



**The Contribution of Franchising to Retail Trade Growth in Dasmariñas, Cavite**

**A Thesis**

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**by**

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**ABSTRACT**

Title: The Contribution of Franchising to the Retail Trade Growth in Dasmariñas,  
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Summary

Franchising as a distribution method and an alternative to the traditional way of conducting business has not only gained popularity in the world but has contributed to the growth of retail trade and made an impact to the economies of United States, Australia, Canada, Taiwan, and Japan among others. In the Philippines, its role in the growth of retail trade has been significant over the years. Currently, 15% of retail sales come from franchise business. According to FRANCORP, a consulting firm and an NGO supporting franchising in the Philippines, the goal in the near future is to reach 50%. The study aims to investigate the role of franchising in the retail sector of the local government of Dasmariñas, Cavite. Specifically, it has sought to find out its contribution to the growth of the retail trade in Dasmariñas, Cavite from 2002-2004 measured in terms

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of the following variables: sales and number of establishments. It also intends to take a deeper look into the franchising system by knowing the problems encountered by franchisees.

The study used a mix of primary and secondary data. The researcher conducted a survey interview among 30 respondents regarding problems encountered in day-to-day business operations of franchisees. The reports of the Licensing Division of Dasmariñas Municipality and Department of Trade and Industry-Cavite were source of secondary data on sales and number of establishments. Sources of literature survey included journals, newspaper, and internet sites. The following are some of the highlights of the research:

More entrepreneurs in Dasmariñas, Cavite are turning into franchising as an alternative to conduct business. The growth in the number of franchise establishments from 1994-2004 has shown an average annual growth rate of 86% but significant growth was noted from 2002-2004 when SM and Robinson's were established. Franchise sales increased by 5% from 2002-2003 and 24% from 2003-2004. The contribution of franchising to retail trade growth showed very promising results. In terms of number of establishments, its contribution was an average of 1.4% from 2002-2004. Franchise sales on the other hand has contributed an average of 16% in retail sales from 2002-2004.

Fastfood/Restaurants and Clothing/Accessories were the dominant types of franchise establishments. 78% of franchises operating in Dasmariñas, Cavite were



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homegrown while 22% were foreign. In terms of ownership, there were more company-owned stores compared with franchisee-owned. Majority of franchise establishments were housed by malls like SM and Robinson's, and Waltermart. Capitalization requirements for both local and foreign franchises would range from P150,000-25,000,000.

The dominant problems encountered by franchisees shared by 30 respondents were in the areas of Marketing, Services, and Human Relations. Marketing problems included inferior marketing campaigns while Human Relations problems were in tardiness and absenteeism, dishonest employees and fast turnover. Services concerns were primarily on customer complaints on poor service, crew attitude, and defective products. Solutions to the problems were also presented by the respondents.

It is recommended that both government and private sector coordinate to help in the promotion of franchising as an alternative to do business and to propagate SMEs in Dasmariñas, Cavite. Suggested areas of assistance are in training, finance, marketing, and research.

The role of the local Department of Trade and Industry in coordination with franchise organizations and the academe in promoting and developing training programs is the key. It is recommended that DTI sponsor franchise seminars and workshops. The agency can also put up with a help desk to assist potential investors in gathering information in acquiring the right franchise business.



The support of private financial institutions is vital in providing funds and capitalization to both existing and potential franchisees. Government should also intensify its support in the franchising system as a way to propagate SMEs by increasing budget allocated to promote franchising in the country.

The local government of Dasmariñas, Cavite is enjoined to strengthen its support to franchising by improving its database management, providing fast services, and implementing lesser restrictions.

Future researchers can explore other areas of franchising not tackled in this study such as factors that caused the growth of franchising in Dasmariñas, Cavite, and profitability of franchising system among others.

