The impact of promotion in franchising

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THE IMPACT OF PROMOTION IN FRANCHISING

Abstract

Franchising is a model of company growth, which significantly reduces uncertainty in the riskiest stages of growth: business start–up and growth phase. The impact of promotion in franchising has not been investigated in relevant literature. Therefore, this paper examines the impact of promotion on franchising through unconventional marketing on the example of private company X which is the main context of the present study. This private company X was chosen as a relevant example because it was selected in 2012 as one of the most successful Croatian franchisee companies in the segment of automotive industry and also because of the quality of service. The results show that the most successful promotional tool is "word of mouth" that attracts the largest number of clients. However, it must be emphasized that conventional marketing is very important, too, because it contributes to the visibility of the company. Conventional marketing is a diverse field which includes many forms of advertising like print, broadcast, direct mail, telemarketing etc. and is still widely recognized by the audience.

Keywords: franchising, franchisee, franchisor, promotion

1. Introduction

Franchising is a business model in which company sells the right to use its trade name (brand) and the way of business to another company which in turn pays a franchisee fee and royalty, or percentage of recorded monthly sales of product or services. According to Alpeza, Perić and Šoltić (2012: 2) franchising has become 'an increasingly interesting business concept, with aspects and variables attracting attention from researchers in several specific fields: in entrepreneurship, since it represents a driving force in starting a business venture; in marketing, representing the main distribution channel in emerging economies; in strategic management, as an important form of organization; and in finance, through capital investment structures of franchise businesses'. They also stated that 'academic research in the field of franchising has been conducted for over 20 years, but it intensified in the 2000s.

There are many different definitions of franchising. Stanworth (1991: 176) stated that 'franchising is an economic category that offers a favourable combination of economies of scale enjoyed by franchisor with wide possibilities that owns the recipient franchise in connection with the situation on the local market'. According to research by Croatian Franchise Association (n.d.), franchising 'began to be talked about more intensively in Croatia in 2003 when the first franchise fair was organized by the Croatian Franchise Association'. Franchising in Croatia is still underdeveloped. Alpeza, Perić and Šoltić (2012: 8) stated that 'one of the main problems of underdevelopment in franchising in Croatia is the low level of knowledge about the benefits of this kind of business model among franchisee and franchisor'. They also said that 'franchising has a great impact on the economy around the world and its economic impact usually reflected in the output and job creation, increase the tax base, economic modernization, development of small and medium enterprises and also can gain new dynamic skills and abilities'. Castrogiovanni and Justis (1998: 170) stated about the importance of franchising that 'franchise extending beyond national boundaries and becoming the fastest growing model of business in the global economic system'.

What about promotion and impact of promotion in franchising? Relevant literature about the impact of promotion in franchising is scarce. For this reason it was decided to research the impact of promotion in franchising in franchisee private company X. Promotion is one of the most important elements of marketing mix and it can help franchisor to attract a large number of customers or clients to its products or services. Accordingly, for the purposes of this paper, a research was conducted about the impact of promotion in private company X which is a franchisee in the field of automotive industry and which is the main context of research study. The aim of this paper is to reveal the impact of promotion in franchising. The results of the conducted research will be presented in the chapter below.

The methods applied in writing this paper are: analysis, synthesis, comparison, and finally compilation. The importance of franchising was analysed in the first part of the paper using an extensive review of the relevant literature. Promotion, as a very important part of marketing mix has the main accent and is also analysed in the first part of the paper. In other chapters there are advantages and disadvantages in franchising and also advantages and disadvantages of franchising in a private company X. The last chapter presents the results of an empirical study the authors have conducted in 2014 on the use of different marketing methods in the private company X.

2. Theoretical framework

There are many definitions and explanations of franchising but all of those definitions have some common elements: franchising is the practice or a business model, where a company (franchisor) gives a licence to use its trade name (brand) and its business model (know-how) to a particular person or group (franchisee) who agrees to act in accordance with the terms and conditions of a franchise agreement.

The International Franchise Association defines franchising as a "continuing relationship in which the franchisor provides a licensed privilege to do business, plus assistance in organising training, merchandising and management in return for a consideration from the franchisee". (Siropollis, 1995: 28).

The following approach defines franchising or franchise, as a convenient and popular way in which

a manufacturing or service company distributes goods or services to a large extent without having to undertake the necessary capital investment all by itself. This approach is based on the fact that the franchisor gives the licensee for a fee. The fee is determined in a lump sum or depending on the total turnover during a given period. Just under license, franchisee has the exclusive right to sell certain products in a particular area, but in almost all cases except for the fees, franchisee must comply with other requirements set by the franchisor, such as (Lacković, 2004: 223-224):

- Using a recognizable trademark
- Providing exactly prescribed quality levels
- Often has to accept a particular organization, logistics, operations and complete image
- Applying exactly the set of prices and the special commercial supplements, etc.

In addition, they rely on the invaluable support of the franchisor. Franchising has also a major impact on the world economy. For example, in the United States there are 2,500 franchisors, which employ eight million people and generate an annual turnover about 850 billion USD (Erceg and Čičić, 2013: 323).

According to Arbutina and Ott, the most important and common characteristics of a franchise in all those definitions are:

- contractual relationship between the parties whereby one of them (the franchisor) authorizes (licenses) the other side (franchisees) to operate under the name of its company
- franchisor monitors the way in which the franchisee conducts the franchise business
- franchisor helps franchisees with valuable advice
- separate businesses – franchisee invests and thus runs the risk of his/her own capital.

According to Klier, (2007: 33) in the beginning there were only two basic types of franchises: 'a franchise product or brand where the franchisor sells to the recipient the right to a name or brand and business format, and franchises which include a wider range of services, site selection, training of employees, purchase products, marketing plan, etc'. Today, there are several types of franchises. According to Thomas and Said (2000: 12), there are only two types of franchise: product distribution franchise and business format franchise. Authors (Nieman, Barber, 1987; Sherman, 2003; Kukić, 2004) who are dealing with research of the franchise model mention the following basic types of franchise business:

- product distribution franchise,
- business format franchise,
- conversion franchising.

Product distribution franchise is one of the most common forms of franchise, but also the most typical form of franchise business. Cooperation is based on the fact that the franchisor manufactures a product, and the franchisee sells this finished product. The best known industries in implementing this type of franchise are: beverage industry, car industry and gas industry. The best examples of a product distribution franchise are: Coca-Cola, Goodyear Tires, Ford Motor Company, and John Deere.

The business format franchise is the fastest growing form of the franchise and this form allows franchisees to use the trade name and logo service, as well as the complete system for delivering products and services for business. The most famous examples of business format franchise are Subway, McDonald's, and Burger King. (Alpeza, Erceg, 2012: 10)

Mahaček and Lihtar (2013: 600) stated that conversion type franchise has transformed the standard model of franchise relationship and occurs when an independent contractor, located in the same business area as the franchisor, is authorized to accept service providers and to use trade/service marks and system operations. This type of franchise can be found in real estate agencies, flower shops and some service industries.

According to Spinelli and Birely (1996: 392) the relationship between the franchisor and the franchisee is central to the franchise organization and it is what makes franchising unique in comparison to other organizational forms. Kauffman and Dant argued, for example, that the study of franchising, franchisor and franchisees were integral to entrepreneurship research (Larty, 2010: 11).

All definitions of franchising indicate that franchising is the right to the production or distribution of goods or services under a single brand and allows franchisees to independently manage their own business, but at the same time franchisees are not alone. Franchisees rely on the experience of successful companies, but still enjoy the freedom that

comes with being your own boss. According to research by the International Franchise Association (Franchise Business Economic Outlook, 2012), statistics show that franchisees have a much greater chance of success than those who are not in franchising, and also it is easier to run such a business in today's global marketplace.

Marketing is a very important part of every business model because marketing helps to improve the image of the company; it can attract new customers or clients and is focused on the needs of customers. Marketing can also help to increase revenues. Promotion is one of the most important elements of marketing mix (beside product, price and place) and in this paper special accent is on promotion and unconventional marketing. Accordingly, for the purposes of this paper a research was conducted on the impact of promotion in a private company X which is a franchisee in the field of automotive industry and which is the main context of the research study.

Scientific approach of this paper shows the impact of promotion through unconventional marketing and how it is reflected on the private company X.

It is very important to research promotion in franchising because promotion, as one of the most important elements of marketing mix, complements franchising, helping to improve the sale of services and products, as well as the visibility of the franchisee.

Kotler and Keller (2006: 41) stated that good marketing has become an increasingly vital ingredient for business success and also profoundly affects our day-to-day lives. It is a distribution system that allows a business to preserve its assets, and at the same time achieve fast market penetration making it a very attractive proposition to most business owners.

For a franchisee, promotion and marketing can help to provide an excellent opportunity for better visibility because promotion and unconventional marketing can attract a large number of customers and also help to create a great brand name of the company.

3. Franchising in Croatia

According to the Croatian Association for Franchising, in Croatia, there are about 170 franchise systems currently operating at about 950 franchise locations with approximately 16,500 employees. Of the total number of franchises in the Croatian market about 35 franchise systems are of Croatian origin. Among the most famous domestic franchises are Body Creator, He & He, Surf'n'Fries, Chill Frozen Yoghurt, and San Francisco Coffee House. Among foreign franchises, the most common are fashion brands, followed by franchised restaurants and fast food and rent-a-car franchises. (Alpeza, Erceg, 2013: 16-17)

Franchising in Croatia is still underdeveloped and the main reason for that is the low level of knowledge about the benefits of this kind of business model among potential franchisees and franchisors. Table 1 shows the relative position of Croatia among selected EU countries.

As it can be seen in Table 1, franchising in Croatia is still poorly developed compared to selected EU countries.

Table 1 Franchising in Croatia and selected EU countries

	Total number of franchise systems	Number of domestic franchise systems	Number of franchise locations	Number of employees in franchises
Croatia	170	35	1,000	16,500
Hungary	341	240	18,000	100,000
Italy	870	835	53,000	180,500
Slovenia	107	52	1,500	6,900
Poland	565	410	26,600	350,000
France	1,370	1,220	51,600	690,000

Source: European Franchise Federation (2010)

Although strong national franchise associations operate in most EU countries and regulatory framework recognizes and in some countries systematically promotes domestic franchise systems, in Croatia the potential of franchising for increasing the competitiveness of the Croatian economy and improving the export capacity of Croatian companies has not been recognized at the policy level. One of the major obstacles to the analysis of the state of franchising in Croatia is the lack of information on the number of domestic and foreign franchise systems in Croatia, and thus on the influence of franchising on the economy of Croatia.

4. Franchising and obligations of partners

This chapter will cover a brief description of the private company X, a Bosch car service, its brief history, and requirements of the business and advantages and disadvantages of franchising in theory and practice.

4.1 A brief description of the private company X

The core activity of the private company X that is analysed in this paper is wholesale of parts and equipment for motor vehicles and also servicing and repair of motor vehicles and motorcycles. Services provided by this private company X are: automotive repair, car body work service, car painting, diagnostics, sales of spare parts, tire services, servicing vehicle air conditioning, free vehicle wash after repair, expert advice and assistance. 'In 2011, private company X has become an authorised Bosch Car Service and in 2012 was proclaimed for the most successful Bosch Car Service in Croatia' (Bosch – Car Service in Croatia and Bosnia and Herzegovina, n. d.). This private company was the only of that kind – franchising Bosch Car Service in city of Osijek in 2011. Private company X is working on EU standards and emphasises that education and motivation of the employees are very important, because of the positive management in the company.

4.2 Bosch Car Service

The first Bosch workshop for installation and repairs was opened in Hamburg on 1 January 1921. The motto of the Bosch Car Service is: Origin creates future. The first Bosch Service was given support in the form of equipment for workshops, parts and know-how. Today, ninety years later, Bosch Service Organization is the world's largest network of independent workshops with more than 15,000 facilities in 147 countries (Bosch in Croatia, n. d.). 'Bosch Car Service is represented with fifty workshops in Croatia and Bosnia-Herzegovina' (Bosch – Car Service in Croatia and Bosnia and Herzegovina, n. d.).

Workshops related to the Bosch franchise concept have many benefits from their close ties to the Bosch brand, and also from the knowledge of leading suppliers to the automotive industry.

'When the private company wanted to enter into this network, it had to meet certain requirements such as' (Service Agreement and Warranty concluded between private company X and Robert Bosch, 2010:3):

- must buy Bosch machines in the amount of 250,000.00 HRK;
- must have a sufficient number of personnel with sufficient qualifications;
- must have the technical conditions for the introduction of the PC system "Bosch Warranty" etc.;
- must have a minimum of two technicians employed full time;
- must have a workspace that is regulated and which gives the spirit of professionalism and has adequate parking for customers, as well as a pleasant reception room for clients and a waiting room.

'For a company (franchisee) to correctly perform their work, they must commit to the following (some of the many conditions)' (Service Agreement and Warranty concluded between private company X and Robert Bosch, 2010:4):

- On its premises, the private company has to monitor the use of the contract products, especially in terms of product safety, to report on all events, specifics of application, as well as difficulties or dangers that are observed or assumed in connection with the contract products;

- Compliance with quality standards that are set for Bosch services and further development of these quality standards.

'Obligations of the Franchisor (some of the many conditions)' (Service Agreement and Warranty concluded between private company X and Robert Bosch, 2010:5):

- Technical training in relation to the current issues in the field of the workshop;
- Technical information for service work on Bosch systems in motor vehicles within the possibilities Robert Bosch Ltd.;
- Counselling by a Robert Bosch specialist in solving technical problems;
- Marketing support such as E2E (end to end), this means providing support in terms of all possible regional and national marketing tools across all channels - from print media to the latest online and digital techniques.

From this chapter we can conclude that Bosch Car Service has a long and successful history. Also, in this case it obvious that both parties, franchisor and franchisee have their obligations, Clearly, adherence to those is the only way to succeed in business.

4.3 Advantages and disadvantages of franchising

Franchising is considered as a concept of many advantages for franchise owners and its customers, but there are also some risks.

The advantages of a franchise business according to Klier (2007: 34) are:

- operational independence is obtained under the principle of "turnkey", and for a lot less initial capital than for an independent business venture;
- tried and established business, recognizable and reputable on the market, the job in which the franchise owner has already invested their most important resources: time, money, knowledge and skills;
- franchise owner is always willing to accept new ideas if they can help to develop the whole chain.

The risk of failure is greatly reduced due to the constant support of the franchisor and the entire franchise network whose size brings group relief for the acquisition, as well as cheap advertising.

Below are some disadvantages of a franchise business (Mahaček, Lihtar, 2013: 603-604):

- franchisee must comply with the set of installed and tried procedures;
- buying a franchise is proof of non-creativity;
- by selling the franchise, a company loses complete control over business units because each franchisee has control over its business unit;
- failure to follow procedures executed by the franchisee;
- possible problems in relationships with franchisees, the division of revenues between the owner and franchise recipient;
- lack of confidence that the contract solves;
- occurrence of potential competition because at the expiry of franchise agreement franchisees might decide to establish their own competitive franchise
- the disadvantages for the franchisee may include dependence on the service franchisees, a permanent commitment to service because the contractual obligation is hard to break, participation in decision-making, failure to recover the invested funds, a franchise fee can range from 2% - 20% of total turnover.

Through in-depth interview with the CEO (Chief executive officer) of a private company X the advantages and disadvantages of the Robert Bosch franchise have been observed.

Advantages for the private company X in franchising business:

- Robert Bosch organizes regular gatherings, meetings and conventions where partners can share their opinions, which all together means building long-term and sustainable networks with other services in the country and neighbouring countries, and all that gives results in better information and opportunities for the open exchange of views and experiences.
- Recognition of the brand Bosch, i.e. use of a successful name in the business, so people are able to see that the private company X provides high quality service.

Disadvantages for the private company X in franchising business:

- Franchisee must buy auto parts (wipers, batteries, etc.) from the brand Bosch that are 20-30% more expensive than other brands. Since these parts are more expensive, consumers are less likely to buy them. For example, to renew the annual contract, the private company X has the obligation to buy Bosch auto parts in the amount of 150,000.00 HRK per year.
- Although training organised by Robert Bosch is expensive, it does not bring too many benefits for the employees of the private company X (the company X must also finance those training sessions).

There is another 'non-aligned factor' which is the monitoring. Monitoring is in fact good, because it may indicate errors of the private company X (the franchisee), and those detected errors can be motivation for improvement.

5. Promotion in private company X

Promotion is one of the marketing mix elements and its task is to create awareness about the product or service on the market, give the basic and additional information about the product or service and develop consumer's preferences towards product or service (Ekonomski leksikon, 2011: 763).

Promotion in the company X is done through analysis, planning and determining the most appropriate way of advertising and raising awareness of the environment on the functioning of the company X. It is also important to specify concrete goals, which are pursued through marketing activities and regularly by checking the level of implementation and effectiveness of introduced measures.

Different ways of conventional communication with the target audience according to Kesić (2003: 301) could be divided into: satellite and cable TV, national and global papers and magazines, the Internet and large number of local media. Different ways of unconventional communication with the target audience according to Levinson (1993: 15) are mini media marketing and circular letters.

The examined private company X decided to promote through:

1. Conventional marketing:

- Internet marketing:

  1. Official web site

  2. Local portals and car blogs

- Radio: the company makes their own funny and creative jingles
- Local TV
- Sponsoring local cultural and charity events

2. Unconventional marketing:

- Guerrilla marketing: an advertising strategy that focuses on low-cost unconventional marketing tactics that yields maximum results

  1. Mini media marketing: includes canvassing, marketing by phone and personal letters with flyers describing special service offers and sales promotions

  2. Viral marketing: promotion strategy that focuses on spreading information and opinions about a product or service from person to person, especially by using unconventional means such as the Internet or e-mail

  3. Ambient marketing: placing ads on unusual items or in unusual places where they are not normally seen. The company decided to make a 3D graffiti on the wall in the centre of the city. The 3D graffiti presented half sliced car wedge in the wall.

  4. Word of mouth: oral or written recommendation by a satisfied customer to prospective customers of a good or service

  5. Circular letters with coupons and service discounts.

- Internet marketing:

  1. Social networks: the company uses Facebook to regularly publish news and service discounts, and to describe how the company works

  2. Word of Mouth: important promotional strategy, because it is gaining in effectiveness, like making it possible to reach an unlimited number of people especially via social media.

The company X has a wide and extensive knowledge about marketing mix and has tried to experiment with unconventional promotion and in the end it was a success. Especially ambient marketing with 3D graffiti was a big sensation. It is also an interesting fact that the company X first started in the home town with creative jingles on local radio and other similar companies called the radio station and asked for similar jingles, which means that the company X has become a benchmark for other companies.

6. Research results

The research was carried in Croatia on a sample of 400 respondents, during June and July 2014. The respondents were all clients of the private company X service. The data was collected by contacting respondents via e-mail and telephone. Respondents were defined as business owners, employees and unemployed, students or others. A structured questionnaire was divided into two parts. The first part of the questionnaire contained seven general questions like gender, age, years of working experience, place of living etc. The second part of the survey contained the question: "How did you hear for the first time about the private company X?" In Table 2 are presented characteristics of respondents.

Most of the respondents were from the city of Osijek (80%) and others (20%) were from the rest of Croatia (Zagreb (10%), Split (7%), Rijeka (3%) etc.). Most of the respondents were male (90%) and the rest of the respondents were female (10%). Most of the respondents graduated from the university, school or college (40%) and only a small number of respondents have a secondary school or high school education (8%). Also a small number of respondents have a master's degree (15%). Except that, 80% of the participants were employees, just 3% owners of private businesses, 10% unemployed and 1% students. 53% of the participants had between 5 and 15 years of working experience, 10% had between 16 and 25 years of working experience, and as many as 25% had more than 26 years of working experience.

The main and the second part of the survey contained one question: 'How did you hear for the first time about private company X?' Through this question and survey the company could manage the future of their marketing efforts. Respondents could choose between the answers presented in Table 3.

Table 2 Characteristics of respondents

RESPONDENTS CHARATERISTICS	PRECENTAGE (%)
GENDER	
MALE	90%
FEMALE	10%
AGE	
21-30	5%
31-40	10%
41-50	15%
51-60	70%
EDUCATION	
SECONDARY SCHOOL	40%
COLLEGE	8%
MASTER'S DEGREE	15%
PLACE OF LIVING	
OSIJEK	80%
ZAGREB	10%
SPLIT	7%
RIJEKA	3%
WORK	
EMPLOYEES	80%
OWNERS OF PRIVATE BUSINESS	3%
UNEMPLOYED	10%
STUDENTS	1%
YEARS OF WORKING EXPERIENCE	
5-15 YEARS	53%
16-25 YEARS	10%
26 AND MORE	25%

Source: Authors

Table 3 Answers of respondents

RESPONDENTS CHARATERISTICS	GUERRILLA 70%	TV 3%	RADIO 5%	INTERNET MARKE-TING 18%	SPONSORING 4%
GENDER					
MALE	53%	1%	3%	11%	2%
FEMALE	17%	2%	2%	7%	2%
AGE					
21-30	7%	0.1%	0.5%	10%	0%
31-40	11%	1%	1.5%	4%	1.5%
41-50	22%	0.8%	1%	3%	1.5%
51-60	30%	1.1%	2%	1%	1%
EDUCATION					
SECONDARY SCHOOL	37%	2%	3%	9%	0.4%
COLLEGE	27%	0.7 %	1.7%	6%	1%
MASTER'S DEGREE	6%	3.3%	0.3%	3%	2.6%
PLACE OF LIVING					
OSIJEK	43%	1%	3%	4%	1.5%
ZAGREB	13%	0.2%	1%	9%	0.7%
SPLIT	9%	0.4%	0.7%	1%	1%
RIJEKA	5%	1.4%	0.3%	4%	0.8%
WORK					
EMPLOYEES	44%	1.4%	2%	1.5%	2%
OWNERS OF PRIVATE BUSINESS	12%	0.1%	1%	2.5%	0.5%
UNEMPLOYED	4%	1%	0,5	5%	0.7%
STUDENTS	10%	0.5%	1.5%	9%	0.8%
YEARS OF WORKING EXPERIENCE					
5-15 YEARS	50%	1%	2.5%	10%	1.5%
16-25 YEARS	10%	1.5%	1%	2%	0.5%
26 AND MORE	10%	0.5%	1.5%	6%	2%

Source: Authors

From Table 3 it could be seen that 70% of the respondents heard about the first time about the company through guerrilla marketing. Out of those 70%, 40% heard about the first time about the company through recommendation, i.e. through word of mouth. After the word of mouth, the big role in guerrilla marketing plays the ambient guerrilla marketing, 13% of the respondents heard about the company, by seeing the 3D graffiti advertisement in centre of the city where the company works. After the word of mouth and ambient guerrilla marketing, 12% of the respondents heard about the first time about the company through mini media marketing. This mini media marketing is focused on reading the circular letters with flyers and service discounts of the company which they get to their home address. 5% of the respondents heard about the company by seeing the videos on the official web site and official Facebook site of the company. After guerrilla marketing, 18% of the respondents heard about the first time about the company through internet marketing. Analysing the internet marketing, out of 18%, 8% of the respondents heard about the company for the first time through social networks like Facebook, 5% of the respondents heard about the company for the first time through local portals and car blogs, 3% through word of mouth and 1% of the respondents through the official web site. Furthermore, 5% of the respondents heard about the first time about the company over the radio and 4% of the respondents through sponsored local cultural and charity events. Finally, 3% of the respondents heard about the company X for the first time through local TV advertising.

Most of the respondents that heard about the company X for the first time through guerrilla marketing are between 51 and 60 years old, also most of them have secondary school education, live in Osijek, are employed and have 5 – 15 years of working experience. Most of the respondents that heard about the private company X for the first time through TV are between 51 and 60 years old, have master's degree, live in Rijeka, are employed and have 16 – 25 years of working experience. In case of hearing about the company X for the first time over the radio, most of the respondents are between 51 and 60, have secondary school, live in Osijek, are employed and have 5 - 15 years of working experience. Most of the respondents who heard about the private company X for the first time through Internet marketing are between 21 and 30 years old, have secondary school, live in Zagreb, are students and have 5 – 15 years of working experience. As for hearing about the company through sponsored events, most respondents in this group are between 31 and 50 years old, also most of them have master's degree, live in Osijek, are employed and have 26 and more years of working experience.

It could be concluded that most of the respondents heard about the company X for the first time through guerrilla marketing, they live in Osijek, are between 51 and 60 years old and have more than 5 years of working experience.

7. Conclusion

The aim of this paper was to identify potential relationship between franchising and promotion. Following the analysis of marketing and especially promotion in franchising business based on Bosch Car Service it can be pointed out that the company has acquired the knowledge that one of the prerequisites of marketing and promotion success is to analyse, plan and adapt to environmental conditions. It is important for the company to follow marketing trends, because we live in the world of rapid changes not only in the field of marketing but also in other fields of business. If the company decides in the future to implement unconventional marketing, it is important to recognize the good sides like low budget, creativity, simplicity etc. and bad sides like possible legal and ethical problems, insults etc. Unconventional marketing is still in the growth phase when it comes to implementation in Croatia.

Through the conducted research it can be concluded that promotion and unconventional marketing have a big potential in franchising and they also help to improve the franchisee's visibility on the market and to attract new customers or clients. There are many opportunities for future research on the impacts of promotion in franchising. In future studies it can be recommended to research guerrilla marketing in franchising in more detail, since it is the least financially demanding and the most interesting way of company promotion. It would be useful to conduct a similar analysis on different franchising systems because there are not many relevant studies about the importance and impact of promotion in franchising. The fact that this paper focused on a single company can be perceived as limitation; nevertheless, it can serve as a good pilot study for future research.

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Utjecaj promocije na franšizu

Sažetak

Franšiza je poslovni model rasta poduzeća koji značajno smanjuje neizvjesnost u najrizičnijim fazama rasta poduzeća – od najniže do najviše faze rasta poduzeća. Utjecaj promocije na franšizu još nije istražen u Hrvatskoj. Upravo iz toga razloga, ovaj rad će prikazati utjecaj promocije na franšizu kroz nekonkvencionalni marketing na primjeru privatnog poduzeća X koji ujedno predstavlja i glavni kontekst istraživanja ovoga rada. Važnost franšize, kao poslovnoga modela je analizirana u prvome dijelu rada kroz detaljan pregled relevantne domaće i strane literature. Promocija, kao jedan od vrlo važnih elemenata marketing miksa je u prvom planu i također se analizira u prvome dijelu rada. U ostalim poglavljima se analiziraju prednosti i nedostatci franšiznoga poslovanja, ali i prednosti i nedostatci na primjeru privatnoga poduzeća X koje je primatelj franšize. Posljednje poglavlje pokazuje rezultate istraživanja koje su proveli autori u 2014. godini na primjeru privatnog poduzeća X koje je primatelj franšize, a koristi različite marketing metode. Rezultati provdenoga istraživanja pokazuju da je najuspješniji promocijski alat tzv. „od usta do usta" koji privlači najveći broj klijenata. Mora se naglasiti da je i konvencionalan marketing jako važan zato što pripomaže u boljoj prepoznatljivosti tvrtke na tržištu.

Za buduće empirijske studije, bilo bi iznimno korisno provesti slična istraživanja zato što ne postoje slična istraživanja koja istražuju utjecaj i važnost promcije u franšiznome poslovanju. Kroz ovo istraživanje, ostala poduzeća koja su primatelji franšize, mogu koristiti istraživačke rezultate ovoga rada te napraviti najbolji promocijski plan za svoje poduzeće.

Ključne riječi: franšiza, primatelj franšize, davatelj franšize, promocija