

FRANCHISING : AN ALTERNATIVE BUSINESS
INVESTMENT (A STUDY BASED ON EON
FRANCHISE SERVICE DEALER)

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CHAPTER 1

INTRODUCTION

Franchising has expanded rapidly around the world during the 1970s and 1980s. It is often viewed as an industry by itself. However, franchising is not an industry, but a process - an ongoing contractual relationship between a franchisor and a franchisee. Franchising is a distribution method which is being used by an increasing number of¹ businesses for expansion and growth.

Franchising is defined by the British Franchise Association as the method by which the owner of a business (franchisor) contractually agrees to allow another independent person or company (franchisee) to market a certain product or service within a specified geographical area.²

Franchising can be said as a form of business that combines many of the aspects of small business proprietorship with the know-how, trademarks and reputation of an established, often very large, corporation. To repeat the earlier definitions, we can say that a franchise is usually a licensing agreement that permits an individual to own his or

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