

# “An Empirical Study of Franchise Satisfaction in Fast Food Industry Franchise-Based Business”

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## ABSTRACT:

The fast food industry has witnessed significant growth due to urbanization, changing consumer lifestyles, and increasing demand for quick service restaurants and cafés. Franchising has emerged as one of the most effective expansion strategies adopted by food brands to expand their market presence. This research paper examines the level of franchisee satisfaction in the fast food franchise industry and identifies the factors that influence franchise business performance.

The study focuses on selected café and bakery franchise brands including The Hazelnut Factory, Sidewalk, Roastery Coffee House, The Butter Story, and Theobroma. Primary data was collected through questionnaires distributed among franchise owners, managers, and employees, while secondary data was gathered from academic journals, books, and online sources.

The results indicate that most franchise owners are satisfied with franchisor support, training programs, and marketing assistance. However, challenges such as high operational costs, royalty payments, and increasing market competition affect franchise profitability. The research concludes that effective communication, strong brand reputation, and continuous franchisor support are essential for maintaining franchisee satisfaction and ensuring long-term success in the fast food franchise industry.

## INTRODUCTION:

The fast food industry has grown rapidly over the past few decades as a result of changing consumer lifestyles, increased urbanization, and rising demand for convenient dining options. Consumers increasingly prefer quick service restaurants, cafés, and bakery outlets that provide fast service, quality food, and comfortable dining experiences.

To expand their operations and reach wider markets, many food brands adopt the **franchise business model**. Franchising is a business arrangement in which a company, known as the franchisor, grants individuals or organizations the right to operate a business under its established brand name and operational system. In return, the franchisee pays an initial franchise fee and ongoing royalty payments.

The franchise model benefits both parties. The franchisor can expand the brand into new markets without making large capital investments, while franchisees gain access to an established brand, proven business strategies, standardized procedures, and marketing support.

Many successful global brands such as McDonald's, Domino's, Subway, and KFC have successfully adopted franchising as a strategy for expansion. Similarly, several Indian café and bakery brands such as **The Hazelnut Factory, Sidewalk, Roastery Coffee House, The Butter Story, and Theobroma** have expanded their presence using franchise partnerships.

Despite its advantages, the success of the franchise system largely depends on **franchisee satisfaction**. Franchise owners invest significant financial resources, time, and effort into managing their outlets. Their satisfaction with franchisor support, operational guidance, marketing strategies, and training programs plays an important role in determining business success.

This research aims to analyse the level of satisfaction among franchise owners in the fast food industry and identify the factors that influence franchise performance and relationships between franchisors and franchisees.

The main objectives of the study are:

1. To examine the factors affecting franchisee satisfaction in the fast food franchise industry.
2. To analyse the role of franchisor support, training programs, and marketing assistance in improving franchise business performance.
3. To identify the major operational challenges faced by franchise owners while managing franchise outlets.
4. To evaluate the relationship between franchisor–franchisee cooperation and franchise business success.

## LITERATURE REVIEW:

Franchising has become one of the most widely adopted business expansion strategies across industries, particularly in the fast food sector. It enables companies to expand rapidly while maintaining brand consistency and operational efficiency. According to **Kotler and Keller (2016)**, franchising allows organizations to grow their market presence by collaborating with independent entrepreneurs who operate under the company's brand name and standardized business system. This arrangement benefits both franchisors and franchisees, as it reduces expansion costs for the franchisor while offering franchisees the advantage of operating under an established and trusted brand.

Research conducted by **Michael (2003)** emphasizes that franchisee satisfaction plays a critical role in the long-term success of franchise systems. Franchise owners are more likely to remain committed to the brand when they receive adequate support from the franchisor in areas such as operational guidance, marketing assistance, and supply chain management. When franchisees feel supported and valued, they are more motivated to maintain brand standards and deliver high-quality customer service.

Another important aspect of franchising is the relationship between franchisors and franchisees. **Dant and Nasr (1998)** highlight that trust and communication are essential components of a successful franchise relationship. Effective communication channels help franchisors provide timely support to franchisees and ensure that operational issues are resolved quickly. Poor communication, on the other hand, may lead to misunderstandings and dissatisfaction among franchise partners.

According to **Kaufmann and Eroglu (1999)**, franchise systems rely on standardization to maintain consistent product quality, service standards, and brand identity across different locations. Standardized procedures ensure that customers receive the same experience regardless of which franchise outlet they visit. However, excessive control from franchisors

can sometimes limit the flexibility of franchise owners. When franchisees are unable to adapt their operations to local market conditions, it may affect their satisfaction and overall business performance.

Training and development programs are another important factor influencing franchise success. **Stanworth and Curran (2004)** suggest that continuous training programs help franchise owners and their employees understand operational procedures, quality standards, and customer service practices. These training sessions ensure consistency in product preparation, service delivery, and brand representation. Effective training also improves employee productivity and helps maintain a positive customer experience.

In addition to training, marketing support provided by franchisors plays a significant role in franchise performance. **Berman and Evans (2013)** explain that franchisors often invest in national advertising campaigns, digital marketing strategies, and promotional activities that benefit all franchise outlets. These marketing initiatives help increase brand awareness, attract new customers, and strengthen the brand's market position. For franchise owners, such marketing support reduces the burden of individual promotional efforts and contributes to higher sales.

Another key factor affecting franchisee satisfaction is profitability. Franchise owners invest significant financial resources in establishing their outlets, including franchise fees, equipment costs, rental expenses, and staff salaries. **Altinay and Okumus (2010)** note that when franchise businesses generate stable profits and steady customer traffic, franchise owners tend to have higher satisfaction levels. However, high royalty payments, rising operational costs, and market competition can sometimes reduce profit margins and create financial pressure for franchise owners.

The fast food industry has been particularly successful in adopting the franchise model. Many global brands such as McDonald's, Domino's, and Subway have expanded internationally through franchising. According to **Hitt, Ireland, and Hoskisson (2017)**, franchising allows restaurant brands to enter new markets quickly while maintaining consistent product quality and service standards. The model also enables entrepreneurs to start businesses with lower risk compared to independent ventures because they receive operational guidance and brand support from the franchisor.

Previous studies indicate that franchisee satisfaction is influenced by multiple factors including franchisor support, training programs, marketing assistance, brand reputation, profitability, and communication between franchisors and franchisees. Understanding these factors is important for improving franchise relationships and ensuring the long-term sustainability of franchise-based businesses in the fast food industry.

## RESEARCH METHODOLOGY:

### Research Design

The study uses a **descriptive research design** to analyse the level of franchisee satisfaction in the fast food franchise industry. Descriptive research helps in understanding the characteristics, opinions, and experiences of respondents.

### Research Approach

A **quantitative research approach** was adopted for this study. Numerical data was collected through structured questionnaires and analysed using percentage analysis to identify patterns in franchisee satisfaction.

### Population of the Study

The population includes:

- Franchise owners
- Franchise managers
- Employees working in franchise outlets

The study focuses on selected café and bakery franchise brands including:

- The Hazelnut Factory
- Sidewalk
- Roastery Coffee House
- The Butter Story
- Theobroma

### Sample Size and Sampling Technique

Due to time and resource constraints, the research was conducted on a sample of **30 respondents**.

The study used **convenience sampling**, where respondents were selected based on their availability and willingness to participate.

### Data Collection

#### Primary Data

Primary data was collected through structured questionnaires that included questions related to:

- Franchisee satisfaction
- Franchisor support
- Training programs
- Marketing assistance
- Profitability
- Operational challenges

#### Secondary Data

Secondary data was collected from:

- Academic journals
- Marketing and management textbooks
- Online articles and industry reports
- Company websites

### Data Analysis Techniques

The collected data was analysed using **percentage analysis** and presented through graphical representations such as pie charts and bar graphs to simplify interpretation.

## DATA ANALYSIS AND INTERPRETATION:

### Franchisee Satisfaction

The study revealed that **70% of respondents were either satisfied or highly satisfied** with their franchise business. This indicates that operating under a recognized brand offers advantages such as brand recognition and customer trust.

### Franchisor Support

Around **70% of respondents reported satisfaction with franchisor support**, particularly in areas such as supply chain management, operational guidance, and quality control.

## Training Programs

Approximately **67% of respondents stated that franchisor training programs were effective** in helping staff maintain consistent service quality and operational standards.

## Profitability

The results showed that **60% of respondents considered their franchise business profitable**, while others reported moderate profitability due to operational expenses such as rent, salaries, and royalty payments.

## Marketing Support

About **67% of respondents believed that franchisor marketing support was effective**, especially through digital marketing campaigns, social media promotions, and online food delivery platforms.

## Major Challenges

The major challenges faced by franchise owners include:

- High operational costs (35%)
- Royalty fees (25%)
- Competition from other brands (20%)
- Limited decision-making flexibility (10%)
- Supply chain issues (10%)

## FINDINGS:

The analysis of data collected from franchise owners, managers, and staff members of selected fast food franchise outlets revealed several important findings related to franchisee satisfaction and business performance.

One of the key findings of the study is that **brand reputation plays an important role in attracting customers and maintaining business stability**. Franchise owners reported that operating under a well-known brand helps build customer trust and increases customer footfall. Strong brand identity and recognition contribute positively to the performance of franchise outlets.

Another important finding is that **franchisor support significantly influences franchisee satisfaction**. Most respondents indicated that operational guidance, supply chain support, and standardized procedures provided by franchisors help them manage their outlets efficiently. Franchise owners who receive regular communication and support from franchisors tend to report higher satisfaction levels.

The study also found that **training programs provided by franchisors improve operational efficiency and service quality**. Training helps staff members understand product preparation methods, service standards, and brand guidelines. As a result, franchise outlets are able to maintain consistent product quality and customer service.

**Marketing support** was also identified as an important factor affecting franchise performance. Respondents mentioned that promotional campaigns, digital marketing, and social media promotions conducted by franchisors help increase brand visibility and attract customers.

However, the study also revealed certain **challenges faced by franchise owners**. High operational costs, royalty payments, and increasing competition in the fast food industry were identified as major concerns. These factors can sometimes reduce profitability and affect franchisee satisfaction.

Overall, the findings indicate that **franchisee satisfaction is influenced by factors such as brand reputation, franchisor support, training programs, marketing assistance, and profitability**. Improving communication and providing additional support to franchise owners can further enhance franchise business performance

## CONCLUSION:

The franchise model has become one of the most effective strategies for expanding businesses in the fast food industry. It allows companies to increase their market presence while providing entrepreneurs with the opportunity to operate under established brands.

The findings of this study indicate that franchise owners generally benefit from brand recognition, operational support, and marketing assistance provided by franchisors. These factors contribute positively to franchisee satisfaction and business performance.

However, challenges such as high operational costs, royalty payments, and limited decision-making flexibility can affect franchise profitability.

To improve franchisee satisfaction, franchisors should focus on:

- Enhancing communication with franchise owners
- Providing continuous operational and marketing support
- Offering flexible strategies to adapt to local markets

Maintaining a strong franchisor–franchisee relationship is essential for achieving sustainable growth in the fast food franchise industry.

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