**QN: Explain the types of franchise methods**

Franchising is relatively a flexible method which involves a business relating between two entities wherein one party allows another to sell its products and intellectual property.

It has five types as follows below;

**Job franchise**

It is a low investment franchise which is taken by person who wants to start and run the business alone. Franchisee usually has to purchase minimal equipment, limited stock and sometimes a vehicle.

**Product or Distribution Franchise**

These are based on supplier-dealer relationships, where franchisee distributes the franchisor’s products. The franchisor licenses its trademark but usually does not provide franchisees an entire system running their business. Product franchises deal mainly with large products e.g. cars, computers, bicycles, etc.

**Business format franchise**

This format usually also gets to use the franchisor’s trademark, but more importantly, it gets the entire system to operate the business and market the product or service. The franchisor offers a detailed plan and procedures on almost every aspect of the business, provides initial and ongoing training and support.

**Investment franchise**

These are large scale projects which require a large capital investment, such as hostels and the larger restaurants. The franchisees usually invest money and engage either their own management team or franchisor to operate the business and produce a return on their investment and capital gain on exit.

**Conversion franchise**

This is a modification of standard franchise relationships. Many franchise systems grow by converting independent businesses in the same industry into franchise units. The franchisees adopt trademarks, marketing and advertising programs, training system and critical client service standards. They also usually increase the procurement savings. The franchisor in this model has a potential for very rapid growth in terms of units and royalty fee income.