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**FRANCHISING AS A FORM OF USE OF CORPORATE IMAGE**  
**Франчайзинг як форма використання корпоративного іміджу організації**  
**Franchising jako forma użytkowania wizerunku**

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**Ключові слова: корпоративний імідж, товарний імідж, франчайзинг, франчайзер, франчайзі.**

**Ключевые слова: корпоративный имидж, товарный имидж, франчайзинг, франчайзер, франчайзи.**

**Abstract**

*The concept of the corporate image is considered; fundamental, external and internal constituents of the corporate image are distinguished; franchising as the system of business organization, based on the use of corporate image of organization and product image, is analysed; the features of franchising, benefits and disadvantages for the franchisor and the franchisee are distinguished analyzed in the article.*

**Резюме**

*У статті розглянуто поняття корпоративного іміджу та виділено такі його складові, як фундаментальний, внутрішній та зовнішній; проаналізовано франчайзинг як систему організації та ведення бізнесу, що ґрунтується на використанні корпоративного іміджу організації та товарного іміджу її продуктів; виокремлено особливості франчайзингу, його переваги та недоліки для франчайзера та франчайзі.*

**Резюме**

*В статье рассмотрено понятие корпоративного имиджа и выделены такие его составляющие, как фундаментальный, внутренний и внешний; проанализирован франчайзинг как система организации и ведения бизнеса, который основывается на использовании корпоративного имиджа организации и товарного имиджа ее продуктов; выделены особенности франчайзинга, его преимущества и недостатки для франчайзера и франчайзи.*

Franchising as a business model has been developed in the last decade, covering new areas and focusing on the many target audiences. While the franchise accounted for more than one-third of the world's retailers, while trade is only one of the areas in which it is implemented. The basis of franchising is the image of the organization and its products and services, the efficiency of which becomes the basis for the duplication and the use of other entrepreneurs. It becomes the base of legal, economic, and partnerships between entrepreneurs, combined in a network of franchising.

Study of the franchise in the Western scientific tradition takes place in the context of the study the economic feasibility of various systems of the business success stories of famous brands such as scientists and practitioners: T. Howard, I. Kokbern, I. Mûrrey, I. Spinelli, J. Timmons and others. Ukrainian scientists G. Androshchuk, E. Legenda, V. Osetsky, Y. Semeni, M. Tereshchenko focusing on the economic, organizational and legal aspects of franchising. However, the attention of the scientists was not are predominately centered on studying the franchise through the lens of image approach, which is used in this publication.

The purpose of this scientific exploration is a explication franchise as separate form the use of the corporate image of the organization, the detachment of pros and cons of this system for its participants.

Corporate image is the public image of the organization, formed in target audiences through a system of targeted strategic communications. It is an important resource for any business as it creates around it a favorable information environment, thereby increasing popularity of goods and services, credibility, crisis self-esteem of staff, optimizing search for business partners, which ultimately improves organizational efficiency and increases profits.

Structure of corporate image is a multicomponent, including information on the financial condition of the organization, its history, its founders and current leaders, corporate identity, marketing efforts, etc. system. Famous American scientist B. Gee proposed a model of corporate image, which consists of several main components: a fundamental , internal and external image. Fundamental image laid by ethical principles, long-term objectives, corporate mission, personal and business philosophy of the founders of the organization. It is a key component of the image that remains virtually unchanged for the organization's existence, creating a corporate identity firm. Internal image of the organization depends on financial and personnel policies, educational and training programs for personnel, programs to encourage employees, matrix internal communications. It is designed for employees of the organization and aimed at fostering effective corporate culture of the organization. The external image of the organization formed by the quality of goods and services, communications policy organization, its corporate identity, civic activity and mediaryleyshnz [3]. The result of the three components of corporate image becomes emergentness effect that corporate spirit, loyalty to the brand.

Quite obvious is that an effective corporate image is a complex process that requires significant time, effort and material resources management organization, a priori one founder of the successful organization seeks its expansion to popularize their business and increase profits. However branching company associated with significant risks and costs that can be offset by using the franchise system.

Franchise - business agreement that allows you to combine reputation, innovation and technical know-how and experience innovator (franchisor) with the energy, skills and other attachments party (franchisee) the business of production and marketing of goods and services [7]. Subjects franchise is the franchisor and the franchisee, the first of which is the successful author of effective business ideas, the other repeats it at his enterprise, reproducing all the features of the brand, quality of goods and services, corporate identity, features activities. If the franchisor has several franchisees are dependent on him, he created an entire franchise network that covers large geographic areas.

Franchise originated in the Middle Ages, when the British kings barons gave the right to collect taxes from certain areas in exchange for certain services, and ordinary people for a fee allowed to sell their products in the markets of the city (such places were called franchises). In the City of London in the XVII century. approved system of trade guilds that resemble modern franchising system. The development of commercial systems began franchising in the U.S., where the 1860's franchise used American company manufacturing sewing machines "Singer". In essence, these were the first franchise distribution agreements with additional obligations warranty. In the early twentieth century. created the world's most famous franchise network "Coca-Cola" and "Pepsi". Since the 20's of the twentieth century. begins using franchising in shops. After World War II franchise contributed to the development of hotel and tourism sector

and foodservice. Since the late 1950-1960's franchise is one of the most advanced forms of entrepreneurship in countries with developed market economies, and in 1960 founded the International Franchise Association.

Ukraine has according to various estimates there are 80 to 120 franchise networks [4] and a tendency to increase their number. Despite this, our legislation does no special regulations that would regard the legal basis of franchising, and this area is regulated by the Civil and Commercial Code, which became effective January 1, 2004. They have no concept of franchising, but commercial concession agreement stipulated that the legal nature of the corresponding franchise agreement [4, 6]. Analysis of Articles 1115-1129 of the Civil Code of Ukraine [2] and Article 366-376 of the Commercial Code of Ukraine [1] allows to verify that the content is common in international practice franchising concept corresponds to the concept of commercial concession, used in Ukrainian law. However, this can create difficulties interactions Ukrainian businessmen with foreign counterparts, because in some jurisdictions (France, Portugal, Belgium, Switzerland) concept of franchising and commercial concessions are not quite identical [4].

At its core franchise - a way of business organization in which businessman or company owner hands over to another businessman or company the right to sell their goods and services in exchange for a commitment to sell the goods or services in compliance with certain quality characteristics and the use of specified technologies developed under the scheme in a clearly prescribed place under certain trademark. The basis of the relationship between franchisor and franchisee is the franchisor corporate image, the features of which is assumed by the franchisee. Getting warranty business development, franchisee instead vtachaye carnal corporate identity, engaging in communicative connection with consumers on behalf vfranchayzera.

Hallmarks of a franchise business is standardization (the same quality of goods and services in all business systems and their representation to consumers), "a unique selling proposition "(quality of products or services that distinguishes their population equivalent), ease of operations (sales business system should be simple and understandable even for amateur) high network (effective organization of the franchisor) [5].

In exchange for some profit and independent franchisee receives a well-known trademark, proven method of doing business and a package of technology know-how. Most franchisees - people who were previously employees because the franchise is a transitional bridge from working for someone else and their business. For them, the franchise agreement is personalized investment in yourself not only finance, but also time and effort.

Franchisee operates under the trademark franchise, using his reputation and image, but because most end users identify it with corporate style and features of a franchisor . Therefore, for successful business and avoid the negative impact on the overall image and market reputation of the franchise network franchisor provides the franchisee various forms of support and regulate certain aspects of business. It is not disrupted economic and legal autonomy of the franchisee.

Basis franchise agreement is deductible (franchise package franchise license) - the whole business system that includes management, software, documentation, materials. It defines the rights and obligations of the parties, especially the interaction between them. At completeness, accuracy and thoroughness of their description in the agreement between the franchisor and the franchisee greatly facilitate their cooperation.

Franchisor most important responsibilities is to transfer the rights to use own brand, develop uniform documentation and transfer of documents, including a description of the know-how and technologies of business, industry standards and secrets, providing ongoing support to stage the opening of business and ongoing support for its existence, making and maintaining exclusive contracts for the supply, conducting regular quality control of the franchisee. Franchisee must instead pay a down payment and make regular payments (royalties) for the use of the franchise; meet standards and technologies franchisor; zabezpuvaty match the quality of their goods or services to the level of quality of goods and services provided directly by the franchisor or the quality standards set by him; provide customers all the extras that they have

provided the franchisor, not to divulge the secrets of the franchisor and other confidential information received from him perform developed franchisor programs for business development.

Thus franchising dialectically combines dependence and freedom of franchisees, which is in close relationship with franchisor. When both sides are interested in developing their own business, brand promotion, preservation and maintenance of a stable positive reputation of the brand.

Franchise agreement provides for the mutual benefit of the parties. Franchisor promotes its own brand, which is spreading to other geographic areas thus increasing market reach without attracting significant investment, as major financial and organizational costs itself takes franchisee; gets additional revenue by receiving payments from the franchisee for the use of its system of doing business.

Franchisee reduces the risks of starting a new business, using the already proven highly effective business system and brand name that has already established itself in the market. Franchisee operates as an independent business unit, which retains its legal, financial and administrative independence. Franchisor continuously supports its franchisees by providing them with ongoing advice, production support, helping them to enter into exclusive contracts for the supply of materials and equipment. Franchisor may also be a guarantor loan agreements franchisees greatly simplifying the way search creditors and cooperation with them. Franchisor and franchisee can combine their efforts in planning and implementation of branding, market research, finding new partners, etc..

Yet with all these advantages successful expansion of influence brand franchisor is in direct proportion to the teamwork of foreign firms that do not always work conscientiously, causing damage to the reputation of the franchisor. For the franchisor is a significant risk of disclosure of its trade secrets.

Features interaction franchisor and franchisee define several types of franchises. Ukrainian scientist Ossietzky VL emphasizes the existence of two main types franchayzyhovyh systems: franchise business format franchising and product. The basis of the company that operates on a franchise product is just the product, its consumer properties. Franchise Business format is characterized by an increasing number of obligations that govern the franchisee because attention is not only the product itself, but the way its representation to consumers [5].

In addition to these, you can ascertain the existence of other types of franchising: trade (franchisee sells products under its franchise system sales under his trademark), service (franchisee provides services according to quality criteria of the franchisor and the franchisee under the trademark), manufacturing (franchisee produces goods according to the franchisor's proprietary production system under his own trademark) and mixed (combining components described above formats franchise) franchise.

Above mentioned types of franchise share many characteristics with other systems business. For example, commercial franchising is often compared to dealer agreements, production - with a license. However, the major difference in this case is the anonymity of the franchisee compared to firm-dealer or licensee that form their own corporate image and perform independent marketing policy.

Therefore, the corporate image of the organization is its important intangible resource that helps to realize its strategic goals and objectives . Franchising is a form of the corporate image, since it is based on borrowing successful business format and identity elements of a successful company by another company for fruitful cooperation in order to develop business. Given the rapid growth and popularity of this system in Ukraine this subject needs further investigation in the cases most successful franchise networks.

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