Description

Franchising is one of the oldest business models and dates back to at least the 1850s (Dant et al. 2011).

The Federal Trade Commission (2015) describes franchise as follow:

“A franchise enables you, the investor or franchisee, to operate a business. You pay a franchise fee and you get a format or system developed by the company (franchisor), the right to use the franchisor’s name for a specific number of years and assistance.”

This leads to certain advantages such as lower risks of failure, easy setup and brighter brand recognition for the franchisee (Menekse Salar 2014).

Examples:

* Singer can be considered as one of the first companies
* McDonalds as one of the better-known franchises within food industry
* Marvel Universe as one of the more uncommon but more recent franchise

Publication bibliography

Dant, Rajiv P.; Grünhagen, Marko; Windsperger, Josef (2011): Franchising Research Frontiers for the Twenty-First Century. In *Journal of Retailing* 87 (3), pp. 253–268. DOI: 10.1016/j.jretai.2011.08.002.

Federal Trade Commission (2015): A Consumer’s Guide to Buying a Franchise. Available online at https://www.ftc.gov/tips-advice/business-center/guidance/consumers-guide-buying-franchise, updated on 2/26/2021-05:00, checked on 5/7/2021.564Z.

Menekse Salar, Orkide Salar (2014): Determining Pros and Cons of Franchising by Using Swot Analysis. In *Procedia - Social and Behavioral Sciences* 122, pp. 515–519. DOI: 10.1016/j.sbspro.2014.01.1385.