

Report

Business



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Module Business Report The success of a business enterprise involves many activities and strategies; some are advanced and complex while others are simple and easily manageable. Franchising is among the market entry strategies that some businesses, especially those that operate in a global scale, have adopted. It principally involves two parties (franchisor and franchisee) exchanging the rights to use the other's brand for a specific period usually designated through a contract (Hero 99).

To continue motivating the franchisee, the franchisor may offer various incentives. Although most companies usually fail to offer any incentives to the franchisees they are engaged with owing to the fact that they (franchisees) are residual claimants, there are a bunch that have seen this as a noble action. Incentives to franchisees can come in the form of discounted franchise fee, reduced royalties and buy-back assurance. Also, a contract extension has been seen by many economists as a major incentive that has produced incredible results in many franchise business models (Barkoff and Selden 101).

Discounts and reduced royalties are noticeably the most widely used incentives when it comes to franchising. According to Hero (121), different brands have incorporated these types of incentives because of their effectiveness. It has been reported by many economists as the real motivator that boosts the performance of the franchisees. When brands reduce the royalties and allow discounts, their franchising partners become more enthusiastic and initiate programs and strategies that aim at improving the brand's marketing. Those brands that extend contract (especially if the franchisees benefits) are also involved directly in offering incentives.

Works Cited

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Hero, Marco. International Franchising. London: Globe law and business, 2010. Print.