sheraton Inn, Novotel Hotel and so on.

Advantages and Disadvantages Factor Franchise

According Machfoedz (2007:46) some things to consider before starting a franchise aspiring entrepreneurs business. Here are the advantages and disadvantages of buying a franchise:

The advantages of starting a business by buying a franchise:

- 1) Assistance and training manajemen. Employers franchise with insufficient experience can get training in advance of the parent franchise company.
- 2) The concept of the company, the product and the name is known. Absence of knowledge about the company and products trusted in the market. Consumers may know that the superior quality products offered by the franchise.
- 3) Financial assistance. To start a business, it needs large amounts of funds and limited resources. Franchise companies provide financial assistance in several ways.
- 4) Ownership. Franchise companies may be privately owned, owners can enjoy independence, incentives and profit independent business.

The factors are weaknesses franchise:

- 1) The high initial costs. Initial franchise fee varies, depending on the type of business which includes the cost of opening a franchise business that can only be done once, purchase of land, buildings and equipment, and funds for the provision of materials and operating costs of the company.
- 2) Restrictions on freedom to operate. Franchisees must follow the rules and regulations adopted parent company.

RESULT AND DISCUSSION

The Indonesian market is attractive market with 80 million of Indonesia's 240 million people are middle class, where the rate is very high potential of the Indonesian market. BPS (Central Bureau of Statistics) in 2012 to grow around 56% of the new middle class aka the nouveau riche in Indonesia. Later this society that will sustain economic growth in Indonesia because their purchasing power is strong.

This is one driver of growth and development of franchising in Indonesia. In addition to high purchasing power, curiosity of new products and a high sense of prestige. Franchise can be divided into two major groups, namely the franchise Foreign and Local Franchise. Franchisornya foreign franchises are coming from overseas. Some franchises foreign banks in Indonesia for example, in the business of food, beverages and cafe among others Quickly, Baskin Robin, Starbucks, Mc Donalds, Pizza Hut, Wendy's, Tony Romas, Bread Story, Bread Talk, Kentucky Fried Chicken, Cafe Dome, Hard Rock Café, Planet Hollywood, while the other business areas such as Sogo Department Store, Marks & Spencer, Ace hardware, Indonesia ERA, Ray White, English First, Future Kids, and others. In a short few Foreign Franchise is growing in many cities in the country. Local franchises such as Es Teler 77, Lele Lela, Mr Celup, Ayam Bakar Wong Solo, and others. Advantages franchise (franchising) for the franchisor is able to grow its business rapidly in many locations simultaneously and increase profits by leveraging investment from franchisees.

Today's business trend world is doing Business Instant favorable. Franchisees do not need to start a business from scratch and struggled to develop the market and infuse it with a strong brand in the market. By doing so acquired the franchise rights to open a business with the brand that are well known and have a market. This trend certainly be welcomed by business owners because in addition to increasing profits will also expand their marketing area.

From the above statement can be seen that the franchise will be very much helpful and beneficial, such as management support including marketing assistance and training assistance for employees so that technical knowledge can be obtained from the franchise and no problems with the management of its operations. Another important thing is the franchisee does not have to start a business from zero because the brand already has a franchise product market or known. Into consideration only the initial cost is quite steeper. Market producers entering the food franchise business is a competitive market monopoly because each franchise brand food products and services have certain characteristics with flavors and different product forms.

The reason for choosing the form of the retail market due to the distribution channel is very short and direct. This will facilitate the control of service and product control so as to maintain the quality of products and services sold. Moreover, it can also be obtained direct feedback or suggestions from customers.

External environment and the food industry is not a threat to the food franchise business because they sell their products and services with a characteristic, such as dishes from Vietnam, Korea, Japan or the cuisine of a particular region in Indonesia as Padang cuisine, each of which has a taste and way of Sitra different presentation. Often the atmosphere of the restaurant was designed in the original area anyway.

It had become a factor often overlooked by failure because Indonesia is the franchise does not have managerial incompetence and inexperience. Although the franchisor provides training and management assistance, but still required a high degree of franchisees and the entire staff. They have to work hard and not negligent, must always maintain strict product quality and service. Once they neglect this because the control system is weak then customers will switch to competitors. Food business has a high sensitivity to quality and price

CONCLUSION

Based on the discussion and analysis that has been conducted in accordance with the purposes of research and then be concluded as follows:

- 1) Indonesia with 56% of the new medium with a high purchasing power resulting in growing franchise. Shape franchise is a business instant Indonesia in great demand by employers because of markets that are already available and some of the advantages of this form of franchise itself like managerial and operational assistance provided by the franchisor.
- 2) Food franchise business has a special feature of the product so that it can more survive.
- 3) Franchise businesses distribution are to short so the control the quality of products and services can be done directly.

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