

THE RELATIONSHIP BETWEEN FRANCHISOR AND FRANCHISEE IN VIETNAM FROM THE ADVERTISING ASPECT

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Objective:

To understand more about franchisor and franchisee relationship in advertising aspect in Vietnam market and contribute to the discussion of this aspects for Vietnamese franchisor and franchisee, help them better understand the each other's thoughts and keep this balance

Research questions:

“What are the elements of advertising that impacted the relationship between franchisor and franchisee? And how? How to make both sides satisfied and achieve balanced benefits?”

Methodology:

Qualitative methodology and used both primary data and secondary data
6 in-depth interviews from franchisors and franchisees in Vietnam
Conducted in two months

Impact of advertising forms in chains

- Advertising activities play an important role and every chain takes into consider about advertising strategies carefully in order to promote its brand in the right way
- However, most if not all. There was one franchisee are running an advertising activity independently. It partly showed the more openness attitude of franchisor in franchisee autonomy aspect.

Impact of e-commerce and development in chains

- Only 2 out of 6 chains reported conflict, however, they have an equal relationship between the franchisor and the franchisee, and the franchisor is very patient when dealing with the situation, so there is no conflict leading to the franchisee's desire to leave the chain.

Impact of financing in advertising

- All the franchisors interviewed in this study the necessity of explaining the use of advertising fee so as to enhance the trust and the connection between franchisor and franchisee.

The satisfaction from Franchisor and Franchisee

- From franchisee's position, they don't have any problem with the uniformity of their chain and feel quite satisfy
- From the position of franchisees, half of franchisees interviewed care about the efficiency of advertising activity as it affects directly to their business.
- The transparency, support and accompany with franchisees is very important in the relationship between franchisor and franchisee. It determines the success of a chain in terms of development and management.

Results of research

In Vietnam, concerning advertising, although misunderstanding is unavoidable, franchisors and franchisees have been collaborating well efficiency of advertising activities is their common objective and much as the franchisees are in eager anticipation of depending on their franchisor, the consistent advertising plans from franchisors as well as the clarity and the transparency in advertising in chain are necessary to overcome obstacles and enhance their relationship

Challenges and tracks for the future research.

- Qualitative methodology is used in this research so as to describe and explain the issue of the research. However, we only have 8 samples- the small number of interviews which cannot present the whole population in the Vietnamese market. In order to extend our finding, a quantitative approach is suggested to be used with a robust samples size to enhance accuracy.
- Regarding to the specific of the market, we focused only on the Food & Beverage service chains in Vietnam. In a certain way, this study may not be correctly designed for other categories and in other markets or it can be used only for reference purpose because of the differences in characteristic. So as to improve the objectivity, future research should expand the investigation to other industries. Thereby, increase the validity of the research.
- There are difficulties in interviewing franchisors and franchisees. Because Vietnam is a potential and interesting market, there is a intensively competition amongst chains. Thus, during the interviews, almost franchisors and franchisees were not opened to the questions as they do not want to share their business.
- During the interviews, because of the difference in vocational qualification and professional aptitude of franchisors and franchisees in understanding questions, there were some obstacles in communication and misunderstanding situations.
- The limitation of laws and regulations lead to the difficulty in our research. Until now, franchise law in Vietnam are still limited, there are few specific documents related to advertising activities in franchising. With the continuous development of franchise business especially the participation of foreigner chains, the conflict between franchisor and franchisees from the advertising aspect will become more complicated.