

## **FRANCHISING BUSINESS OPERATION IN BATANGAS CITY, PHILIPPINES**

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### **ABSTRACT**

This research looked into the business operations in franchising Zagu Pearl Shake business in Batangas City. More specifically, it describes the profile of the service staff personnel and the problems encountered during the operation of franchising business. The operation of Zagu Pearl Shake business in Batangas City is very good based on set standards on proper portion, control and quality taste which makes it a leader in the Pearl Shake franchising business. The common problems encountered by staff are due to the standard operating procedures set by the company as a franchise business. Continuous improvement in taste, flavour and other modifications maybe done at Pearl Shake for its price to be more competitive and be the leader of Pearl Shake Franchising business.

**Keywords:** Business Operation, Franchising, Batangas City, Zagu, Pearl Shake

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### **INTRODUCTION**

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Franchising is one of the growing trends in the business industry in the Philippines. It is not a business per se but fundamentally a marketing concept- an innovative method and radical approach of distributing products and services (Doherty, 2006). As a multifaceted form of entrepreneurship, the growth and survival of franchising are rather distant from entrepreneurship as a rapidly growing form of business in several countries in the world (Tuunanen and Hoy, 2007). Franchising is a continuing relationship where the franchisor provides license privilege to do business and assists in organizing training, merchandising and management in return for a consideration from the franchisee.

In a research on franchising an internet café Bautista et.al (2006) reveals that the significant and most common problem encountered by managers in terms of operation is the high cost of repair/acquisition of computer spare parts. Thus, he recommended that the franchised Internet Cafe business may be ventured by the entrepreneurs who are open-minded and patient. There are a number of factors to be considered if one wants to survive in this business. With the skill, the capital, best service, positive attitude, good management, good location, passion for the business, one should not ignore the law of supply and demand. Ignoring this aspect may lead to bankruptcy.

Morrison (1997) supports the above studies on job satisfaction. He stated that every franchise system revolves around the quality of its franchisees and the personal decisions they make with respect to their work. Job satisfaction has one of the most frequently studied work attitudes. An understanding of these relationships may be just as beneficial for the small business owner as for the corporate manager, since small business resources are usually limited and small gains are more visible.

Zagu Pearl Shake business has a growing current network of over 290 outlets nationwide and recognition locally through awards such as the National Consumer Quality Awards and the “Parangal ng Bayan People’s Choice Awards” and the International recognition as partner in Sydney, Australia. As such it is considered a leader in the franchising business.

The effect of customer orientation and innovativeness on this kind of small-sized service retailers may provide insights on exploring customer orientation and innovativeness, and how these factors impact on the performance of small-sized retailers like franchising business.

## OBJECTIVE OF THE STUDY

This research looked into the business operations in franchising Zagu Pearl Shake business in Batangas City. More specifically, it describes the profile of the service staff personnel and the problems encountered during the operation of franchising business.

## MATERIALS AND METHOD

This research involved the five Zagu Pearl Shake establishments in Batangas City located in SM Batangas, Caedo Commercial Complex, Citimart Batangas, Hilltop Batangas City and Bay City Mall in Batangas City. There is a total of ten personnel who accomplished the questionnaire representing 100% of the population. Ten customers were taken from each establishment using convenient sampling technique. These customers were those who were having a drink of the product under study. The researchers used self-made questionnaire validated by experts in the field. The research adviser and other professionals commented and gave suggestions for the improvement of the paper. Data were analyzed using frequency, percentage, ranking and weighted mean.

## RESULTS AND DISCUSSIONS

Table 1

Business Operation of the Zagu Pearl Shake in terms of Services Offered

Services of Zagu Pearl shake	WM	VI	RANK
1. The food servers know how to handle unexpected circumstances.	3.78	Very Good	9.5
2. Food servers performed assigned duty with positive attitude.	4.02	Very Good	3
3. Food servers are well trained in handling food and serving the customers.	3.92	Very Good	6
4. Food servers are courteous, polite and friendly.	3.78	Very Good	9.5
5. Food servers are well groomed.	3.90	Very Good	7
6. The price of the product is affordable.	3.94	Very Good	5
7. The product suits the customers' taste.	4.4	Very Good	1
8. Food served is appealing.	3.84	Very Good	8
9. Food is equally portioned.	4.1	Very Good	2
10. Service is fast and efficient.	3.98	Very Good	4
<b>Composite Mean</b>	<b>3.97</b>	<b>Very Good</b>	

The table shows the services offered by Zagu business in Batangas City. The results show that all the services were rated very good. Looking closely, the data revealed that the customers rated highest the item which states that the product suits the taste of the customers (WM=4.4) followed by the item food is equally portioned (4.1). It is interesting to note that the customers acknowledged that the food servers performed his assigned duty with positive attitude (3.92). The customers' rating on the servers' attitude, being courteous, polite and friendly, giving fast and efficient service, being well groomed and trained in handling food and serving the customers were all rated very good. On the whole the services offered by Zagu Pearl Shake was rated Very Good.

This implies that Zagu Pearl Shake business in Batangas City ensures that the standards are set in food franchising on proper portion control and maintaining quality taste. These findings find support in what most business experts who agree that a franchise operation has lower risk of failure than an independent business due to the standards set by the business. This consistently suggests that a franchise is more likely to succeed than independent business.

**Table 2**  
**Problems Encountered in the Operation of Zagu Pearl Shake Business**

<b>Common Problems</b>	<b>WM</b>	<b>VI</b>	<b>RANK</b>
1. Customers complain about the product.	1.8	Sometimes	8.5
2. Customers complain about the service.	1.9	Sometimes	7
3. Customers complain about the behaviour of the service crews.	1.5	Sometimes	10
4. Experiencing delays in the delivery of supplies.	2.3	Sometimes	5.5
5. Encounter shortage on stocks.	2.3	Sometimes	5.5
6. Malfunctioning of equipments during operation.	1.8	Sometimes	8.5
7. Checking in standard portion control of beverage.	3.4	Often	4
8. Having proper storage/containers for your ingredients.	3.7	Always	1
9. Wearing proper uniform during the operation.	3.6	Always	2
10. Have many customers daily.	3.5	Always	3

The results show that Zagu Pearl Shake business in Batangas City always encounters problems in proper storage/containers for ingredients (WM=3.7), wearing proper uniform during the operation (WM=3.6) and having many customers daily (WM=3.5).

Behind the success of every Zagu store is its professional management team and dedicated employees committed in putting the customer first and achieving excellence in everything.

Therefore, having a lot of customers is not easy to handle. The figure also shows that the problems about the service (WM=1.9), about the product (WM=1.8), malfunctioning of equipments during operation (WM=1.8) and complaints about the behaviour of the service crews (WM=1.5) were encountered only sometimes.

In an interview done among service personnel, it was revealed that due to the standard operating procedures set by the company as a franchised business, the price of their product is no longer competitive in the shake business industry. Besides, due to a lot of customers they find difficulties in handling good service with malfunctioned equipments at the middle of preparing the shake. This may somehow contribute to the behaviour of the two staff having to serve almost 20 customers and thus become impatient in rendering services to them.

This is a clear manifestations that the franchisor who provides a licensed privilege to do business has to do his share in assisting, organizing training merchandising and management in return for a consideration from the franchisee for the business to be successful.

## **CONCLUSIONS AND RECOMMENDATION**

The operation of Zagu Pearl Shake business in Batangas City is very good based on set standards on proper portion, control and quality taste which makes it a leader in the Pearl Shake franchising business. The common problems encountered by staff are due to the standard operating procedures set by the company as a franchise business. The franchisor who provides a license privilege to do business has to do his share in assisting, organizing training, merchandising and management for the business to be successful and lessen problems in handling this kind of business. as franchise operation, it has lower risk of failure than an independent business. The expected effectiveness and efficiency of their service may be attributed to the training and learning experiences that the franchising business offers.

Zagu Management may employ additional staff to manage the growing customers and minimize complains. The Franchisor of Zagu pearl shake may offer competitive price for this shake business in order to address the market of this industry. Further, they may consider more management of strict training of staff and the franchisee who will handle this business.

Continuous improvement in taste, flavour and other modifications maybe done at Pearl Shake for its price to be more competitive and be the leader of Pearl Shake Franchising business.

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