

It may be noted that the publicity - as a form of mass communication aimed at achieving popularity of a company, a person, an event etc. through the media – is an important element of the marketing activities of any modern company seeking development.

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## **FRANCHISING – A COMBINATION OF "BIG" AND "SMALL" BUSINESS**

*Key words: franchising, business*

Franchising - is a business organization under which the company (franchisor) passes a particular person or company (franchisee) the right to sell products and services of the company. Franchisee agrees to sell the product or service on pre-defined laws and regulations of doing business, establishing the franchisor. In exchange for the implementation of these rules franchisee obtains permission to use the name of the company, its reputation (goodwill), product and services, marketing, technology, expertise and support mechanisms. To obtain such rights, the franchisee makes an initial contribution to the franchisor and then pays a monthly premium. This kind of lease, because franchisees never becomes full owner of the trade mark, but only the right to use the trademark on the period of payment of monthly premiums. Being subject of discussion, the amounts of these contributions negotiated a franchise agreement. Franchise package (complete system of business transferred to franchisees) allows the corresponding businessman to run their business successfully even without previous experience, knowledge or training in this area.

Opening its business on the franchise system – a multiple reduction of investment risks by using well-known brand and repeatedly tested and well-established technology business. And the money, that the businessman pays for the right to use the brand and technology, by orders of magnitude less than the amount required for the creation and development of business "from scratch".

And if we consider the main advantages of this form of business, we can distinguish the following examples:

- 1) Raising capital;
- 2) Speed of development;
- 3) Labour Resource;
- 4) Ease of Management/

The disadvantages of franchising system are:

- 1) Every man for himself;
- 2) Planning Incorrectness;
- 3) Quality control/

In this way, we can say that the franchise – a combination of "big" and "small" business. This connection was called union, which on one hand is the energy and

commitment individual entrepreneur; on the other hand the resources, commercial power and vast experience of large companies. By combining all this factors, we get the power, responsibility, strength, resources and expertise.

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## **SUCCESS FACTORS OF FRANCHISING COMPANIES**

*Key words: franchising, business, franchising companies*

One of the most successful tools in business today is franchising. Its application includes assignment of rights to use a trademark to a standalone company or to sale branded products to other companies.

The transmission of the right to use a well-known brand name is a source of considerable income. Franchising also helps promote the brand in undeveloped markets.

Acts on behalf of a well-known company enables franchisees to avoid extra expenses on advertising and providing information about their products, as the products they sell are widely known. Practice shows that small and medium businesses that develop through franchising, is consistently profitable and they are competitive for a longer time and retain their positions better than newly set-ups.

The largest franchise companies of 2016 were McDonald's, SUBWAY®, KFC, Burger King, Pizza Hut. Franchise companies were assessed on the basis of the following indicators: the number of granted franchises, franchise revenue, sustainability and growth, the length of activities and market expansion period.

Due to their successful marketing policy, companies engaged in franchising, are constantly expanding their activities and receiving significant revenue. This is achieved through several franchising benefits including increase of the number of trade missions, reduction of their maintaining costs, the company's popularity growth. Franchising activities provide opportunities to get round antitrust laws in different countries, as some powerful companies can take a significant market share. Creation of franchise companies on new territories reduce business risks for the franchisor associated with a new market, as the business owner is a different person, better adapted to these conditions.

Thus, it can be concluded, that franchising is the best choice for a new entrepreneur to succeed in their business. And for big companies franchising is one of the best methods to refresh and expand economic activity.