

Lecture 9. Regional master franchise

What is a regional franchise?

Sometimes called regional franchises, a master franchise is a special type of franchise agreement that gives an entrepreneur the exclusive rights to sell or open a given number of franchises in a large geographical area.

What does master franchise mean?

A master franchise is a franchise relationship in which the owner of the franchise brand (the master franchisor) grants to another party the right to recruit new franchisees in a specific area.

What is the difference between franchise and master franchise?

A Unit Franchise does not have a defined geographical region wherein they own the exclusive rights to own and operate a Franchise Unit. A Master Franchise in contrast does have a defined geographical region wherein no other Master Franchise can operate or solicit within.

What does a regional franchise manager do?

Regional franchise directors, in line with their name, are in charge of managing the franchises specifically allocated to them. Their primary job obligation is to ensure that their franchises are running smoothly and efficiently.

What is delivery regional franchise?

Regional Franchisees operate a courier depot facility within a specified region. From this depot, the Regional Franchisee employs office staff to provide support to Courier Franchisees in the areas of administration, operations, sales, marketing, technology and customer service.

How does master franchise get paid?

This share of franchise fees depends on what percentage was agreed upon when signing the agreement. But the most popular revenue share is 50-50. But the real earnings of a master franchise are from royalty. Which he gets on every sale made by every franchisee.

How does a master franchise make money?

Master franchisees make larger franchise investments, and in return for those investments, receive more responsibility and power within the company, and a share of royalties and fees from franchisees operating in their region or country. This practice is known as master franchising.

Is master franchising beneficial for companies and the franchisee?

Master franchising can be an excellent way to grow and expand an existing franchise network especially in regions in which the franchisor does not have a presence.

What are 4 types of franchising?

The four types of franchise business you can invest in

- ❖ Job or operator franchise. These owner operator franchises are usually home based, which keeps overheads down to a minimum
- ❖ Management franchise

- ❖ Retail and fast food franchises
- ❖ Investment franchise

Who trains the master franchisee?

Master franchising is a form of the franchisor-franchisee relationship in which the master franchisee essentially becomes a mini-franchisor for a specified territory. Within that territory, the master franchisee recruits, trains, and provides ongoing support to each franchisee they sign.

What is the difference between franchise agreement and master franchise agreement?

In effect, a master franchisee becomes the franchisor for his territory and is responsible for recruiting and training his own franchisees, whereas in what you call a normal franchise the franchisee simply runs the outlet delivering the product or service.

Why do franchise businesses fail?

A number of market environment factors such as dissatisfied customers, high cost of raw materials, as well as suppliers, increase in bank interest rates, and recession in the industry are some of the factors that contribute to business failure.