

658.8

C89

2006

STRATEGIES OF FRANCHISED FOOD BUSINESS
IN SELECTED TOWNS OF CAVITE

THESIS

RACIE ANN MARIE T. CUADRA

College of Economics, Management
and Development Studies
CAVITE STATE UNIVERSITY
Indang, Cavite

April 2006

**STRATEGIES OF FRANCHISED FOOD BUSINESS
IN SELECTED TOWNS OF CAVITE**

Undergraduate Thesis
Submitted to the Faculty of the
Cavite State University
Indang, Cavite

In partial fulfillment
of the requirements for the degree of
Bachelor of Science in Business Management
(major in Marketing)

RACIE ANN MARIE T. CUADRA

April 2006

ABSTRACT

CUADRA, RACIE ANN MARIE T. Strategies of Franchised Food Businesses in Selected Towns of Cavite. Undergraduate Thesis. Bachelor of Science in Business Management major in Marketing. Cavite State University. Indang, Cavite. April 2006. Adviser: Dr. Luzviminda A. Rodrin.

A study was conducted in selected towns of Cavite to describe the socio-economic characteristics of franchisees of food businesses in selected towns of Cavite; determine the characteristics of franchised food business, determine the strategies of food franchisees in operating the business, determine the income, and identify the problems encountered by franchisees in operating the business.

The data were gathered through personal interview with 50 respondents from January to February 2006.

Descriptive statistical tools such as frequency count, mean, percentage, range and ranking were used in presenting and analyzing the data gathered.

It has been noted that the study had respondents generally belonged to the middle age bracket, female and married. Almost all were degree holders. The average household size was five and the gross family income averaged at PhP24,800.

Sole proprietorship form of business organization was commonly used and was operated for an average of 5 years with an average revolving capital of PhP110,800.00. An average of 6 workers comprised the total number of employees in the business. Most of the stores were opened during Mondays to Sundays with an average estimated customers of 2,554 per month.

The most perceived factor affecting the behavior of franchisee in franchising the business was the nature of the products they franchised. Most of the franchisee was also trained by the franchisor during the operation of the business. Results further shows that promotional strategies were considered by the franchisee such as advertising as the major tools used. Franchisors were the one who determine the prices of the products using franchise agreement as basis in determining the prices of the products.

It was also noted that the major problem encountered by the franchisee was the stiff competition.

TABLE OF CONTENTS

	Page
TITLE PAGE	i
APPROVAL SHEET	ii
BIOGRAPHICAL DATA	iii
ACKNOWLEDGEMENT	iv
ABSTRACT	vi
LIST OF TABLES	vii
INTRODUCTION	1
Statement of the Problem	2
Objective of the Project	3
Importance of the Study	4
Operational Definition of Terms	5
REVIEW OF RELATED LITERATURE	7
METHODOLOGY	10
Time and Place of the Study	10
Sampling Technique	10
Collection of Data	11
Methods of Analysis	11
Scope and Limitation of the Study	11

	Page
RESULTS AND DISCUSSION	13
Socio-economic Characteristics of Respondents in Selected Towns of Cavite	13
Characteristics of Franchised Food Business	16
Reasons of the Franchisees in Choosing the Type of Franchise Food Business	20
Strategies of Franchised Food Business	21
Problems Encountered by the Franchised Food Businesses Owners	29
SUMMARY, CONCLUSION AND RECOMMENDATION ...	30
Summary	30
Conclusion	32
Recommendations	32
BIBLIOGRAPHY	33
APPENDICES	34

LIST OF TABLES

Table		Page
1	Distribution of respondents by town, Cavite, 2006	10
2	Socio-economic characteristics of the respondents in selected towns of Cavite, 2006	14
3	Characteristics of franchised food business in selected towns of Cavite, 2006	18
4	Factors affecting the franchisees in selected towns of Cavite, 2006	20
5	Services of franchisors given to franchisees in selected towns of Cavite, 2006	21
6	Strategies on starting the franchised food business in selected towns of Cavite, 2006	22
7	Strategies on marketing of franchised food business in selected towns of Cavite, 2006	24
8	Strategies in financing the franchised food business in selected towns of Cavite, 2006	27
9	Estimated gross monthly income of the franchised business in selected towns of Cavite, 2006	28
10	Average monthly expenses of franchised food business in selected towns of Cavite, 2006	29
11	Problems encountered	29

STRATEGIES OF FRANCHISED FOOD BUSINESS IN SELECTED TOWNS OF CAVITE ^{1/}

Racie Ann Marie T. Cuadra

^{1/} A thesis manuscript submitted to the faculty of the Department of Management, College of Economics, Management and Development Studies, Cavite State University, Indang, Cavite in partial fulfillment of the requirements for graduation with the degree of Bachelor of Science in Business Management major in Marketing with Contribution No. T2006-BM04-007. Prepared under the supervision of Dr. Luzviminda A. Rodrin.

INTRODUCTION

The success of specialized marketing developments has caused many older organizations to revise their operating methods. In recent years, franchising has become an important force in retailing. Under this plan, the retailer is given the right to sell, within a certain area, without competition from another retailer dealing in the same product (Microsoft® Encarta® Encyclopedia 2003).

Franchising is the licensing by a manufacturer or service company of another business to sell its products or provide services under its name. Most fast food restaurants and many branches of retail chains are franchises. The term also applies to instances where a patent holder licenses a foreign manufacturer to make its product. The terms on which a franchise is granted may involve an initial payment by the franchisee to the franchiser, with future payments based on the franchisee's turnover. Attached to the franchise are certain conditions which include the following: that the franchisee buys