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FRANCHISE AS A BUSINESS MODEL: A COMPARATIVE
ANALYSIS BETWEEN RUSSIA AND USA. CASE: SENOR DONER.

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Abstract

Franchising is becoming more and more popular in the world, mainly in the USA and the Russian Federation. The thesis describes in detail the system of franchises, advantages, and disadvantages for both sides (the franchisee and the franchise owner). A comparative analysis is carried out between the two countries. The rules of franchising in both countries are described. Examples of franchising companies, with an in-depth description of the grocery franchise business and a real example from the Senor Doner case are given. The thesis aims to understand franchising as a business model through a comparative analysis between Russia and the USA in the case of Senor Doner.

Primary data was collected from interviews with franchise professionals. Secondary data included literature review, authors' experiences, statistics collected from articles, textbooks and industry reports from which the reader will know more about franchise as a business, differences between 2 countries.

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1 INTRODUCTION

1.1 Background

Nowadays franchise become one of the most popular ways of doing business, it includes on only food industry but also manufacturing, IT sphere and so on. According to etymology dictionary: “Franchising is based on a marketing concept that can be adopted by an organization as a business expansion strategy. If implemented, a franchise will license its know - how, procedures, intellectual property, use of its trademark business model and the rights to sell its branded products and services to the franchisee. In return the franchisee pays certain fees and agrees to fulfill certain obligations, typically set out in a “franchise agreement”. “The word "franchise" is derived from the Anglo-French word - *franc*, meaning - free and is used both as a noun and as a (transitive) verb. For the franchisor, the use of a franchise system is an alternative business growth strategy, compared to expanding through corporate - owned outlets or “chain stores”. Adopting a business growth strategy of a franchise system for the sale and distribution of goods and services minimizes the franchisor's capital investment and the liability risk.” (Online Etymology Dictionary 2021.)

Franchising is not an equal partnership, especially due to the prevalence of the franchisor over the franchisee. Under certain circumstances such as transparency, favorable legal conditions, financial resources and proper market research, franchising can be a means of success for both the franchisor and the franchisee.

Thirty-six countries have laws that explicitly regulate franchising, while most other countries have laws that directly or indirectly affect franchising. Franchising is also used as a way to enter a foreign market. (Franchise 2017.)

Today the process of forming a franchise is seen as spontaneous and unstructured, and not every organization can set a goal to diversify through a franchise portfolio. However, increasing competition in the market, the emergence of new technologies and substantially rapid obsolescence of existing ones pose new challenges for the

organization that force it to concentrate efforts and efficiently use the resources of the organization.

In the innovative field of activity, it is impossible to standardize processes. It is only possible to accompany a partner as the business model is implemented, business processes are formed, and the market or technologies change as well as the format or content of relations. A qualitatively new approach to the development of franchises by organizations-developers of innovations is required.

Existing studies of the problems of managing franchise diversification projects and portfolios do not provide clear recommendations and unified approaches to the development of the franchising system for an enterprise. The lack of theoretical elaboration of the problem under consideration has an effect.

This study uses an exchange rate between the Russian ruble and the euro by the Central Bank of the Russian Federation: 1 euro = 86,39 rub; 1 dollar = 73,90 rub; 1 dollar = 0,85 euro. (Bank of Russia 2021).

1.2 Aim

The aim of this research is to compare the franchising systems in the world, to describe in detail this field of business from different sides: from the side of the franchisee and the side of the franchisor in Russia and in the world.

To achieve the goal set in the thesis, it was necessary to solve the following main tasks:

- to study the theoretical foundations of franchising management in an innovative environment;
- to study the market offerings of some existing franchises;
- to evaluate the experience of foreign countries in building franchising models;
- to study the state of the business environment for developers of franchise offers;
- to study the state of the business environment for developers of innovative products and the possibility of using the basic provisions of project management for these purposes.

1.3 Methodology

The research is carried out mainly by qualitative methods, namely opinions and experiences, samples, interviews with professionals and in-depth analysis. Secondary data for the literature review is collected mainly from books about franchise systems, franchises in different countries, the author's business experience, industry trends, reports and online articles. Primary data for the practical part of the report were obtained from interviews with Ilyas Shukurov, partner and co-owner of Senor Doner company, and Mr. Boris Makhrenskii (the person with the same name as an author), an expert in small and medium businesses in Karelia, Russia.

1.4 Outline

This study on franchising starts with a literature review, analytics, and a large amount of information based on interviews conducted by the author with the co-owner of the franchise Senor Doner and other fast food companies

2 FRANCHISING AS A BUSINESS PROCESS

2.1 Concepts of franchising

A franchise is an already packaged product or business idea verified in all aspects and ready to work. If the franchisor licenses the know - how, procedures, intellectual property, use of its business model, brand, and the rights to sell its branded products and services to a franchisee realized by the owners. (Lumen 2021.)

When a contract is ready and signed, the franchisee must pay monthly payments to the owners of the franchise. This is called royalty. It can be once a month and, depending on the income, it can be a one-time fixed price per month. Each company has its own

rules on what percentage the franchisee should pay monthly, be it 3% or 10% of income or turnover. Most franchisors give their new clients a minimal royalty amount for 3-4 months, and when they see the turnover getting higher, the monthly percentage can be changed. This also depends on the agreement that both parties signed earlier. Another possibility is to pay nothing as royalties but the franchisee must buy a different number of services/products from the franchisor every month.

For a franchisor, using a franchise system is an alternative business growth strategy, compared to expanding through corporate-owned outlets or chain stores. Like other business companies, franchising is not immune to risks. Franchising is renting a trademark and commercial designation. The use of a franchise is regulated by an agreement between franchisor and franchisee.

The content of an agreement can vary from the very simple to the very complicated. It includes rules for the use of the selling company's trademarks.

Figure 1 illustrates the main aspects of the franchising system, including licensing, brand ownership, franchise agreement and fee structure. (Webber 2012, 26.)

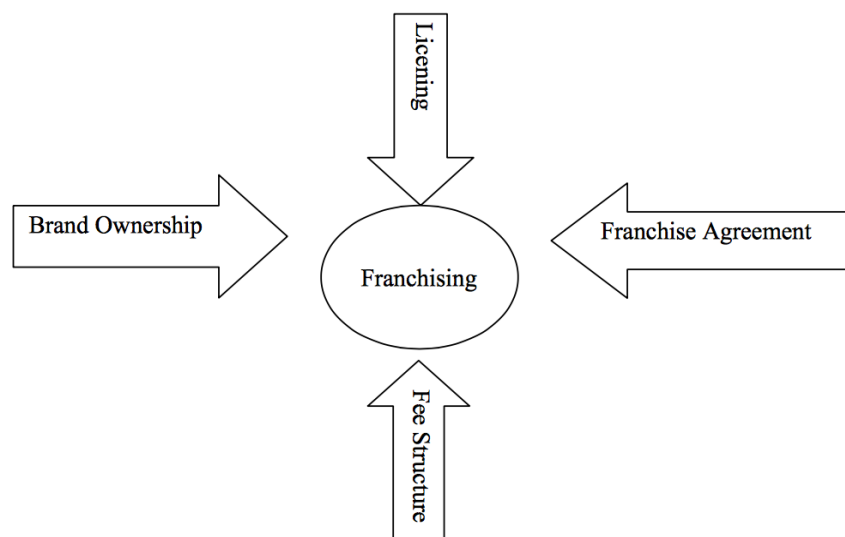


Figure 1. The main aspects of the franchising system.

There are six main concepts of franchising are indicated below.

1. Franchisor- receiving the payments for using trademark, know-how, providing the supply of raw materials, components, staff training.

2. Franchisee- buys (pays fees) the right to conduct business according to the scheme developed by the franchisor. The franchisee himself bears the cost of preparing, launching and operating the website.
3. Franchise- a system that describes all aspects and conditions of business, so that they meet the requirements of the franchisor.
4. Lump-sum - the cost of the franchise, a fixed amount that the franchisee pays the franchisor at the initial stage. It can be 9-11% of the total start-up costs. Usually, it includes a business book (business activity regulation), a brand book (rules for formation and using corporate identity elements, advertising), personnel management and training, sales techniques, recipes and technologies, accounting forms, reporting, instructions, etc.
5. Royalty- a payment which franchisee pays to franchisor every month for the using trademarks, patents or other copyrights owned by the franchisor.
6. Promotional fee- a monthly payment for conducting global advertising and marketing campaigns. It can be 1-3% of turnover/revenue or a fixed amount.
(Audit-it 2019a.)

Franchisor Revenue Sources.

This list shows the sources of the franchisor's income. The franchisor can earn not only by selling the rights of their company but also by other means described below.

The new partner of the managing company pays the entrance fees of new franchisees, royalties (fixed payments or payments as a percentage of the revenue or profit of the franchisee). Also, the new partner "helps" the parent company to get more profit from such things as mark-ups on supplied goods (materials), discounts from wholesale suppliers, rewards for choosing premises and equipment for franchisees, renting out franchisees' buildings and equipment, interest on loans to the participants of the franchise system, management fees, consulting services, and franchise marketing fees. Furthermore, the franchisor's own outlets can be opened in parallel fashion with the franchise business. (Audit-it 2019b.)

Sometimes, in order to increase the attractiveness of the franchise, the franchisor organizes the outlet himself, monitors its profitability and offers franchise.

2.2 Types of franchising according to types of activity

There are different forms of franchising systems. The owner decides which suits him best for the organization. The system also depends on activities of the company. Based on the type of activity, the following types of franchising are distinguished: production, service, trading and mixed.

Production type

This type of cooperation involves the transfer of the unique production technology of the product from the franchisor to the partner, as well as the necessary technical experience. The franchisee organizes the production of goods on its own territory with the right to apply the franchisor's trademark to it. In this case, the product must correspond to the parameters and quality of the original product.

Service type

In this case, the entrepreneur gets the right to use unique recipes and technologies to provide a certain type of service. By opening its outlet, the franchisee gets the opportunity not only to use a well-known trademark, but also to conduct training of the service personnel, use the franchisor's database, and its software in their work.

Trading type

The franchisee is not engaged in the production of goods, but exclusively in their sale. The franchisor produces the goods; he also provides a way of selling. That is, an entrepreneur opens a store using the manufacturer's trademark and receives support in training personnel regarding the characteristics of the product and methods of implementation, product selection, merchandising, and so on.

Mixed type

It is a harmonious combination of commercial, industrial and service franchising. This type of business implementation occurs when a franchisee opens an outlet of the goods by the franchisor, and at the same time provides services for the maintenance or use of these goods. (Audit-it 2019c.)

2.3 Forms of franchising according to the system network organization

In franchising businesses there are different forms of franchising that a client or head company can choose from:

1. Direct franchising.

The transfer of rights to conduct business to one person (one enterprise) with a limited territory.

2. Subfranchising.

In this form, the franchisor transfers to the sub franchiser most of its rights in the territory assigned to it, including the right to open its enterprises and sell franchises to third parties.

3. Master franchise.

This is very close to sub-franchising and is used, as a rule, in the activities of large international chains (usually a whole country or a group of countries acts as a fixed territory). Unlike the previous form, in which only a part of the rights and obligations of the parent company is delegated to the middle management. In this case it is assumed that the franchisor of the main franchisee will be fully and exclusively transferred. (Franchisinginfo 2013.)

2.4 Franchising models

There is a great number of franchising systems in the world today. The buyer and the person which would like to create a new franchise have to make a choice, which franchise it will. There are different types of franchising systems which are described below.

1. Classic franchise. Having a lump sum and royalties, there must be strict corporate standards, trademark transfer and franchise periodic reporting. This type is not very popular and is usually associated with the fact that entrepreneurs in different countries do not like a strict framework but rather prefer to have more independence in making decisions.

2. Turnkey franchise - this type is also called a "silver" franchise or turnkey business. The essence of this phenomenon is that a fully prepared business is handed over to those who purchase such a franchise. That is, the franchisor himself decides all organizational issues, tries to find the premises and concludes a lease agreement, establishes the process and only after completing these aspects the franchisor transfers all the rules to the franchisee. After that, as a rule, the franchisor no longer interferes in the business process but instead receives interest on the profits.

3. Free franchise - the franchisee uses the network's trademark, free training and counseling. The franchisor provides discounts and low purchase prices. The initial payment for the franchisees is usually small, but there are often fees. This type of franchise gives the buyer full freedom and is now one of the most popular types of work in different countries.

4. Gold franchise – this is also called a master franchise. It gives franchisees the exclusive right to conduct business in their region, country or even part of the continent. All rights to the trademark and even rights to sub-franchising become the property of franchise. Owning a golden franchise allows them to sell the franchise to other interested parties, expanding their business.

5. Renting franchising - the franchisor transfers only a business object to the entrepreneur's disposal, reserving all ownership rights. Thus, the franchisee is very limited in actions, and, in fact, is only the manager.

6. Licensed and banking franchise - these two types are very similar to each other. Franchises of banks are very popular in the CIS countries (The Commonwealth of Independent States (or CIS) is an intergovernmental organization consisting of post - Soviet nations throughout Eurasia. There are nine member states in the Commonwealth of Independent States: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, and Uzbekistan. As the official franchisee bank in the region, it is in most cases profitable. (World population review 2020). However, there are not a lot of banks that sell franchises

in the different regions of Russian Federation, and they do it reluctantly. (NTI 2021).

A licensed franchise is very similar to a banking franchise, but in the CIS (Commonwealth of Independent states) countries this almost does not occur. The reason for this is insufficiently developed legislation. (Chinazirova 2017.)

2.5 Reasons for popularity

Nowadays, franchising is an excellent way to start a new business. It is easier, and the entrepreneur has a lot of support (depending on which company the buyer chooses) from the owners of the franchise he/she decides to buy.

This would be a good way to start an entrepreneur's life because the newborn entrepreneur does not have experience in the business field. In this situation the buyer has all the information needed from the person who started this business, all marketing materials, all numbers, strategies, useful contacts, where it is better to buy this or that, the guidelines for work, special instructions for the employees, etc.

According to an analysis by the British Franchise Association (BAF 2018.), franchising is a trading system that makes profit in 90% of cases. The availability of franchises depends on the country's legislative system, in particular, on lending and the protection of intellectual property. Franchising is associated with wider access to finances, as banks are very favorable to the franchise sector.

In Russia, for example, this mechanism is not yet sufficiently developed, although nowadays there are opportunities for businesspeople to get a loan to buy a franchise on more comfortable terms.

The author would like to describe some reasons why franchising is an excellent way to start a business.

1. Franchising represents a wide variety of business options in which it is possible to invest money, so everyone can find an area that matches their interests and preferences.

2. Investments in a business can range from a couple hundred thousand rubles (from 1,000 eur) to several million rubles (millions eur). Everyone can find an option that fits the budget. In addition, participation in projects can be remote. (It can be the business contact or online where the person just needs to work with the computer).
3. Franchising is available to both commercial organizations and individual entrepreneurs.
4. Franchising can be one of the ways to create and run a successful business, if the franchise is chosen correctly.
5. A profitable franchise includes not only a well-established business model, but also initial or ongoing support by franchisors. As the franchisee becomes part of a large commercial system, the partner will not be left alone with the risks and doubts that often arise at the initial stages of doing business.
6. The business operates under a well- established brand that has been tested in the market. Therefore, it promises a good profit. In addition, franchisors regularly conduct market research and adjust trade directions.
7. Franchising provides an opportunity to open a business with the right of its subsequent resale. (If a person decided to sell it, this is possible without any problems, because it is a brand that usually a lot of people already know, and they would like to buy it.)
8. The risk of making a mistake and losing the invested money is almost absent. First, the chosen business idea has already been tested and brings a steady income. Secondly, a franchise agreement includes the provision of complete business management guidance and chain of custody training.
9. The franchisor provides the partner with a ready-made marketing strategy, including ways to optimize sales and advertising to promote the franchise network.
10. Franchisees can save money on the "promotion" of the business, as it is already well known to the partners. (Astremskiy 2012.)

2.6 Advantages and disadvantages of franchise

The advantages and disadvantages of franchises are described in Tables 1 and 2. For the franchisor, it is a great way to develop business, and for a start-up entrepreneur, this is a way to become a business owner and gain work experience without inventing anything new.

After buying a franchise, an entrepreneur is responsible for selling the services / goods of the company in accordance with the principles established by the company-owner.

Subway is one of the best examples of successful brand promotion of the fast food chain. In 1965 was opened the first sandwich shop. Nowadays there are more than 43,000 worldwide. The annual turnover exceeds 11 billion dollars. (9,779,518,793 705,25 eur)

However, the company itself does not own any of its restaurants.. For young businesspeople, this is a case in business and an opportunity to develop their own business. Table 1 shows the advantages and disadvantages for franchisor.

Advantages for franchisor	Disadvantages for franchisor
Sufficiently quick business developing in different regions/ countries, with minimal costs.	There is no privacy. When the company decided to sell a brand, the franchisor sells its secrets. There is a risk of commercial secrets spreading.
Minimal risk. The franchisee is responsible for business development and associated risks.	Unification of accounting programs.
Excellent brand awareness. The more restaurants / stores / shopen open. etc., the more and more people learn about the existence of the brand. This makes it well-known.	The execution of the conditions of the franchise requires special control. When franchise selling a “name” it is very important not to lose a hard-earned confidence and image.
Sales revenue. The franchise is paid. The owner of the company receives income from this.	

Table 1. Advantages and disadvantages for franchisor (Batrachenko 2014a).

As well as, buying a franchise provides a number of other advantages that an entrepreneur does not have at the initial stage of developing a business (Table 1). A very

significant point is that the buyer gets a proven system of work and personnel training. New franchisees can avoid the mistakes of an aspiring entrepreneur because the franchisor has already improved all the system based on his own mistakes.

Good franchisors often do conduct market research before selling their franchises. Thus every person who buys a franchise can sure that there is a demand for this offer. Marketing research for many start-up entrepreneurs is a quite difficult work, therefore they make many mistakes. The franchisor is doing this work and provides the results of his research. It also gives an idea of competition, market differentiation, working marketing chips. In addition, the franchisee does not need to do a number of actions, such as buying materials and inventing services, negotiate rental terms and come up with the advertisement and run it. Usually franchisees have a lot of questions, because it is difficult for a new entrepreneur to get the best rental conditions, some suppliers would like to work only with famous brands, etc. In table 2 advantages and disadvantages for a franchisee are presented.

Advantages for franchisee	Disadvantages for franchisee
Starting a new business is fraught with many risks. But with franchising, people buy a ready-made business.	Loss of freedom in action and initiative in business. Franchisee is obliged to sell only according to established rules.
Minimal advertising costs. The brand is already well-known, the company-owner has already started an advertising campaign for the offer, so the cost of promoting will be low.	Buying the franchise brings big costs.
The franchisor helps with staff trainings, supplier contacts, business advice etc.	Complete dependence on the stability of the franchisor.

Table 2. Advantages and disadvantages for franchisee. (Batrachenko 2014b).

The biggest strength of franchising is its ability to attract independent retailers. Both use the same trademark and business concept. To add more, these accessories have many benefits, such as brand awareness, a consistent approach to meeting customer expectations and the effectiveness of advertising campaigns.

There are also some advantages of franchising for the individual owner. The constant risk of business failure is reduced when the business program is already successful in the market. Franchisee uses an established trademark and it saves time and money of creating and advertising a new brand.

Additional training creates instant operational experience, which is gained through trial and error. Starting a franchise business means a quick start and the speedy achievement of the desired results. However, like any other type of business, franchising has its minuses such as strict regulations for cooperation. After the conclusion of the concession agreement, the franchisee is must to comply with the rules and regulations which are presented in the contract, even if the business is unprofitable.

Closed list of suppliers.

The franchisee is obliged to buy goods only from those suppliers on the list provided to him by the organizing company, even if the quality of the product is poor and it cost more expensive.

The condition of "non-competition" is another disadvantage of the franchise. An entrepreneur who decides to run his own business is not entitled to open a competing enterprise in the same territory. The buyer cannot begin cooperation with other franchisors that sell similar goods / services. All this is spelled out in the contract. Large initial investments are another minus of franchising. More often, more money is required than when starting an independent business.

Termination of the contract unilaterally.

The franchisor who decides that a partner does not comply with the terms of the transaction can not only demand to suspend activities, but also sue for illegal use of the trademark. Such situations are extremely rare, but they do happen. This can results in the liquidation of the organizing company or in a change of leadership. No one is safe from this. This happens in times of crisis. (Miller 2010.)

It is apparent that the numbers of advantages and disadvantages in a franchise are approximately the same. When considering whether to buy one, a person needs to weigh

carefully all the pros and cons and only then decide whether to work on a franchise or open own organization, for which franchisee will be responsible.

3 FAST FOOD FRANCHISING IN THE USA

Franchising has its roots in the Middle Ages. Kings of England gave their close high-ranking subordinates the right to collect taxes personally. In return, they demanded the fulfillment of conditions - for example, participation in hostilities.

In the nineteenth century a relationship began to develop. This partnership was called "Tied Homes". At the time, the authorities issued a special license to sell alcoholic beverages to innkeepers. To pay for the license and for the yard itself, owners had to spend a huge amount of money. The brewers found out about this and offered the owners of the inns the right to lend the required amount of money provided that the borrowers sold their products.

Franchising entered the commercial level in the middle of the nineteenth century in the United States. The Singer Sewing Machine Company was one of the leaders in this niche. The quality of the product and the well-established production attracted a large number of customers. The owners of the company decided to enter a higher level of the sales market. One of the heads of the corporation put forward a proposal that turned the sales industry once and for all: decided to sell the rights to sell the product and use the brand name at preferential prices to independent agents, subject to the establishment of production. Also, a certain place was assigned to each franchisee. This agreement was the beginning of franchising in the modern world. (Hunter 2013.)

Laws on the registration and use of trademarks began to appear. Trademark owners now had the right to go to court if someone used a trademark or logo which they decided to sell.

By the 1950s, franchising began to take on a modern look. During the rise in fertility after the end of the WWII, it was necessary to increase the production of different goods and the provision of services. In particular, this concerned the catering sector. This

served as a great impetus for the development of franchise networks and the stabilization of this type of entrepreneurship in the world. (Hunter 2013.)

The food franchise industry offers a big range of catering opportunities, inviting a big amount of investment opportunities; from just a couple of thousand dollars to hundreds of thousands dollars.

Food franchises offer entry mode to an established restaurant market. If one is looking for lower investment opportunities, they should think about the food vending machine sector or small unit outlets selling specialist delicacies such as pastries, gourmet coffees, and bagels. Moreover, food franchises will always be in big demand. This includes food trucks and kiosks and pavilions to full-service restaurants. Also, the food franchise industry offers prospective franchisees different ways to chase their business goals in addition to constant demand.

The outlines of the entire franchise industry, food franchises account for an estimated 30% of the total franchise establishments in the US, and nearly 60% of the direct employment by franchises. These figures do not even include food-related franchises that are categorized as retail instead of a quick service or full-service restaurant. (Bailey 2020a.)

Major food franchise segments include the following types of doing business:

1. Bakery Franchises: These franchises focus on certain product areas for their business, bread, muffins, bagels, croissants, pastries, donuts and other sweet goods. A number of franchises in this area have menus that feature other items such as sandwiches, soups, etc.
2. Coffee Franchises: The coffee franchise industry is well-developed and competitive business nowadays. Coffee is second only to water in beverage popularity in the US, and consumption continues to increase. It is really a profitable sphere of business which will give the entrepreneur to earn quite good money, but the main thing is that the business have to have a high qualified coffee and snacks, it have a big margin.

3. **Fast Food Franchises:** With an estimated 25% of total US franchise establishments across all industries, fast food is the most popular franchising type of business. Food production in fast food cafes, also known as quick service restaurants (QSRs), is focused on immediate consumption. Fast food meals are commonly taken out or delivered. Delivering goods is really good variant of business, because nowadays people prefer to seat at home with their friends or they do not have time to cook after the working day and delivering is the best and fastest way.
4. **Full - Service Franchises:** Full-service franchise restaurants encompass a range from casual family-style cafes to upscale restaurants. Meals from full-service food franchises are typically eaten on-site, although takeout or delivery service may be provided.
5. **Ice Cream & Frozen Yogurt Franchises:** The demand for frozen desserts is more evenly distributed throughout the year than it was couple years ago. Customization has become a feature of many ice cream franchises, as they have learned from the resurgence of the frozen yogurt franchise segment.
6. **Juice and Smoothie Franchises:** Franchises in this segment have seen a boost from the general public's turn towards healthier food options. Furthermore, regulations such as banning soda machines in schools have led franchises like Jamba Juice, to create vending machines for their products.
7. **Pizza Franchises:** Pizza is a food franchise niche that people can rely on. Because of this dependability, pizza industry growth is not showing any signs of slowing down.
8. **Retail Food Franchises:** Over the past several years, the convenience store industry has challenged the other food franchise industry segments by increasing its food offerings, particularly the segments that offer quick, on the go items.

Additional retail food franchises include food gifting businesses, liquor stores and caterers.

9. Vending Machine Franchises: The vending machine food franchise segment is a bit of a catch-all grouping with machine-featured offerings going well beyond the traditional sodas and snacks to anything from cupcakes to smoothies.
10. Delivery franchises: Even before the pandemic put in venue dining on temporary space, food franchises were finding out what the ice cream and pizza franchises have long known: customers like delivering food to their home addresses or offices. In fact, according to National Restaurant Association data (NRA), delivery accounted for 63% of restaurant traffic in cities and other urban areas in 2019. (Bailey 2020b.)

The amount necessary to open a franchise varies depending on the unique business system and performance requirements. The budgets for opening a food franchisee can be influenced by many factors, such as: the franchise fee, land and building costs, training expenses (such as travel and living expenses, not the actual training courses), grand opening advertising and marketing expenses.

Franchisors offer estimates in their FDD (franchise disclosure document) based on their experience in creating, and in some cases operating, units. However, potential franchisees know that these estimates are only approximate. Potential partners should review the figures presented with a business advisor, taking into consideration their unique circumstances, before making the decision to enter into a franchise agreement.

In a franchising economy situation in a competitive market like the food industry, branding is the most important things, like a king. The average American household spends almost \$2800 (2,415 eur) each year on food. That is \$233 (200 eur) a month, \$54 (46 eur) a week, or around \$7.65 (6.60 eur) per day. Food and drink sales have doubled across the US since 2000, bringing in a total \$800 billion (700 billion eur) to the US economy.

So, there is a enormous amount of money made from food in the United Stated. The winners are the ones with the marketing budgets able to cut through the noise of the industry, creating greater visibility than independent companies could ever possibly achieve. According to an interview with a professor of Ranepa University, P. Bento (2021).

Franchising offers an excellent opportunity to benefit from:

- Established branding
- A ready-built reputation of customer satisfaction
- Instant curb appeal
- The reassurance of a known menu.

When money is tight, people go for what they know and can rely on. Food franchise businesses therefore represent a sound investment, providing the franchisee with instant access to an established customer base and the customer with the reassurance of great food they already love.

Most food franchises provide fantastic training opportunities and management programs to bring - the franchise owner - up to expert status in the chosen field. The parent company usually lends its experience when it comes to the complex administrative set-up, with a package of ongoing support once the company is up and running.

Facts About Food Franchises

Food franchising makes up around 36% of the total franchise establishments within the United States and 48% of the US franchise industry's annual financial output. Food franchises also account for around 65% of direct franchise employment jobs.

A significant trend in the most popular food franchises is to limit their menu rather than continuously add to it. Indeed, overly extensive menus tend to imply inadequate production of a wide range of dishes. By contrast, businesses that specialize and hone their menus by offering a few and select items, tend to garner favor with the public.

In recent years, convenience stores have become a force within the foodservice sector. In offering up specific zones on shelves and outlets within their stores, food franchises

are thriving, offering a range of on-the-go items that capture the convenience store customer base.

The National Restaurant Association expects 1.6 million new restaurant jobs will be created by 2027. (Statista Research Department 2021.)

Franchising Vs. Independent

Before going into partnership with a food franchise, one needs to source startup funding. It is necessary to consider which part of the sector to serve: FSR (full-service restaurant), QSR (quick service restaurant), or retail. The size of the outlet generally dictates the level of investment expected to be made.

Regardless of the size of the initial investment, one can rest assure that moneylenders often favor franchise businesses due to a business model that has been previously proven successful, sustainable, and profitable.

Independent companies often struggle to achieve funding or encounter higher interest rates on startup loans. This is because they cannot prove their business model's viability in the way that franchise businesses can. Going into business without the support of an established partnership compounds the risk in terms of investment returns.

Table 3 presents the top franchises in the USA in the fast food field.

- | |
|--|
| <ol style="list-style-type: none"> 1. McDonald's 2. KFC 3. Burger King 4. Dominos's 5. Papa John's 6. Taco Bell 7. Pizza Hut 8. Wendy's 9. Dunkin 10. Subway 11. Chick fila 12. Tim Hortons 13. Jersey Mike's |
|--|

Table 3. Top franchise in the USA in the fast food field (Franchise Direct 2021).

When comparing the Russian market in fast food franchises and the USA, the regulations are quite different and the price much higher in the US than in Russia, because of the currency level, salaries and living standards of the entrepreneurs who live abroad. For example, Taco Bell franchise investments start from 575.600\$ (489.660 euro) and can rise up to 3.360.100\$ (2.858.420 euro). Concerning a Subway franchise, the investments start from 167.500\$ (142.491 euro) and go up to 476.900\$ (405.696 euro). This also depends on the place where the cafe will be opened and the price for renovating the premises, as this will also play an important role. The prices for work may be different and the degree of readiness of the premises is also different.

The number of inhabitants in Russia and the US also plays an important role. Nowadays there are 144.4 million people in the Russian Federation, and there are 328.2 million people in the US. The most popular franchises that Russian entrepreneurs prefer to buy are the companies which need a budget less than 1 mln rubbles (12.220 eur), including lump-sum payments and all needed equipment.

4 FRANCHISING IN RUSSIA

4.1 Business environment of franchising system in Russia

Nowadays, franchising in Russia is developing daily, and a lot of new entrepreneurs are trying to open their own franchises based on their own business or buy an already well-known franchise and work with it. For the first group it is more profitable, and a franchisee will help them to grow all over the country or abroad. For the second group it is better because it is safer for them. The company is already working for some time and it is easier to find all the needed information about the company, the profit and incomes and if there are people who already work with this brand who can give feedback on working with this company.

Franchising in Russia is a fairly new phenomenon and is developing rapidly. This business model appeared on the domestic market in the mid-1990s. Today experts are talking about 1,700 franchising projects in 60 different fields of activity. After analyzing

the dynamics of franchising in this country, one can see that there has been a steady increase in the number of franchisers in recent years. Figure 2 shows the number of franchises in Russia.

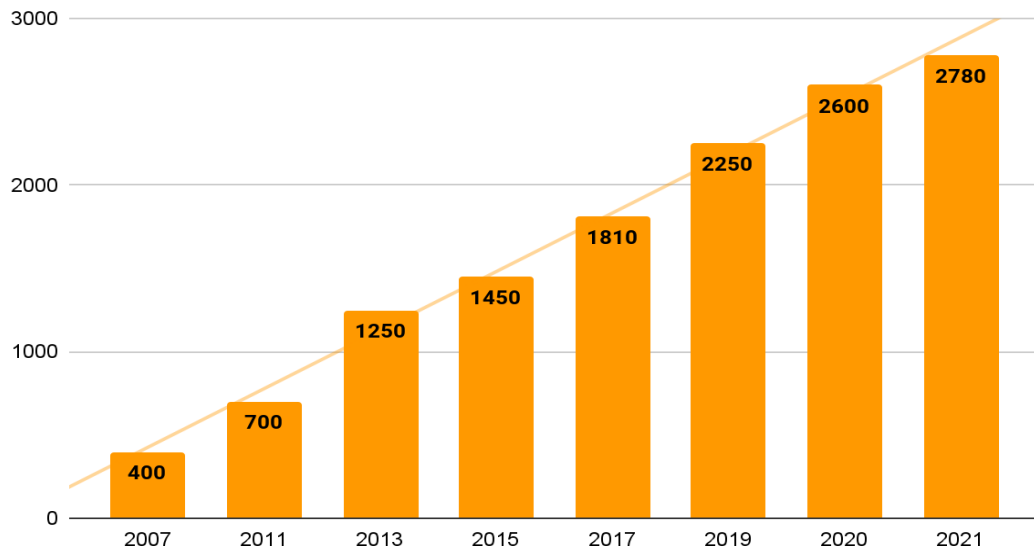


Figure 2. Number of franchises in Russia (Franshiza.ru 2021a).

Figure 2 shows how the number of franchises in the Russian Federation has grown over the period from 2007 year to 2021. It shows annual growth increasing popularity.

Today there are about 2,780 franchises in Russia. During the current year, 430 new projects announced their entry into the market, but about 250 companies completely scaled down their franchise programs. Most of the players who left are in the segment of traditional retail (clothing, footwear, cosmetics) and restaurants. Thus, the franchising market in Russia in 2021 grew by almost 7% in terms of numbers. An administrative factor played an important role in this indicator: according to the new development program, the regions should initiate the emergence of local franchises and bring them to the federal level. The share of international projects continues to decline and is already 14%. Figure 3 shows the geographical distribution of Russian franchisers.

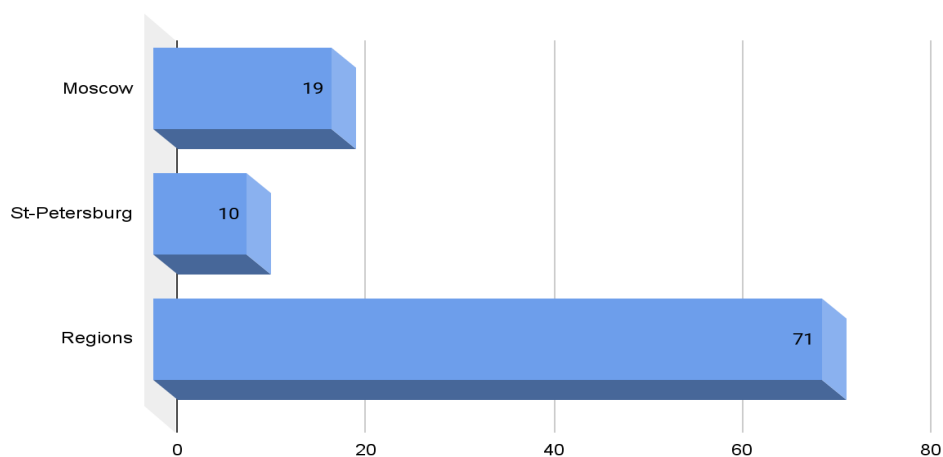


Figure 3. The geography of franchising in Russia.

The number of regional projects has increased. As a result the geographical structure of the franchising market has changed significantly. From this graphic the reader can see that most of the franchises working in Russia are opened in the regions, and just part of them are opened in main cities, Moscow and St. - Petersburg. (Franshiza.ru 2021.)

There is a comparison (Table 4) between the number of franchises in Russia and other main countries also working with franchises.

	Number of franchising concepts on the market	Number of franchising points
Russia	1300	74 657
USA	3500	757 438
United Kingdom	930	39 000
Turkey	1450	51 000
Germany	985	72 700
Mexico	1500	78 000
Philippines	1300	125 000

Table 4. Number of franchise in different countries (Franshiza.ru 2021b).

Russia is not a leading country in terms of the numbers of franchising outlets and franchising concepts. It is nevertheless obvious that for more than 20 years, since its inception, the market in Russia has grown significantly. Currently, its total volume is estimated at \$5 billion. According to experts from the European Franchising Association (EFF), over the past three years, the franchising market in Russia has increased by 98%. According to the RAF, in recent years Russia has been a leader in the growth of the number of franchising companies. Figure 4 shows the structure of Russian franchises in 2021.

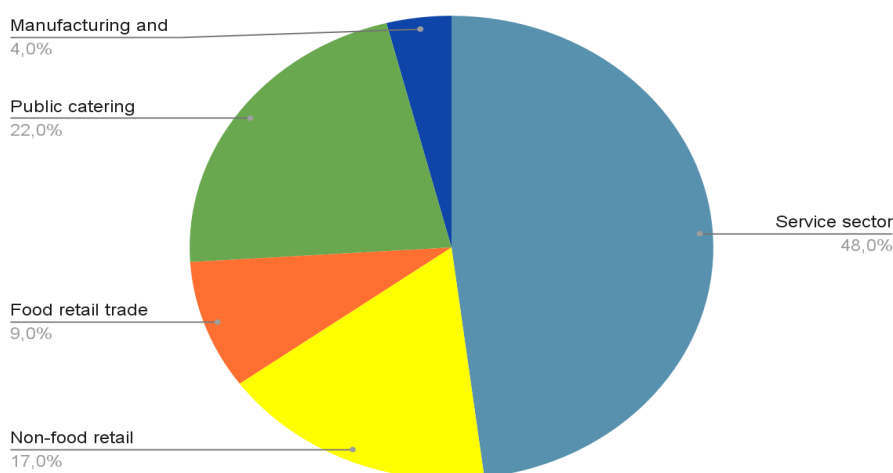


Figure 4. The structure of Russian franchises in 2021 (Russian Franchising Association 2021).

There are factors that have a negative impact on the development of franchising in Russia. They are:

- imperfection of Russian legislation in this area
- low state support
- lack of interest of banks in working with franchising systems
- low popularization of franchising (Frolova 2013).

There is no specific definition of franchising in the legislation of the Russian Federation today, there is only a “commercial concession”. Obtaining bank loans can be considered another difficulty for possible franchisees to create a franchise organization using benefits. A large number of banks consider such applications on a common basis - using the terms of small business lending programs. If we talk about state support for the development of franchising in Russia, then it lags significantly behind developed countries. There is a problem of poor awareness of entrepreneurs regarding all the

advantages and disadvantages of a ready-made business, as well as awareness of how to become an integral part of it. Thus, it is possible to highlight the positive and negative results of the development of franchising in the trade of the Russian Federation:

- the rapid development of novice entrepreneurs
- the expansion of popular networks
- the development of trade in the regions
- the trust and customer loyalty to well-known brands to franchisors
- the expansion of the trading sector
- the emergence of low-quality franchising projects
- an inflexible assortment of goods in retail chains
- the problem of entering a new brand on the market
- the possibly of non-compliance with franchisee work standards
- a decline in the quality of services
- a gradual “monopolization” of the market (Konkurs-uspeh 2020).

There are still positive dynamics in the development of franchising in Russia. Despite all the obstacles, franchising is steadily advancing on the Russian market of goods and services. Table 5 shows the biggest product retailers in Russia.

	Proceeds (billions rub.)1 billion rub=115,402,294 eur	Rates of growth
X5 retail group	1025	27,5%
“Magnit”	1004	10,7%
“Ashan retail Russia”	425	5,5%
“Diksi group”	311	14,3%
“Lenta”	306	21,2%
“Metro cash and carry”	238,5	5,3%
“OKEY”	172,5	7,6%

“Spar”	95	7,7%
“Globus”	87,5	16,3%
“TD Intertorg”	80	12,3%

Table 5. Main Russian retailers (RosBusinessConsulting 2021).

Compared to last year's analytics, it can be noted that the services segment and the food retail segment continued to grow. The share of catering and non-food trade franchises decreased by 5% and 2%, respectively.

Franchise offer by investment level.

In 2020, the structure of franchise offers has changed towards an increase in the share of more budgetary projects up to 1 million rubles (11,555 eur). Most of the franchises that entered the market in 2020 belong to the segment under 3 million rubles (34,667 eur). High-value franchises were virtually non-existent. At the same time, many franchises introduced truncated formats with reduced investment to increase the number of sales. Thus, in 2020, the average bill of the Russian franchise market continued to decline for the fourth year in a row. The top 50 franchises in Russia in 2016 are presented in Appendix 1. (RosBusinessConsulting 2016.)

According to the rating of the top 50 most popular franchises in 2016, trading enterprises make up almost half of the companies. Among them, the most popular was Vianor (7th place) - a company that sells car tires. Vardex (trade in electronic cigarettes) is a newcomer to the ranking, competing with the well-known Evalar and Pyaterochka. Evalar has the largest increase in ranking among trading franchises. A large number of popular franchises came from pharmaceutical companies (Evalar, Pharmacopoeia, Be Healthy, Rigla) and clothing (Elis collection, Terranova, Playtoday, Profmax, Van cliff). It is worth noting the low percentage of the number of terminated commercial concession agreements for trading companies, excluding Ives Rocher - the number of terminated agreements exceeded the number of registered ones. Ives Rocher also showed the fastest drop in the ranking from 3rd place to 46th. In conclusion, even a novice can amaze with success, while rare, but nevertheless, cases of a sharp decline in the popularity of famous brands have been noted. Such a change in ratings proves that franchising in Russia is only beginning to gain momentum. In order to improve

franchising in Russia, it is necessary to create a separate legislative act regulating franchising relations. A threat to the franchise market is substandard franchised products that do not meet the expectations of the franchisee. (RBC 2019.)

To avoid such kind of problems, franchisors need to follow some rules:

- to work carefully on the quality of the product
- make high demands on their own work
- provide reliable support to the franchisee
- increase entrepreneurship literacy
- develop international franchising.

The main risks of entrepreneurs are associated with high lending rates, high rental rates and falling real incomes of the population. The difficulty for potential franchisees is to obtain bank loans to create a franchise organization using benefits. When creating special franchisee lending programs, it is possible to ease the financial barrier to the development of franchising. Franchising has historically and firmly been entrenched in developed countries under the influence of the objective needs of economic development. Moreover, this form of activity is considered not only useful but also prestigious abroad.

When comparing 2016 to 2021, the top 30 most popular and profitable franchises are different. Several hundreds of Russian companies selling franchises have been analyzed. The long list is based on data from franchising portals, expert opinions and Forbes. The term of the franchise is at least three years (launch no later than 2018). The author evaluated franchises based on five criteria: average annual revenue per outlet, ROI, payback period, profitability, and the proportion of multi-donors (franchisees owning two or more outlets). In the list of 30 companies, they are grouped by the volume of investments for opening one outlet and ranked based on the information collected.

Given the pandemic, a force majeure, the editors of Forbes have made changes to the methodology for ranking the most profitable franchises this year. They no longer take into account the number of franchise outlets closed during 2020 (previously it should not have exceeded 50% of those opened during the same period). Two other selection

criteria - the duration of the franchise from three years and at least 50 franchised objects – remained unchanged. (Forbes 2021.)

Table 6 shows franchises with the differences in a budget, payback period, number of opened stores, annual profit of the franchise outlet, etc.

	Investments (mln rub)	Number of franchis e points	Annual revenue of 1 outlet (mln rub)	Annual profit of 1 outlet (mln rub)	Payback period (months)
Fit Service	5 (57,536 eur)	242	32(368,231 eur)	7,6 (87,454 eur)	19
2Gis	32 (368,231 eur)	87	44(506,317 eur)	10,3(118,524 eur)	60
Sun School	13,3 (153,046 eur)	96	18,4(211,732 eur)	4,7(54,083 eur)	4,5
Papa John's	7,5 (86,304 eur)	93	37(325,767 eur)	6,5(74,796 eur)	16
Fix Price	6 (69,043 eur)	415	75(863,041 eur)	3,8(43,727 eur)	12
Chokola dnitsa	7,5 (86,304 eur)	117	31(356,723 eur)	4,8(55,234 eur)	30
Dodo Pizza	11,5(132,333 eur)	667	43.1(495,961 eur)	4,2(48,330 eur)	36
Century 21	8,5(97,811 eur)	72	36(414,260 eur)	4,8(55,234 eur)	22
IL Patio	20(230,144 eur)	54	45(517,825 eur)	3,8(43,727 eur)	30,5
Cofix	5(57,536 eur)	170	14(161,101 eur)	1,8(20,713 eur)	28,5

Table 6. Investments from 5 mln rubles. (57,536 eur) (Forbes 2021).

A study of the turnover of franchised networks in Russia shows that 14 million people are employed in the sector under consideration. The turnover of all enterprises created under the terms of franchising agreements is \$500 billion (400 billion eur).

According to the franchising union, 3,500 franchising brands are represented in the country. In share of entrepreneurship, franchising occupies 15.7%. The Russian franchise market consists of franchises of more than 60 types of activities. According to Franchisee Magazine, in 2016, more than 50 percent of modern franchises are involved in the field of trade. The list of the most popular franchises includes such areas as catering, household services, services, auto, medicine and health. The absolute leader in the franchising market in Russia is the representative of the retail sector *Pyaterochka*. The second place for 2017 was occupied by Tele 2, and at the end of the list are franchises in the field of household goods and clothing. When analyzing the data of 2016-2017, one can observe leadership and stability in the franchising market in the retail and catering sectors. Comparing the features of franchising in 2016-2017 shows that along with trade, services, catering and consumer services, segments such as information, production and finance were actively developing. (VS 2021a.)

According to EMTG (2018), BUYBRAND Expo is an organizer of one of the most respected international franchise exhibitions in Russia. In Russia there are about 3,000 franchisors and over 70,000 franchise outlets. At the same time, about 20% of the market is occupied by franchises with a small amount of investments (up to 1 million rubles = 14,084 eur). However, 3,000 franchisors are far from the limit. "There is potential for growth. The number of franchising companies is increasing by 15% per year. There is also growing interest in developing a business for this model and from potential franchisees. (VS 2021b.)

The franchising market in Russia over the past year has grown by 19%. Experts say that most of the growth was due to Russian entrepreneurs. "The structure of interest in franchising in 10 major cities has not changed much. This is still Moscow, St. Petersburg, Krasnodar, Novosibirsk, Samara and Yekaterinburg. But in general, small cities are gaining an increasing share in geography; more than 20% of the franchised audience lives in towns with a population of less than 300 thousand people." (Rbc 2021). Such statistics indicate that in the Russian regions there are more entrepreneurs

who are thinking either about diversifying an existing business or about opening a new franchise. If earlier we observed the expansion of franchisors from Moscow and St. Petersburg to other regions, we now see the active development of regional franchisers. A business in Russia is looking for a way to grow with less risk and cost. Franchising in this case is optimal both for someone who wants to scale an existing business and for someone who is at the start and is only looking for options to open their own business.

Judging by the reviewed information, one can assume a further increase in the number of franchises by 10-15% annually. Naturally, business models that are simple from the point of view of the internal kitchen, with a payback period of up to two years and a small investment at the start, are now more popular.

Such small investment formats, that is, franchises with small investments (up to 3 million rubles = 34,667 eur), will make a significant contribution to the growth.

In Russian law, franchising is regulated by a contract of commercial concessions. (Consultant Plus 2021).

The agreement on commercial concession regulates the situation when the copyright holder (franchisor) receives remuneration. By agreement on a commercial concession, one party (copyright holder) is obliged to provide the other party (user) or term without specifying a term for the objects of exclusive rights stipulated by the contract.

There is no approved form for a commercial concession agreement; however, this can only be a legal entity or an individual entrepreneur. (Portnyagin 2019, 46.)

The trademark of the copyright holder (franchisor) must be registered with the Federal Institute of Industrial Property. The document should prescribe the responsibilities of the franchisor in providing information and technical support for the franchisee and in monitoring the quality of products or services.

The agreement must contain clauses corresponding to the franchisee's obligations: following the requirements put forward by the franchisor, maintaining high standards of production and service, and maintaining confidential information. Finally, for an agreement to be considered valid, the archive must be registered with Rospatent. Rospatent- federal service for intellectual property, patents and trademarks. (Rospatent 2021.)

4.2 Steps of opening franchise

In this chapter the author would like to take a look at the process of opening a franchise in the Russian Federation. It will be described in detail and will help the reader to understand all steps needed to receive the right result.

Supplier selection. A common situation: the franchisor forces the buyer to work with a supplier. The company trusts it and does not want any experiments. The supplier knows that he is the only one, and the buyer cannot go to another supplier. This as a result raises the price with impunity.

Output: invite the franchisor to determine quality standards. Agree that he/she will present them to other suppliers and will be personally responsible for the result. If the franchisor does not agree, there need be a guarantee that the prices for new partners will not suddenly rise.

Prohibition of competition.

The franchisor cannot compete with a new partner on the same territory. It is also important to indicate that the person does not have the right to sell the franchise to someone who works in the same territory. Otherwise, the owner risks the premises at least.

Guarantee of maintenance.

The whole point of buying a franchise is that the franchisor give advises and instructions on how to run business. Otherwise, the franchise is of little use. It happens, that halfway the franchisor stops helping the franchisee - does not answer calls and ignores letters. This scenario is not uncommon, especially in royalty-free contracts. It turns out that the franchisor was interested in a lump-sum payment and not in cooperation. The solution is that the key partner and hired team have the right to constantly receive consultations from the franchisor.

Compensation.

Specify in advance in the contract the provision on compensation in case the franchisor's business collapses. Every franchisor has its own rules for the franchisee, the

rules are general but each company can add some new things at its discretion. The main rules will be described below.

Choose the best one.

New partner should remember the right to select franchisees in any way that is not against the law. Prepare training courses with an exam. The partners should have a great background, experience in the field of business which the franchisor proposes.

Choosing the place.

Set clear requirements for the premises that the franchisee rents. If you want light in the windows - indicate this requirement in the contract.

Staff selection.

Take for example Dodo Pizza - a well-known Russian company operating all over the world. Before launching the pizzeria, the company conducts a 22-day training session for the franchisee and three of its employees. After the exam, they are sent to the educational kitchen, where the franchisee and colleagues study the entire pizzeria cycle. The goal of the school is to filter out lovers of easy money and look at a person at work.

Quality control.

For example, George, the owner of a chain of coffee houses, sold a franchise. After a while, the owner finds out that the franchisee under his brand sells instant coffee to customers instead of making branded orange raff. It all ends with angry reviews on your web-site and social media.

The solution is to impose penalties for non-conformity of the product or service with the original. Gather customers' feedback and respond to them.

4.3 Most popular spheres of franchising

Franchising is traditionally actively developing in three segments: services, retail and catering. According to the study by the Franshiza.ru catalog, as of April 2019, these sectors accounted for 35, 33 and 21% of all domestic franchises. The fastest growing

food service of the year was the fast food segment: there were many concepts of shawarma, mini-pizzerias, pies and cakes.

Experts from world franchising association note (2015): it is noteworthy that this year, for the first time, a decline in interest was recorded in the burger segment, as well as in the field of sushi delivery. Instead, in every sense of boredom concepts, entrepreneurs are betting on unexpected ideas: a bar with Gagen auctions (from the creators of the KillFish discount bar chain) or the Polar Station café. Demand is high for beer shops franchises, for products from manufacturers (Cheese Shop, Fish Network) and grocery stores in the “at home” format like “Beans”. Another traditionally popular segment - non-food retail - is currently continuing to lose market share (dropped from 37 to 33% from a previous study).

Although experts from Franshiza.ru have recently noted the emergence of a large number of franchises in the “household goods” segment (household goods, textiles, tableware), the popularity of “automobile” franchises (car services, sale of spare parts, oil change), as well as the development of “Vending” franchises. All are easy to organize, require little investments, and managing these businesses is quite simple. To add, economic situation plays an important role in the whole country and also in the region where the owner decided to start the business. (Topfranchise.ru 2021.)

Several retail chains and real estate agencies ranked among the top ten US franchises in 2019 according to the independent research company, Franchise Business Review (FBR). The authors of the rating compiled a list based on a survey of 30 thousand franchisees 310 leading franchising companies. The top 10 franchises in 2019 also included two real estate agencies and a cleaning service. Among the best-rated franchisees are several retailers and companies developing franchises in the service sector. As a rule, these are companies that have found their own unique niche. Among them are a franchise store for feed and feeders for wild birds, a franchise store for the “all for your pool” format, a franchise for services for the elderly, and a company specializing in cutting concrete for curbs and walkways.

Table 7 lists the top ten franchises in USA and Russia.

TOP 10 USA	TOP 10 RUSSIA
McDonald's (Investment required: \$1.1 to \$2.2 million)	"1 C" (722 contracts in 2019)
Dunkin' (Investment required: \$229,000 to \$1.7 million)	"Gemotest" (145 contracts in 2019)
Sonic Drive- In (Investment required: \$865,000 to \$3.6 million)	"Fit Service" (120 contracts in 2019)
Taco Bell (Investment required: \$525,000 to \$2.6 million)	"Galamart" (121 contracts in 2019)
The UPS Store (Investment required: \$169,000 to \$398,000)	"Dodo Pizza"
Culver's (Investment required: \$2 million to \$4.7 million)	"Invitro" (120 contracts in 2019)
Planet Fitness (Investment required: \$970,000 to \$4.2 million)	"Nokian Tyres" (77 contracts in 2019)
Great Clips (Investment required: \$137,000 to \$258,000)	"220 Volt" (65 contracts in 2019)
Jersey Mike's Subs (Investment required: \$237,000 to \$767,000)	"Chebarkylskaia ptitsa" (51 contracts in 2019)
7-Eleven (Investment required: \$47,000 to \$1.2 million)	"Fasol" (50 contracts in 2019)

Table 7. Top 10 franchises in USA (Insider 2019) and Russia (RBK 2019).

The amount of initial business investment for a franchise buyer of these list is from \$ 3,200 (2,760 eur) to \$ 265,000 (228,587 eur). On the one hand, these are not the largest amounts from the whole list. On the other hand, the range in amounts shows that franchise investment is not a key factor in franchisee satisfaction. In the Russian market, the most popular franchises cost less than 1 mln rubles (14,000 eur).

Among the first 50 companies on the FBR list, the largest number of franchises are working in the service sector. There are six companies from the generalized category of “services”, seven franchises of service providers for business, three services for home and two for children. In second place are real estate agencies allocated to a separate segment, as well as franchises of companies working in the food industry.

In 2019 the smallest starting investment was required from entrepreneurs who are partners of a number of travel agencies (budget 2.000-3.000 \$) and some advertising (\$ 977, \$ 5700) agencies. Most of all, catering franchisees (sometimes from \$ 700.000 to \$ 1.8 million), franchisees of fitness clubs (up to \$ 2.2 million at Gold’s Gym) pay more to enter the business.

There are specialized websites which list franchised offers. The most popular are: franshiza.ru, profranch.com, kupi-franshizu.ru, rusfranch.ru and others. These portals provide a catalog and rating of franchises, analytical articles and reviews, including where to purchase a franchise and what franchising events exist. (Entrepreneur 2021.)

In the process of analyzing information on franchised offers, it was revealed that 33% of offers are related to retail trade of any groups of goods. Next, 15% are on food franchises, and 12% on the provision of services to the public. Business services are sold in 7% of cases, and then franchises of “children's needs” are sold in 6%, sports franchises - 5%, 4% for leisure and education, 3% are on franchises for the implementation or development of IT products, 2% of the proposals fall on the sphere of construction, production, online stores, and offers for home business and hotel formats are extremely rare. According to the RAF (Russian Franchise Association), only 34% franchises came from abroad. (Rusfranch 2020.) The remaining 66% are original Russian brands.

If we analyze the investment potential of franchise buyers, then the main request is in the segment of up to 1 million rubles (this is an alternative to bank deposits and hired labor). Figure 5 the budgets of customers for buying franchise in April 2021 are illustrated.

Budgets of customers for buying franchise in april 2021

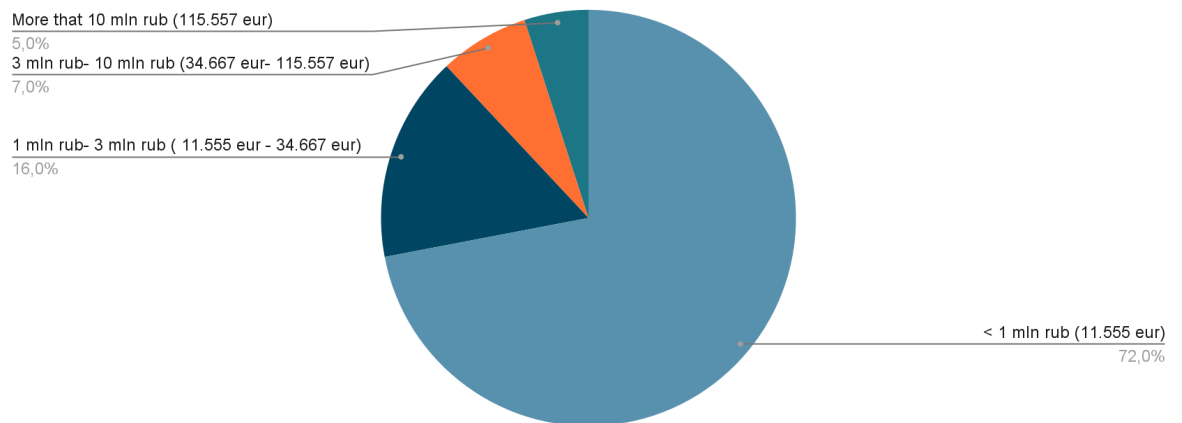


Figure 5. Budgets of customers for buying franchise in April 2021 (Franshiza.ru 2021a).

According to a Franshiza.ru study, the franchising market in Russia in 2019 increased on 10% in terms of the interest of buyers and investors. As before, the franchising market remains the buyer's market - franchisors are forced to introduce new formats, reduce lump-sum fees, guarantee success, etc. in the fight for franchisees. (Franshiza 2021b.)

If analyze the characteristics of demand for franchises, then according to Franshiza.ru, the leader in the preferences of entrepreneurs is the service sector (46%) (Franshiza 2021c).

The investment niche of up to 1 million rubles remains the most attractive for buyers of franchises, during the crisis year the share of such "low-budget" buyers of franchises increased from 65% to 72%.

Demand for franchises in Russia according to franshiza.ru.

In 2020, the demand for franchising was in waves: January-February was extremely active, and significant growth was outlined. From the second half of March, the decline in interest in franchising was -40%. The numbers were below the year 2019 until August. In August, there was a significant increase in interest in franchising and in September it reached the indicators of 2019. By the end of 2020, interest in franchising in Russia grew by 9%. For the Russian market it is a big increase in this sphere and shows that sphere of franchise in Russia becomes more and more popular everyday.

5 CASE OF SENOR DONER IN RUSSIA

The author is the co-owner of Senor Doner grill restaurants, which is situated now in Russia. In the nearest future the company would like to enter the European and Asian markets. Now the chain is called Federal Grill Street Restaurants, which sell healthy street food. The company was established in 2017. The idea was to create a new trend of street food, not fast food. The main thing is that Senor Doner provides healthy food. The author and his partners did a lot of research and analyses of different markets, analyzed the main competitors, visited 5-7 countries and tried to find the best solutions and new things and then put them together. The company started with three workers in the main team, but now there is a big office with 24 main workers. It will become larger in the nearest future. There are marketing managers, an IT team, designers, project managers, counters, supervisors and of course a big number of sales personnel who work in the cafes. Some staff work outsourced from different cities, such as St.- Petersburg, Moscow, Kazan and Vladivostok.

Senor Doner is a federal chain of grill cafes, which use modern analytics and optimization technologies to create a business that will be profitable for decades.

One of the main features of the Senor Doner company is making “doners” in 1 minute. All systems are automated: from the kitchen to courier delivery. The business processes are debugged and tested in the Far North.

Now the company has its own chain in Petrozavodsk, Karelia, it has 8 cafes with different formats. The formats are food trucks, cafes, dark kitchen. There are already 50 launched partners; 20 more partners will be launched before the end of 2021. Now Senor Doner is the leader in the street food market in the Karelia region. Its main goal is to become the number one food chain the entire Russian Federation. The company competes with the main street food companies, such as Dodo Pizza (DODO brands), Burger King, McDonalds, KFC and other small competitors.

There are a lot of new things developing every day. The main ones are:

- Two new formats launched with investments from 799,000 rubles to 1,000,000 (9,233 eur to 11,555 eur).

- The company has been working with a profit from the first day in all highly profitable locations.
- Additional income comes from a fast, automated delivery service - the company earns not only on traffic and not only in good weather. At the moment, Senor Doner integrates with Delivery Club and Yandex Food on special conditions - it helps the franchisee to get even more customers.
- In the latest edition of the design, 84 errors were corrected, continuity was preserved and pulled up to the leading chains of the country.
- Start developing company's own software, apps. Investments will be about 15 million rubles (173,336 eur) at the start.
- Cooking meat using a technology that allows the owners to get a margin above 200% of the product, meanwhile guests receive large pieces of meat that takes only five minutes to cook.
- The first federal advertising company on Instagram for all the partners was launched with own money of Senor Doner. The company does not take money from the partners.
- Offered guests the lowest price in the market - ai-shawarma for 69 rubles (0.80 eur) and 300 gramm shawarma for 109 rubles. (1.26 eur).
- Staff is learning now to give from 1 to 4 doners in exactly 60 seconds, it is the best time among all competitors.

Appendix 1 shows the points in which cities the cafes already work.

Menu of Senor Doner company

There are 15 types of shawarma for different people in the menu, presented in Appendix 1. There are classic doners, doners with cheese, mexican doners, doners for vegetarians, berlin doners, chicken cheese doners and others (see the pictures on the menu). Every person has a chance to find the best variant. There are different snacks that people can order from the restaurant with the main course, for example: french fries, fried onions, nuggets, salads, rustic potatoes, etc.

Other competitors all over Russia do not have as many different foods as Senor Doner can prepare for a customer, and the main thing is the price. Now the company offers the best price on the market with very good food quality for the visitors. An important thing

is that the price is low and the quality of the product is high because the company has contacted large suppliers who can offer a low price. To add more, all the contacts of the main company will be given for franchisee and they can use them and have the price they need.

Senor Doner offers different formats of opening grill cafes for the franchisee, and the entrepreneur can choose what is better for him. This depends on the investments and the city where it will be opened.

1. Express.

This type of cafe is for partners who do not have enough investments and just want to try this kind of a business. Having tried this format, most of the partners prefer to buy one more format, for example - café.

- A new simple format is a café, serving up to 2 minutes for 1 guest without delivery.
- Investments - 965 000 ₱ (11,151 eur).
- Area 20-40 m².
- Electricity from 8 Kw.
- Water / Sewage.

2. Dark Kitchen (Picture 1).

This type of a cafe is the cheapest and the easiest way to start working with the Senor Doner company. The partner does not need to rent big premises. The location and car and people traffic do not play an important role, because in this case the partner just needs the couriers or to make a contract with such aggregators as Delivery club or Yandex Food, which have their own couriers. It is also important to have 1-2 cooks.

A new simple format is a delivery service without a lounge offering delivery in less than 39 minutes or free.

- Investments - 799 000 ₱ (9,233 eur).
- Area 20-35 m².
- Electricity from 8 Kw.
- Water / Sewerage.



Picture 1. Dark Kitchen.

3. Café (Pictures 2, 3, 4).

In this case the biggest role is traffic and car parks because customers want to come to the cafe by car and park without any problems. Also, a good way is to open this type of a cafe in big shopping malls in food courts or near the big shopping markets which are leaders on the Russian Market, such as “Vkusvill”, “Perekrestok”, “Magnit” and so on. If the launch department sees street food giants like “Dodo Pizza”, “McDonalds”, “Burger King” the head company always agree to open a cafe because this is also an indicator for us. If big companies launch their cafes in these places, it means that it is a really good place with good traffic and the necessary number of people who will also visit Senor Doner.

- Investments - 1.193.531 rub (13,792 eur).
- Area 18-50 m2.
- Electricity from 8 Kw.
- Water/ Severage.



Picture 2. Appearance of the café.



Picture 3. Example of check-out area.



Picture 4. Inside view.

4. Food truck (Picture 5).

A food truck is one more popular way to become a Senior Doner partner. It is expensive but it is very comfortable to move it to a place of preference. The recommendation is to park the food truck near the big shopping malls, near the entrance or parking zone, because the main traffic will go through it and see the red truck, and as a result people would like to try it. One more advantage is that the rent price for such types of cafes is much lower than the rent prices inside the shopping mall. Furthermore, a partner can move it to another place on holidays.

- Investments - from 1,594,000 (18,419 eur).
- Place 6*2.
- Electricity- 15 kW.



Picture 5. Food truck.

5. Pavilion (Picture 6).

A pavilion has a client zone, 4-6 seats, big windows and beautiful design which helps attract more customers. All walking people see how the cooks are preparing the food through the big windows.

- Investment – 1,800,000 (20,800 eur).
- Area- 25 m².
- Water/ Severage.



Picture 6. Pavilion.

The author and his partner have decided to open the Senor Doner franchise because the goal was to become the first in Russia in the field of street food. This idea came one year after opening their own grill-restaurants in Karelia. There was a deep research before opening the own chain. They tried different places, read all the needed materials, and did a big amount of calculations. The most important thing was to find a place with big opportunities. These kinds of places are: the main streets of the cities, big shopping malls, school areas, and places with anchor tenants. Also, for the first time, the author and his partner calculated all the people who are walking near these places by themselves. When all planned cafes were opened the Senor Doner became the leader among all grills in Karelia. After that, the decision to create the franchise and sell it all over the Russian Federation (Asia and Europe in future) was made.

Creating the full franchising package takes time, energy and knowledge. There are two ways to pack the company into a franchise and start selling it. If the partners have enough knowledge of creating, all necessary information, papers, norms, documentation about the logo, law and so on, it is possible to create it oneself. If the partners do not have this knowledge, they have to find professionals and pay money for it. It costs a lot of money (near 700,000 rub/8,600 eur), not all companies have this amount of money to make all things they need and create a franchise. The author and his partner chose the first variant and made all needed things by themselves. It took around 5-6 months, to create brand books, videos for teaching franchisee, videos for teaching staff, special

books for workers where they can find all the information and instructions how to make products, how to speak with customers and what they need to wear during their work day. This book has more than 300 pages and is still developing.

This chain of grill cafes has eight outlets in different formats in Karelia. They are: two food trucks, one dark kitchen, two pavilions and three cafes. All of them were made with own finances. Every company needs to become bigger and develop every day, month and year. It was not possible to open new cafes in other cities of the Russian Federation because there were not enough finances. The cities are far away, and it is problematic to monitor their quality, cleaning, personnel. The best way was to create a franchise and start selling it. One of the main things is the ability to earn more money and transfer it to the main company for development, marketing, creating applications, buying new technologies and paying to IT staff, designers, lawyers and other workers.

The franchise system is quite difficult, and not all companies are able to implement these projects. There are two ways to sell franchises of the company. The first is to open an office and find specialists who know how to sell products, services and mostly franchises. The staff will receive the phone calls and applications from the web site, to process them and sell them. The owners have to pay a salary and a percentage of the sold franchises. This way is more difficult but cheaper. One more difficulty is to find really good specialists who will sell the franchises in the right way. A very important thing is to post one's company on the main selling platforms specialized in selling franchises (For example: franshiza.ru, buybrand.ru, topfranchise.ru, beboss.ru, franshiza-info.ru, etc.).

The second way is (and the owners of Senor Doner chose it because it is more profitable and effective) to find a company which specializes in selling franchising all over the country with a high reputation and a large number of sold companies. The Senor Doner firstly chose a cheaper variant and found young, unqualified individuals. After some time the author understood that it took more time and was less profitable, and then they decided to choose the second model. The company found professionals situated in Kazan. It is a big and well-known company that helps entrepreneurs to sell their franchises. They have high-qualified staff with much experience. All calls and applications go directly to their call center where their employees try to sell the

franchise. When the franchise is sold, the owners pay 50% of the sum to the company which helps to sell it. Now, a lot of people write to the official email address of Senor Doner, and the head company can work with new franchisees directly without paying any percentage.

Selling the franchise of Senor Doner gave the owners huge experience in selling and mostly in the field of franchising systems. Now all workers of the main company know all aspects of franchises, how it works, all nuances which are related to calculations, relations with other competitors, etc. Also, Senor Doner is a well-known brand all over Russia, and the author and his partners have a lot of new contacts from both small and big companies that are known all over the world, such as KFC and DODO Pizza. The owners of this brand wanted to share their enormous experience with us and invited us to their productions to show all working processes and share with us some new technologies and suppliers.












How the company sells its product:

1. Direct sales in a cafe - a guest entering a restaurant enters into a dialogue with the cashier. The cashier uses the script to promote the guest into the product funnel, increasing the average check (from 106 rubles (1.22 eur) for competitors to 249 rubles (2.88 eur)).
2. Sales through the website of the delivery service - a guest, entering the website, collects an order. There is a minimum order amount which significantly increases the average bill (from 249 rubles (2.88 eur) to 300 rubles (3.47 eur)).
3. Sale through a call center - the guest contacts the call center of the delivery service by phone. The operator accepts the order using the script. Promoting a guest into the funnel of additional products and offers increases the average check.

How the company works with the staff:

For training the personnel the company developed a training system that makes it possible to prepare a cashier or grill master within four working days. For staff work, a POS system is used, with the help of which the cashier makes checks, the accountant fills the warehouse, and the manager monitors financial indicators. In order to conduct daily monitoring of personnel, the “Visor” quality control service was created. This conducts video surveillance of the market halls in real time. Based on the “Visor”

report, each employee has his own efficiency coefficient. “Visor” is provided to the franchisee for free.

189		Разливнович
190		София
191		МОНИТО 
192		ЧебурекМи 
193		Hookah Time
194		У Виталия
195		SOHO
196		197 из более чем 3500 предложений во всех нишах
197		Senor Doner

Picture 7. 197 places in all spheres from more than 3,500 franchises (Businessmen 2020b).

Senor Doner received new achievements after one year of productive work on the 28th of May 2020 and took 10th place in the field of fast food (Businessmens 2020a).

First places took such giants in the street food market as 1. Burger King, 2. McDonald's, 3.KFC, 4.Burger Club, 5.Farsh, 6.Russian Appetite, 7.Krasnodar boy, 8.Burger Heroes, 10.Senor Doner. Senor Doner ranked 197th in all spheres from more than 3,500 franchises (Picture 7).

All in all, selling a franchise of one's company is very profitable and will help a company in big aspects which were listed before in the text.

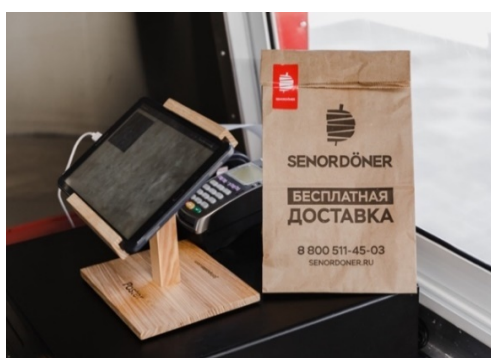
The first time it is not possible to get a lot of profit for yourself because the company should invest most of the money in turnover for developing the company loyalty, marketing for all partners, using new mechanics, buying new technologies and equipment. To add more, creating the application with high quality for IOS and

Android, new offers for partners, hiring professionals for new positions in office, it can be people from different cities who work on outsource.

Franchising is a very big, hard but productive work process. The owner has to go through it and, after that, when all positions will be ready, it is possible to get high profit. It is important to not forget to invest a lot of money in company development every time.

The author and the partners want to create a large federal chain of grill cafes so that every guest, no matter what city he/she lives in, can get the same delicious hot doner in pita bread, made by standards in a crystal clear, bright restaurant.

Each product has its own standards. The cooks can give four classic meals in exactly one minute. Additionally, the company has its own bakery where cooks prepare pita bread according to a special recipe which was bought for 50,000 rubles (641 eur).



Picture 8. Check-out area.



Picture 9. The process of cooking meat.



Picture 10. The final view of shawarma.



Picture 11. The process of cooking shawarma.

Professional photos of Senor Doner are presented in Pictures 8, 9, 10, 11.

Senor Doner offers the guests the lowest prices in the market while maintaining the optimal margin. Shawarma can be purchased from 69 rubles. The menu has 21 dishes, 3 types of sauces, 5 types of additives and different drinks.

Unique technology of preparing meat for the chain of grill restaurants.

Senor Doner revolutionized the market, now - no cones / meat spoils.

The product is now based on large pieces of chicken, that cook in an oven in just five minutes. The basis is a mixture of secret spices, which allows achieving a result in which the meat is not fried, remains juicy for a very long time and has a bright rich taste.

The guests now receive large and incredibly tasty pieces of juicy meat, and the company receives a trade margin of over 200%. Another important point - now the gold standard - meat always has the same taste, no matter who prepared it and how.

Training of the personnel.

The system is debugged, so absolutely anyone can learn how to work in a grill cafe in four days. There was always an acute problem of finding employees. In other projects, the company often has to hire professionals who set their conditions and the appropriate level of wages, and those who studied for a long time can leave at one moment and the company has to start all over again.

How did Senor Doner solve this problem?

All the processes are described in detail in the knowledge base, which is more than 180 pages only for the cooker and the cashier, and the total database is more than 300 pages. Every outlet has an infographic that helps a new employee to navigate in a difficult situation.

The company's personnel training system is clearly defined: the grill master starts working only after successfully passing the exam on knowing the entire menu and all technological processes, as well as the features of the enterprise. Each employee has a KPI and an assessment by a video monitoring service with daily testing. From the very beginning, an employee knows that if he tries and follows instructions, he will be able, for example, to win a ticket to Stockholm from the company.

An automotive system of delivery helps the company to deliver orders in less than 39 minutes. When a person makes a purchase on the official web-site (senordoner.ru), the order instantly gets to a call center, the program automatically determines which grill

cafe the order will get to (each cafe has a delivery zone), and the operator appoints a courier through the application. At this point, a notification sounds at the outlet. The cashier sends the order to the cook's screen with one click. Thus, it manages to deliver orders in an average of 39 minutes and minimize the human factor.

For the administrator, an “admin panel” works. This contains exceptional data on who works what shifts and how many hours, what products are being sold better / worse. The program allows the partner to integrate with 1C, conduct audits, make deliveries, and also keep financial records.

Federal advertising companies. Marketers develop and centrally implement big advertising companies (Picture 12). Moreover, the company does not refuse offers from partners with their advertising materials.



Picture 12. Advertising model for Senor Doner (Senor Doner 2020).

Branded packaging

The company delivers branded packaging to the partners and pay for the shipping.

Picture 13 shows an example of a bag that holds delicious food.



Picture 13. Example of a bag of Senor Doner.

Branded clothes

All the workers have branded clothes. (Picture 14)



Picture 14. Example of branded clothes.

The company's knowledge base has over 300 pages of text that have been put into practice.

Everything that happens in the cafe during the day is spelled out thoroughly. The owner of the cafe should not worry - well-qualified staff have prescribed everything for him - from the choice of premises and the opening of the company to the daily control of the outlet, as well as the grill cafe chain. The company has a full navigation of the franchise. (Google.Docs 2021).

To add more, everyone has their own instructions. For example, here are the instructions for the grill-master who works with food (Pictures 15, 16).



Picture 15. Instructions for the fried menu cooking.



*всегда можно посмотреть на инфографику перед глазами.

Picture 16. Shawarma packing instruction.

What company does for the new partners:

- Pays for accommodation and give free training to our future franchisee and an unlimited number of its employees.
- Sets up a delivery service and select a delivery service operator for a partner for free.
- Allocates a video monitoring service employee for a partner for free.
- Helps to develop an effective advertising strategy for a powerful "entry" into the market.
- Supplies the necessary branded products.
- Assists in the selection of premises, support in legal matters.
- Decides on the supply of finished meat product and pita bread for the franchisee.
- Provides access to all best practices, from the work of the cashier to the instructions for managing the grill cafe chain.
- The owners are constantly making changes, developing new products and looking for options to reduce the costs.

Why does one need for a Senior Doner franchise?

The company worked out thousands of mistakes that could lead to the closure of the business in the first two months of work, lost a lot of money, but also earned over these eight years. All the errors and knowledge are described in the knowledge base. Every day the company works on a unique technology of cooking meat, all of the partners receive secret spices. Thanks to these innovations, guests receive large chunks of meat, and the partner receives a trading margin above 200%. The author and the partners control the work of the enterprise remotely and help the partners in everything. If the partner follows the rules that the head company gave them, the partner will work with profit from the first month.

Conditions of buying the Senor Doner franchise:

- Lump-sum payment – 500,000 rubles (6,000 eur);
- Royalty 3% in the first 6 months of work, 5% from 7 and subsequent months. + 6% royalty tax;
- Payback from 8 to 16 months depending on the configuration of the outlet;
- Chain profit from the first months of operation.

Challenges of selling franchises.

Selling and using franchises of this or that company is not easy. There are a lot of factors that can intervene the buyer's or the owner's of the company work. This starts from the rules of the country and government of the region (every region has their own rules and standards) to logistics of the food to the cafes, because not every city has the companies that can sell products that companies need at low prices. Senor Doner worked for a long time with suppliers from all over the country to get special prices. These are much lower than in other companies. There were very long conversations with the heads of the companies, and now the cost of the product is low. Thanks to that, the company sells their products with a big margin, and as a result the owners earn more.

Moreover, there can be problems with some of the partners, because someone does not know how to work with Google Docs, someone does not know how to use a program for presentations, etc. Such kinds of problems are very small but take a lot of time, and the partners cannot open their cafes in time because the project managers teach them how to use these easy programs. To add, some partners are late with opening their cafes because they cannot find the companies that can build their projects at normal prices. When the project managers finally start to help them, this also takes time.

One of the main problems is when the franchise buyer thinks that he/she knows more than the company staff and starts doing what he wants. Every franchisee should understand that he/she has to listen and follow all the rules the parent company has and only after that will the new partner start to earn money. All processes are worked out by professionals who work in the main company.

The author interviewed the main partner, and they found five of the most important things in opening a public catering business.

1. Location of the cafe plays one of the most important roles; it is 80% of success. It takes 2-3 months to search for a place. One should not take the first place found, even if it seems to be the best place.
2. Price for 1 m² cannot be higher than 2,000 rubles (23 euro). For the first business the price for 1m² cannot exceed 23 euros, even if the partner thinks that it is the best place. If the partner chooses this place, the unit economy will not converge. This rule is connected with fast-food projects that are similar to ours.
3. Do not treat staff as "consumable". A lot depends on who will be on the shift when you are not there. The instructions, the systems of motivation and demotivation do not matter, because professional staff is the most important thing.
4. The product that company produces have to be very tasty. Moreover, staff have to do it for main customers, for key guests. Make research and analyze the product every time, is it tasty or not, but not with your friends, it is very important.
5. Prime cost, food cost.

It is necessary to make the product not only tasty, but also to increase sales as well as to check all technical charts and preparation methods so it is cheap at cost. It is not difficult to make a tasty product, it is difficult to make sure that you earn your margin, which is considered correct in public catering. It is difficult without experience and technology.

6 CONCLUSION

Based on research the author did through the thesis and experience he had with his own team, author receives such outputs that franchising system is becoming more and more popular all over the world. The author analyzed the USA and Russian markets of franchise business from both sides: from the side of the franchise owner and from the side of newborn entrepreneur or the person who has already had some experience in business. This sphere of business is very profitable for entrepreneurs from countries all over the world and this business model is popular because it is possible to start without any experience. Not all franchises are profitable, before making the choice, the person

have to study deeply all information and statistics about it, if the decision is to start working with this or that company.

There are statistics that shows the reader how the franchise business grew up in last few years and what spheres are popular in the USA and Russia and which of them are more profitable and why. Also, this is the best way to scale up a business the person have. To add more, in Russian Federation it started to rise a couple of years ago and now several franchising projects are born and start developing every day. One more important fact is that this kind of business takes a lot of time and it is very difficult to sum up all business processes and control all the partners in different parts of the world. When a company starts franchise business all standards have to be the same quality in all outlets.

Franchise business is a hard process of doing business for both sides and have pluses and minuses. The new partner has to know that when he buys the franchise it does not mean that from the first day, he will earn money. It means that he will work every day with all standards of the head company and try to develop the business as much as he can.

One of the main ideas of the thesis was to describe all aspects of franchise, to show people that with the help of it one side can scale up its business and start earning more money for the company , they can increase their company . And for other side, buying a good franchise, for example, fast food company or retail shop, the person will receive all needed information, brand recognition and, as a result, a big amount of customers. It is a well-known fact that people prefer to visit places which work for a long time and have a high ratings.

Analyzing all aspects of franchising systems of the USA and Russia, studying theoretical foundations of franchising management in an innovative environment and compare them between two countries where franchising is developing now, the author makes an inference that franchising in Russian Federation and in other countries is completely different and have its own rules and trends. In one country retail shops are the most popular way of doing business, in another country the most popular way is fast food.

The franchising offers are different because all comparing countries have their own principles, rules, number of citizens and salaries. In the USA franchising as a business started many years ago. But in Russia this field of business started to develop just 5-8 years ago and Russian entrepreneurs started to understand this model only in our days. To add more, in Russia people still do not trust this business and some people think that the owners of head franchises are lying and trying to cheat. But in the USA it is already a common way to start a new business and become a partner of a big company. Going back to Russia, 5-10 new franchise projects born every day, people follow all new information about it and start to understand the meaning of franchise. It may help them to start their own business especially if the person starts the first business. Nowadays all needed information is easy to find in social media.

The famous franchise companies have their own web-sites and profiles in social media, the heads of the companies have them too, so if a person is interested in this company, he/she can follow the head of the company in social media, analyze it, find all the answers and make a decision.

The author explored the market offers and found totally different products that are shown in the USA and Russia. The spheres have something in common, but the main principles are different. Entrepreneurs prefer other ways of doing business and other types of franchising. Such a model of doing business as franchising is more popular abroad than in Russian Federation, and people are more informed about this business.

The author recommends franchise as a way of running business. A franchise business is really profitable: one can increase a chain of cafes (for example) 2-3 times and become a leader in the sphere. From the point of view of the entrepreneur who would like to create or start his own business, it is a good idea and a good chance to become a partner of a big company, improve skills and become a professional in this sphere. To add, it will be a good thing for finances because of the brand awareness and loyalty of the costumers. The most important point, before buying a franchise of a company, is to find all information, statistics on that company, to find all contacts of the franchisee that already work with this brand and ask questions, connected with to company, for example feedbacks, financial statistics and etc.

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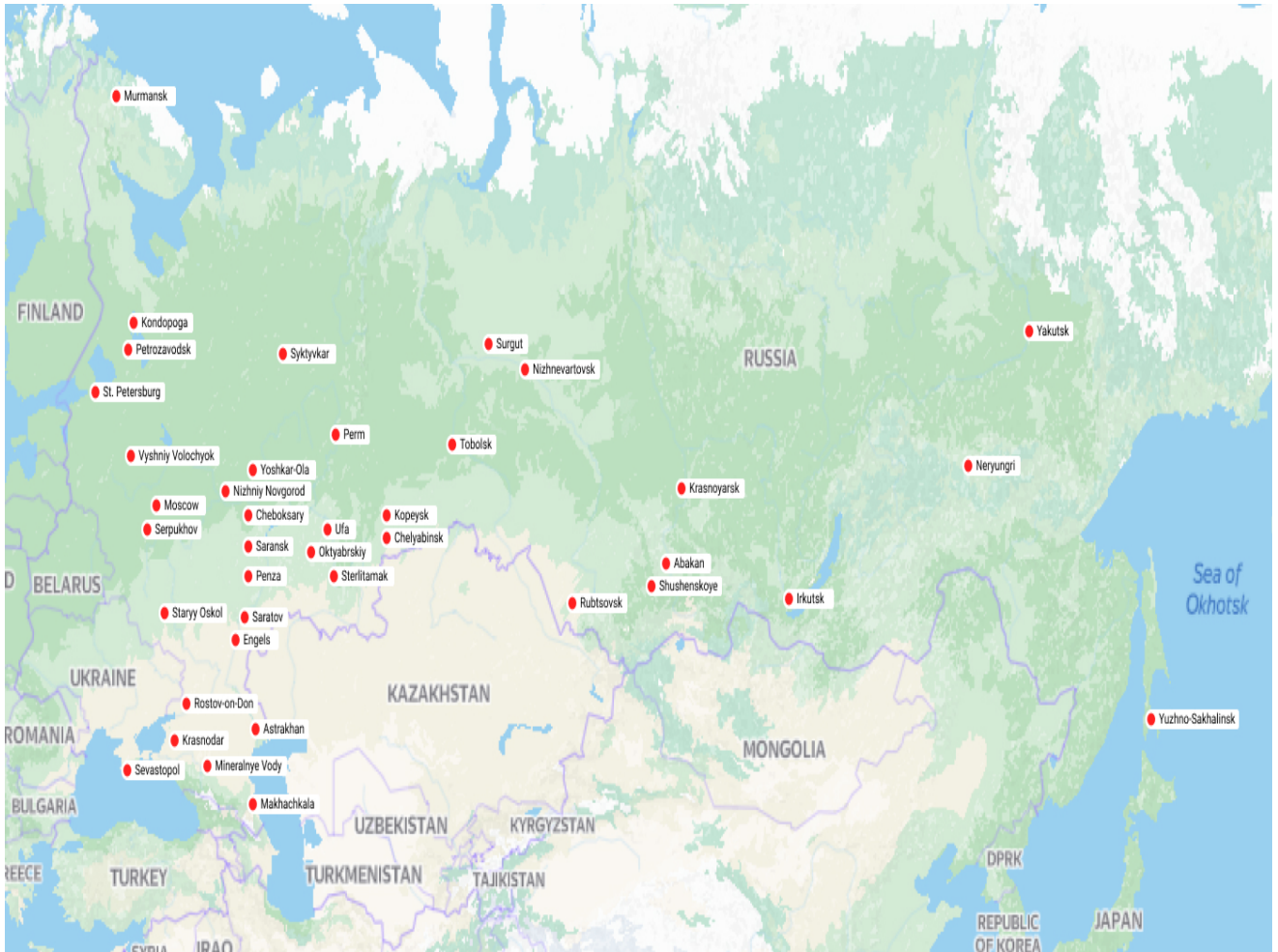
Appendices

Appendix 1 Top 50 franchises in Russia in 2016




Позиция в рейтинге*	Товарный знак	Количество зарегистрированных договоров коммерческой концессии	Количество расторгнутых договоров по соглашению сторон	Количество договоров, зарегистрированных до 31.12.2016
1 (1)	1С	659	68	7486
2 (2)	«Консультант Плюс»	180	0	805
▲ 3 (5)	«Гемотест»	117	6	343
4 (4)	«Инвайтрон»	82	5	602
▲ 5 (16)	«Суши шоп»	71	6	92
6 (Н)	«Чебаркульская птица»	54	0	54
7 (7)	Vianor	50	5	497
▲ 8 (13)	Helix	40	2	118
▼ 9 (6)	Subway	34	20	845
▼ 10 (9)	«33 Пингвина»	33	1	180
▲ 11 (19)	«Эвалар»	31	1	51
12 (Н)	«Точка красоты»	30	1	42
13 (Н)	Vardex	24	0	24
▼ 14 (11)	«Тонус клуб»	20	6	175
▼ 15 (8)	«Додо»	19	12	99
16 (Н)	«Крошка картошка»	18	0	81
▲ 17 (18)	Elis collection	18	0	19
18 (Н)	Mail boxes	17	0	69
19 (Н)	Fitserve	16	0	22
▼ 20 (12)	«Воккер»	14	6	29
21 (Н)	«5 Пятерочка»	14	2	16
22 (Н)	Regus	14	0	14
23 (Н)	Sogood	12	0	12
▼ 24 (17)	«Фармакопейка»	12	0	26
25 (Н)	Chicken house	12	0	16
26 (Н)	Terranova	11	5	65
27 (Н)	«Будь здоров»	11	7	12
28 (Н)	4 Hands express studio	11	0	11
29 (29)	«IL Патно»	10	2	140
30 (Н)	«Ригла»	10	0	39
31 (Н)	Playtoday	10	0	10
32 (Н)	Profmax	10	0	10
▼ 33 (26)	Van cliff	9	0	8
34 (Н)	«Планета суши»	9	0	84
35 (Н)	«Якитория»	9	3	89
36 (Н)	«Вай»	9	0	17
37 (Н)	Sunschool	9	0	9
38 (Н)	«Санкт-Петербургская школа телевидения»	8	0	12
▼ 39 (30)	«Тофа Дом обуви»	8	10	18
40 (Н)	«Лечу.ру»	7	5	75
41 (Н)	«Хочу к врачу»	7	5	40
42 (Н)	«Янта»	7	0	35
43 (Н)	«Веселая расческа»	7	0	13
44 (Н)	PlazaReal	7	0	7
45 (Н)	«Алмаз-холдинг»	7	0	7
▼ 46 (3)	Yves Rocher	6	10	255
▼ 47 (24)	«Конфазль»	6	0	38
48 (Н)	«Поль Бейкер»	6	2	19
49 (Н)	«Помпончик»	6	0	7
50 (Н)	Lehome	6	0	6

* В скобках указана позиция в рейтинге 2015 года, Н — новички рейтинга

Appendix 2 The map of cafes which are already opened



Appendix 3 Menu

 <p>СТАНДАРТНЫЙ ДЕНЁР 300±15г ★ новинка</p> <p>Куски сочного куриного мяса, сливочно-чесночный соус, микс из свежих овощей и ароматный лаваш</p> <p>119 ₺</p>	 <p>БОЛЬШОЙ ДЕНЁР 350±15г 👍 хит продаж</p> <p>Увеличенная порция куриного мяса, микс из свежих овощей, ароматный лаваш</p> <p>Выберите соус:</p> <ul style="list-style-type: none"> <input checked="" type="radio"/> два соуса <input type="radio"/> белый соус <input type="radio"/> красный соус 🔥 острый <p>189 ₺</p>	 <p>ЧЕРРИ-ТОП 380±15г ★ новинка</p> <p>Лаваш, картофель фри ручной работы, капуста с морковью, томаты черри, 4 куска мяса, лук, белый сливочно-чесночный соус, свежие огурцы</p> <p>149 ₺</p>
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**ДЕНЁР МИНИ**

210±15г

Куски сочного куриного мяса, микс из свежих овощей, ароматный лаваш

Выберите соус:

- два соуса
- белый соус
- красный соус ↗ острый

**ДЕНЁР В ЛАВАШЕ**

330±15г

Куски сочного куриного мяса, микс из свежих овощей, ароматный лаваш

Выберите соус:

- два соуса
- белый соус
- красный соус ↗ острый

**АЙ-ШАУРМА** 150±15г

★ новинка

Хрустящий лаваш, мясо, томаты, сливочно-чесночный соус, смесь капусты и моркови

**ДЕРЕВЕНСКИЙ ДЕНЁР**

350±15г

Маринованные огурчики, белый соус, куски сочного куриного мяса, микс из свежих овощей, ароматный лаваш

**ДЕРЕВЕНСКИЙ ДЕНЁР С КАРТОФЕЛЕМ**

390±15г

Маринованные огурчики, белый соус, куски сочного куриного мяса, картофель по-деревенски, микс из свежих овощей, ароматный лаваш

**ВЕГЕТАРИАНСКИЙ ДЕНЁР**

330±15г

Лукковые кольца, обжаренные во фритюре, свежие овощи, ароматный лаваш и два соуса на выбор

**Выберите соус:**

- два соуса
- белый соус
- красный соус ↗ острый

169 ₺**169** ₺**149** ₺**ГРЕЧЕСКИЙ ДЕНЁР**

350±15г

Сыр фета, куски сочного куриного мяса, микс из свежих овощей, ароматный лаваш

Выберите соус:

- два соуса
- белый соус
- красный соус ↗ острый

**МЕКСИКАНСКИЙ ДЕНЁР**

380±15г

↗ очень остро
Острый перец чили, куски сочного куриного мяса, соус табаджан, кукуруза, микс из свежих овощей, ароматный лаваш

**БЕРЛИН ДЕНЁР**

340±15г










⚡ супер сытный

Картофель фри, куски сочного куриного мяса, микс из свежих овощей, ароматный лаваш

Выберите соус:

- два соуса
- белый соус
- красный соус ↗ острый

**169** ₺**199** ₺**169** ₺

 <p>ЧИКЕН ЧИЗ 190±10г</p> <p>Белый соус, нежный расплавленный сыр, куски сочного куриного мяса, ароматный лаваш</p> <p>99 Р</p>	 <p>GM РОЛЛ 100±10г</p> <p>Сочный бекон, расплавленный сыр, ароматный лаваш</p> <p>99 Р</p>	 <p>СЫРНЫЙ РОЛЛ 90±10г</p> <p>Нежный расплавленный сыр, хрустящий лаваш</p> <p>49 Р</p>
 <p>ШАВЕРБОКС 390±25г</p> <p>Куски сочного куриного мяса, картофель по-деревенски, микс из свежих овощей</p> <p>Выберите соус:</p> <ul style="list-style-type: none"> <input checked="" type="radio"/> два соуса <input type="radio"/> белый соус <input type="radio"/> красный соус острый <p>209 Р</p>	 <p>СРЕДНИЙ ШАВЕРБОКС 330±25г</p> <p>Куски сочного куриного мяса, картофель по-деревенски, микс из свежих овощей</p> <p>Выберите соус:</p> <ul style="list-style-type: none"> <input checked="" type="radio"/> два соуса <input type="radio"/> белый соус <input type="radio"/> красный соус острый <p>169 Р</p>	 <p>ЧИКЕНБОКС 310±25г</p> <p>★ НОВИНКА 👉 ОМНОМНОМ</p> <p>Куски сочного куриного мяса, картофель фри, томатный соус Heinz</p> <p>180 Р</p>
 <p>ЛАНЧБОКС 390±25г</p> <p>Куски сочного куриного мяса, картофель фри или картофель по-деревенски, микс из свежих овощей, лаваш. Идеально на обед</p> <p>Выберите картофель:</p> <ul style="list-style-type: none"> <input checked="" type="radio"/> фри <input type="radio"/> по-деревенски <p>Выберите соус:</p> <ul style="list-style-type: none"> <input checked="" type="radio"/> два соуса <input type="radio"/> белый соус <input type="radio"/> красный соус острый 	 <p>СНЕКБОКС ★ НОВИНКА</p> <p>Хрустящий картофель фри с нежными куриными наггетсами в панировке.</p>	 <p>ПРОБНЫЙ ДЕНЬ ★ НОВИНКА</p> <p>Набор из четырех блюд: Завтрак, обед из двух блюд и ужин.</p> <p>При заказе товара до 19.00 текущего дня, доставка возможна на следующий день с 10.00-12.00</p> <p>При заказе после 19.00, доставка возможна не ранее чем через 39 часов с момента оформления заказа</p> <p>Состав:</p> <ul style="list-style-type: none"> - Тост с ветчиной (150 гр.), - Салат витаминный (100 гр.), - Тефтели по-домашнему (100 гр.),