

Key To Choosing the Right Franchise System

There are thousands of franchise systems in the market. Consumers are spoilt with choices; therefore, investors usually choose franchise that is closest to their heart and most recognisable. Emotional thinking might lead to wrong decision made, hence, choosing the right franchise system is important.

It is crucial to understand the reasons behind why a franchise business fail. Below are only some selected key points.

1. Franchisor Readiness

Most of the times, franchisor grows the network too fast and does not build ample support network such as marketing, on-the job operations and brand management. There are always problems arising from the daily operations and often franchisee need help within reach. However, franchisor usually not able to answer to the franchisee's needs on time.

2. Higher Operating Cost

Investor usually pay a percentage of royalty other than the franchise fee, all these fees will add up to their cost of goods sales (COGS), leading to franchisee being less competitive and less profitable in the business. Also, franchisor is unable to provide a lower COGS as products are to be imported and needed a large warehouse for storage.

3. Flaws in Franchise System

Inconsistent product quality and not standardize standard of procedure (SOP) are the most common issues faced by the franchisees. Most franchise brands risk failure for not having consistent food quality for each outlet. Franchise may fail when obvious inconsistency in service and product quality are shown in different outlets.

There are many more reasons behind why a franchise business fail. Therefore, it is vital to choose the right franchise system with proven records of succeeding to reduce the rate of failing.

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For more information, contact:

Office Address: 6 New Industrial Road #05-02 New Century Singapore 530199

Tel: 62892471 Fax: 62810525

Email: franchisee@flytrump.sg

About Flytrump Marketing Pte Ltd



FLYTRUMP Marketing Pte Ltd is a F&B management firm which help brand owners to manage and expand their business, assist franchisees through initial business setup and continuous support to ensure sustainability, and develop appropriate marketing strategies to create a deal for everyone.