FRANCHISING IN INDONESIA: AN EMPIRICAL STUDY FROM FRANCHISEE PERSPECTIVE

Carlin Tanzil and Peng Chan
California State University-Fullerton, California, USA
Email: pchan@fullerton.edu
Tel: +1.626.807.8887

Abstract. This study examines the issues and challenges of international franchising from the perspective of franchisees in an emerging market, Indonesia. Due to the popularity of restaurant franchising, this sector is the focus of the present study. This study attempts to validate a similar study done in South Korea. Based on data gathered from 85% of the US restaurant franchises operating in Indonesia, our results reveal that brand value is a key component in franchise selection criteria as well as one of the success factors in running a franchise. The findings justify a highly efficient franchise system as the most important factor in selecting US franchises. In addition, cleanliness and high quality food are recognized as factors attributing to the success of US franchises. Training is found to be needed in areas of service and food preparation in order to maintain the standards set by the franchisors. In addition, a survey of local consumers discloses that they prefer to go to shopping malls to get food from US franchises. The results of this study will provide important lessons for both international franchisees and US franchisors.

1 Introduction

Franchising has been one of the fastest growing methods of doing business globally over the past 20 years (Chan & Justis, 1990). Today it is still recognized as the strategy that allows for the most rapid global expansion at the lowest capital cost. The recent US recession has affected the outlook of the franchising industry in the U.S. and prompted U.S. franchisors to become even more aggressive in looking for global opportunities to expand and seize greater market share, particularly in the emerging markets such as China and India (Wang et al, 2008). The U.S. Department of Commerce estimated that over 75% of the expected growth in world trade over the next two decades would come from emerging markets (Welsh et al, 2009). Hence, international franchising has become a key strategy in tapping into the global market, specifically in developing countries because of the minimized financial risk.

Despite the vast potential, franchisors view emerging markets as uncharted territories because conditions and regulations differ significantly from developed countries where franchisors have the bulk of their experience. In addition, even though there is a growing enthusiasm among franchisees to introduce products and services overseas, the failure rate of international franchising development is higher than 35% (Deedler & Miller, 2009). This statistic suggests that there is a lack of communication and misalignment of goals between franchisors and franchisees due to geographic, language, and cultural barriers. In order to succeed, both parties need to cooperate and communicate together. Even though the triumph of international franchising depends on close cooperation and collective understanding between franchisors and franchisees, the spotlight in most literatures has been solely on franchisors' needs. Little has been done to address the concerns franchisees have in terms of international franchising.

The purpose of this study is two-fold. The main objective is to investigate critical challenges confronted by U.S. franchisees that are operating overseas. Only U.S. restaurant franchises are selected for this study because it is one of the fastest growing sectors in the franchising industry. The geographic scope of this study will be limited to Indonesia, which is among the top 5 largest emerging markets in the world. For the last five years, Indonesia has experienced phenomenal growth in its economy, especially its franchising industry. The total revenue for local and international franchises in 2010 is equivalent to $11.6 billion, a 20% increase from to $9.5 billion in 2009. With total revenue of $8.1 billion in 2008, it brings the overall average growth rate to approximately 19% annually (Raharjo, 2010). This growth shows opportunistic hope for foreign franchisors that are facing stagnant markets at home, but also for franchisees that have the financial capability to seize the chance (Deedler & Miller, 2009). The second objective of the study is to provide insights to potential franchisees by investigating Indonesian local consumers' preference in terms of franchising locations and brands.

2 Literature Review

In general, franchising is defined as an agreement between two entrepreneurs where one party (franchisor) lawfully permits another party (franchisee) to operate its trademark, business system, and processes to sell products and services. This is based on predetermined standard in return for an upfront franchise fee and ongoing franchise royalties. As the inventor and guardian of a franchise, franchisors are constantly monitoring franchisees' performance to see if they are sticking to the chains standard. On the other hand, franchisees must duplicate the same skills and standards in an altered environment and still maintain sales (Akremi et al, 2010). Therefore, the relationship between franchisors and franchisees are likely strained due to conflict of interests as well as opportunistic behaviors.

The first issue relates to the conflict of interest in regards to the compensation method. Franchisors are compensated through royalties but franchisees' income stream comes from profit. Since royalties are calculated based on a fixed percentage of sales, franchisors tend to push products that will maximize revenues rather than profit. On the other hand, franchisees have an opportunistic incentive to sell products with highest profit margin.

The second issue deals with the misalignment of goals in terms of maintaining the reputation of the franchise brand. Franchisees are tempted to customize their offerings to the local preference by free riding on the brand value. Yet, franchisors are concern that excessive adjustments could erode the brand value, which could affect long-term sustainability (Deedler & Miller, 2010). Nevertheless, it is important to note that franchisees' effort to adapt to the local market may add value to the franchise system. Some franchisors allow and even support franchises to research, develop, and experiment on local market.

The third issue involves franchisees' motivation to hold back valuable information from franchisors. When franchisees divulge any information relating to local markets, franchisors may not value franchisees as much. In addition, some franchisors have shown intentions to acquire back foreign franchise outlets if they feel they have all the necessary information to operate on their own (Akremi et al, 2010).

In addition, foreign franchises face stiff competition from local franchises. Homegrown chains have a few advantages over foreign franchising chains to thrive in frontier markets. Primary competitive advantages include locally adapted, tailored products and pricing, lower overhead and monitoring costs due to proximity, and better alignment with the local community. Homegrown chains are able to generate more revenue at a relatively lower cost per good sold. That is because they are able to cater their products and services to local preferences and supply chains. On the other hand, foreign chains need to evaluate cost and benefits of adjusting their standardized Western-oriented products for emerging market. Homegrown chains can reduce the cost of goods sold because of their knowledge of local sourcing and supply chain. In contrast, Western chains build products with Western ingredients which may need a complex supply chain hub.

In the context of international franchising, Lee et al (2010) pioneered a study that investigated the issues and challenges encountered by US franchise restaurants operating in an emerging market, Korea. This study is important because it is the only empirical research to date that had examined the issues and challenges confronting foreign franchisors in an emerging country. The present study is an attempt to validate Lee et al's findings in another emerging Asian market, that is, Indonesia, and see if the results would be similar or different. Therefore, we will examine their study in more detail. In Lee et al's study, 80 surveys were distributed by mail to restaurant managers running US restaurant franchises in Korea. The response rate was 72%. Out of 57 participants, 40 were supervisors of U.S. casual dining franchise restaurants, 7 participants supervise U.S. fast food restaurants, and 5 were supervisors of U.S coffee franchises. In addition, 1 participant managed a European restaurant chains, and 4 did not indicate the type of franchise eateries they supervise.

Lee's questionnaire was segregated into four sections. The first part was aimed at identifying the major qualifications in selecting the most suitable U.S. franchise chains. The results of Lee's study revealed that respondents placed a high value on "high efficiency" of a franchise restaurant operating system. High efficiency operations system encompassed issues such as purchasing supplies from local suppliers rather than importing them, effective distribution channels, and well organized operation manuals. His result validated previous studies that the higher the efficiency of the restaurant system, the higher the profitability of that franchise. "Fair contract" was also considered to be an important value for franchisees. In general, emerging markets have less sophisticated regulatory environment relative to developed countries. On top of that, both parties originated from different cultural background, languages, and government policies, which might complicate the enforcement of the contract. Therefore, having a fair and clear-cut contract would help to avoid any ambiguity, conflict of interest, and opportunistic behavior from either party.

The second part of the survey dealt with the essential factors in running a successful US restaurant franchise. Lee et al's study revealed that participants indicate "cleanliness" is the most important factor. Hygiene and cleanliness have become integral parts of customers' expectation in restaurant environments (Petty, 2008). High quality food ranked second. In today's society, the average consumers have an array of options in regards to food, so restaurants need to be able to set a high standard in order to maintain positive feedback and build brand loyalty. In contrast, respondents considered overcoming cultural gap and anti-America sentiment as the least important factors in order to become a successful US restaurant franchise. According to Lee et al, these factors are insignificant because the target market of US restaurants franchise in Korea is the younger generations. Unlike the older generations who still have some distrust in embracing American products, the younger generations welcome globalization and appreciate global consumer culture.

The third part addressed the problem areas where franchisees need training and guidance from their respective franchisors. "Service" and "food preparation" ranked highest among franchisees. Rapid advancement in technology and internet has made it possible for franchisees to seek immediate guidance from franchisors. Franchisors can provide interactive computer–oriented training program for franchisees on a continual basis to update their offerings. Excellent customer service and appealing food presentation will distinguish foreign brands from local competitors because local consumers tend associate foreign brands as being superior and better managed.

In the fourth section, respondents were asked their preferred franchising location and preferred U.S. franchise brands. According to the participants, department stores, shopping malls, and universities are the most popular location to site US restaurants franchise. Department stores and shopping malls receive huge traffic daily because Korean consumers treat them like a one-stop shop where they can do multiple activities such shopping, eating, visiting gyms, and unwinding at the same time. In regards to franchising brands, respondents preferred Starbucks, Outback, and Baskin Robbins which corresponds to a coffee shop, a casual dining restaurant, and an ice cream shop.

2.1 Comparative Analysis

As of today, no similar study has been done to investigate international franchising in Indonesia. Hence, a key objective of the present study is to replicate Lee et al's study in Indonesia, a country that is about five times larger in population than South Korea but with more or less the same top US franchisors having established a presence in the country. However, there are a few differences between Lee et al's study and the present investigation. First, Lee et al's study was focused entirely on surveying US restaurants franchise managers in Korea. In the present study, however, the survey respondents relating to "preferred locations and brands of franchises” were enhanced by choosing average consumers as the participants. The advantage of this approach is that it will reveal the preferred brands and locations from the customers’ perspective rather than the franchisees’ perspective, which would be more meaningful.

Second, Lee et al mailed his surveys to managers of US restaurants franchises and achieved 71% response rate. In this study, managers or supervisors are directly approached in person and the surveys are handed simultaneously. Therefore, the response rate for this study is 100% because everyone that was approached has agreed to participate. Third, 70% of the participants in Lee et al’s study are managers of US casual dining franchises (Wang et al, 2008). In contrast, only 21% of the participants in this study manage casual dining restaurants while 35% manage fast food chains. Fourth, some of the franchises in Lee’s study are not present in Indonesia. These are Bennigan’s, Subway, and Hardees and they are replaced by KFC, Carl’s Jr., and Haagen-Dazs in our study. Even though there are slight differences in the sample size and method of obtaining data, this study will shed light on international franchising from the perspective of the franchisees in Indonesia and ultimately test Lee’s findings in another key Asian franchising market, Korea.

3 Research Questions and Hypotheses

This research essentially addressed the same areas that were examined in Lee et al's study: (a) what are the key factors that franchisees take into account in selecting a franchise restaurant chains? (b) what are the essential elements in running successful franchise restaurant chains? (c) what are the main areas of training that franchisors need to provide franchisees? and (d) what are the consumers’ preferred brands and locations for the franchises?

In addition, for comparison purposes, two additional hypotheses were generated:

H1: In regards to issues and critical challenges in international franchising, the results of this study in Indonesia would be consistent with the findings of Lee et al’s study in South Korea.

H2: Both local consumers in Indonesia and South Korea prefer the same franchising locations and brands.

4 Methodology

A survey questionnaire identical to the one used in Lee et al's study was utilized to gather empirical data in Indonesia. The survey is based on a seven-point Likert scale ranging from 1 to 7, 1 being the weakest response and 7 being the strongest response. Simple statistical analyses including mean and standard deviation were used. No other statistical analyses were necessary for the purposes of this research. Scores were tabulated and ranked from the highest to the lowest.

In addition to the survey itself, demographic information was also obtained in order to ensure random sampling. There were a total of 34 US restaurant franchises operating in Indonesia (the population) (see Appendix 1). The survey respondents were managers and supervisors with at least one year of experience in order to ensure sufficient knowledge and expertise in answering the questions. Due to time and travel limitations, only data from 29 US franchises (85% of population) were collected. Of the 29 respondents, 10 were managers of fast food restaurants, 6 were managers of casual dining restaurants, 8 were managers of coffee shops or bakeries, 4 were managers of ice cream or yogurt shop, and 1 was a manager of an upscale chain (Appendix 2).

The geographic scope of the study focused primarily in Jakarta, the capital city of Indonesia, with a population of over 10 million. Jakarta is the hub of all franchising activity in Indonesia and contains the highest franchised restaurant density and the largest buying power in the country. Since most franchise chains are located inside shopping malls, managers are approached in person and given the surveys directly.

For the second survey, which relates to local consumers, people were randomly approached in malls and handed the surveys. To avoid any biases, the survey was administered in different parts of Jakarta to minimize any error relating to the geographic locations of the malls. In addition, a token of appreciation was given to encourage participation in the survey.

5 Analysis, Results & Discussion

Survey participants' demographic information is tabulated in Appendix 2. 82.8% of the respondents' age ranged between 26-45 years old, while 13.8% of the respondents' age ranged between 19-25 years old, and only 3.4% of the respondents' age ranged between 46-55 years old. These results bore resemblance to Lee et al's findings where 84.3% of the respondents' age ranged between 26-45 years old. In regards to gender, an extraordinary 79.3% of the respondents were male while only 20.7% were females. This result is in stark contrast with Lee et al's demographic profile where 74% were female and only 26% were male. The difference in gender profile could be explained by the fact that majority of women in Indonesia are homemakers and the workforce is still dominated by men.

Appendix 3 lists all the critical factors that franchisees would take into account in selecting U.S franchise restaurants. Generally, respondents identified brand value (6.86) as the most important factor. This result contradicted Lee et al's findings in which brand value was not considered as an important factor in selecting a US franchise restaurant. However, researchers Leslie and McNeil (2010) thought otherwise. Advantages of a valuable brand include competitive advantage and differentiation. Often, customers are willing to spend more on brand names because it represents trust, trustworthiness, and quality. The perceptual value of a foreign franchise brand is amplified because local customers tend to have predisposed trust and a sense of security in well-known and reputable foreign brands (Leslie & McNeil, 2010).

High efficiency of restaurant operating system (6.79) is cited second. This consideration also ranked high in Lee et al's findings (6.28). Unlike the risk involved in starting an independent ownership, first-time business owners are more comfortable with buying an established brand with proven operation systems and products as well as managerial inputs from franchisors. This provides a level of assurance that convinces potential franchisees of the security behind of this option as a starting point.

The third most important aspect is high expectation (6.76). This result also contradicted Lee et al's finding where high expectation (5.46) is considered important. However, researchers Leslie and McNeil believed that word of mouth, advertising, and the reputation of a franchise brand have the ability to create a big hype among local consumers who are eager to try new foreign products ((Leslie & McNeil, 2010). The least important consideration in selecting a US restaurant franchise is less risk in terms of finance and operation (5.07) associated with that particular franchise. This result confirms Lee et al's findings and implies that franchisees will select a particular franchise even though it has high financial risk.

Appendix 4 summarizes the key elements in a successful U.S. franchise restaurant. Participants ranked high quality food (7.00), brand value (6.90), fresh and quality supply from suppliers (6.83), and cleanliness (6.82) as top factors in assuring positive feedbacks from picky local customers. Franchisees need to be able to maintain the standard that was given by the franchisors and consistently maintain the quality of the food. This also creates an added pressure for franchisees to live up to the expectations of local customers. Lee et al's findings justified cleanliness (6.47) and high quality of food (6.42) as important factors for a successful restaurant. Again, brand value (6.12) was not considered important in Lee et al's findings.

On the other hand, overcoming cultural gap (5.34) and anti-America sentiment (2.17) were insignificant. Surprisingly, the bottom two key success factors in U.S franchising restaurant supported Lee et al's finding. Even though in the past, Indonesia has had issues with America, participants thought these issues were not important in determining the success of a U.S franchising restaurant. An explanation might be that the target market of U.S franchising restaurant is the younger generation who embrace globalization with have relatively higher education and social class. In addition, they also associate global products with modernity, progress, consumerism, efficiency and a promise of abundance (Steenkamo & Jong, 2010)

Appendix 5 examines areas that franchisees need continuing guidance from US franchisors. Service training (6.59) and food preparation training (6.55) were picked out by the participants. This supported Lee et al's finding. Without proper and extensive training on food preparation, it is difficult to maintain and control the quality of the food that comes out of the kitchen. The relationship between franchisors and franchisees need to be on a mutual understanding basis where franchisor needs to be willing to listen to franchisees who knows better about the culture of that particular country because franchisor have little experience there. Also, franchisees need to understand franchisors' concern of maintaining the integrity of the food in order to portray the image of a homogeneous brand with consistent quality worldwide.

Appendix 6 summarizes customers' preferred locations of US franchises. The top three popular locations are shopping mall (6.67), airport (6.46), and tourist attractions (6.21). On the other hand, the average consumers believe that they are unlikely to go to a US franchise restaurant in a bookstore (3.08), bank (2.96), or library (2.92). In comparison, Kyuho's study revealed that consumers preferred to go to department store (5.72), shopping mall (5.33), and universities (5.33). They were unlikely to vist U.S. restaurants fanchise in hospital (3.49), gas station (2.81), and library (2.78).

Appendix 7 shows that customers rated KFC (5.88), Dunkin Donuts (5.63), and Pizza Hut (5.54) as the most preferred brands by Indonesian customers. These results are different from Lee et al's findings where Starbucks (5.32), Outback (5.27), and Baskin Robbins (5.19) were ranked as the most popular brands in Korea. However, it is good to note that these brands have been around Indonesia since the early 1990s and as such have been assimilated in consumers' taste and preference. In addition, they also offer customized menus that are catered to local taste on top of their regular menu. For example, KFC serves rice with their fried chicken because rice is the staple diet in most Asian countries. Other than offering pizzas, Pizza Hut also offers rice dishes and tropical fruit drinks that are more suitable to the Asian taste.

Surprisingly, Chilli's (3.83), Carls Jr. (3.58), and TGI Fridays (3.50) were valued as the least favored U.S. franchise brands. Carls Jr. just opened its first restaurant in Jakarta, Indonesia, in April 2011 and therefore it has not gained full awareness among consumers. However, restaurants such as Chili's and TGIF were not that well received for a few reasons. First, the price point of these casual dining restaurants is approximately around $20 per entree. This is significantly higher than most fast food restaurants whose average price is $5. Secondly, both Chilli's and TGIF do not adjust or customize their menus in order to cater to the locals. Customizing menu to local demand as well as its price point requires extensive research and development which will inevitably increase the cost of operation. Furthermore, it may increase the cost of monitoring because franchisors have to monitor the performance of the newly introduced product (Deedler & Miller, 2009). Even though Starbucks, Outback and Baskin Robbins are the three most preferred U.S franchises brands in Korea, local customers have to have a reason to spend on relatively more expensive US franchises.

6 Managerial Implications

There are a few important considerations for potential franchisees that are looking for opportunities to establish new franchises in Indonesia. First, the location of a franchise is critical in attracting the target market namely the younger generations. In terms of location, Jakarta has the highest number of shopping malls per square foot of area. In addition, the shopping mall has been proven to be the most popular location for U.S franchise restaurants by the younger generations. Therefore, opening a new franchise in a shopping mall in Jakarta would be the most strategic choice. Once brand awareness has been developed, franchisees can look into expanding more outlets in airports and tourist attractions.

Secondly, potential franchisees need to investigate the franchises' brand value in order to evaluate whether the upfront franchising fee is worth the price. Two considerations for determining the strength of the brand value is the customers' perception towards the established brand and franchisees' level of security for using the well-known brand (Leslie & McNeil, 2010). Therefore, brand value is only valuable if the customers recognize and favor that particular brand (Leslie & McNeil, 2010). If the local consumers are not aware of the brand or do not show any favorability towards the brand, the brand has no meaning to the consumers. Instead of jumping into any conclusion or simply following any trend, it is beneficial for franchisees to conduct an extensive survey to investigate public awareness and consumers' general attitude towards the brand.

Third, potential franchisees also need to place a high priority on the high efficiency of restaurant operation systems because it relates closely to profitability. Before committing to any contract, franchisees need to analyze and fully understand operation systems of potential franchises. Fourth, franchisees need to maintain close relationship with their respective franchisors. Ongoing training, especially in the areas of service and food preparation need to be addressed clearly from the very beginning so that there would not be any miscommunication between franchisors and franchisees that could be detrimental to both parties.

7 Conclusion

There is sufficient evidence to show that U.S. franchise restaurants operating in South Korea and Indonesia face the same issues and challenges; hence, the first hypothesis is accepted. In spite of this, there are some differences in the findings. Unlike Lee et al’s study, the present study highlights the importance of brand value. Researchers Leslie and McNeil (2010) recognized the importance of public recognition in a brand value because it elevates consumers’ trust in the brand.

On the other hand, both our study and Lee et al's study found that franchisees perceive a highly efficient restaurants' operating system to be very important. Both studies also emphasize high quality food and cleanliness as the most important success factors in running US restaurants franchise. Interestingly, these factors are applicable to any restaurant. Franchisees in South Korea and Indonesia stress the importance of ongoing training especially in service and food preparation areas in order to maintain the standard that was set by respective franchisors.

Due to insufficient evidence to prove that both local consumers in South Korea and Indonesia prefer the same franchising locations and brands, the second hypothesis is rejected. While local Indonesian consumers prefer shopping malls, airports, and tourist attractions as the most popular locations of U.S restaurant franchises, local Korean consumers prefer department stores, shopping malls, and universities. In addition, local Indonesian consumers rated KFC, Dunkin Donuts, and Pizza Hut as top three U.S. franchising brand while Korean consumers prefer Starbucks, Outback and Baskin Robbins. In comparison Starbucks, Outback, and Baskin Robbins; KFC, Dunkin Donut, and Pizza Hut have lower price point. Therefore, it is important for potential franchisees to conduct additional research to investigate further on the target market.

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Appendix 1: List of all U.S restaurants franchise in Indonesia

No	US Franchises
1	A & W Restaurants
2	American grill
3	Black Angus Steakhouse
4	Arby’s
5	Aunti Annes Pretzels
6	Baskin Robbins
7	Burger King
8	Carl's Jr.
9	Chilli's Grill & Bar Restaurant
10	Cinnabon
11	The Coffee Bean & Tea Leaf
12	Country Style
13	Dairy Queen
14	Domino's Pizza
15	Dunkin' Donuts
16	Fat Burger
17	Gloria Jean's Gourmet Coffee & Teas
18	Haagen-Dazs
19	Hard Rock Cafe
20	KFC
21	Krispy Kreme
22	Lawry's
23	McDonalds
24	Outback Steakhouse
25	Patisierie Francois
26	Pizza Hut
27	Popeyes
28	Red Mango
29	Social House
30	Starbucks
31	Texas
32	T.G.I. Friday's
33	Tony Roma's
34	Wendy’s

Appendix 2: Demographic information of U.S. franchise manager/supervisors in Indonesia

	n	Percentage
Age		
19-25	4	13.8%
26-35	14	48.3%
36-55	10	34.5%
46-55	1	3.4%
Total	29	100.0%
Gender		
Male	23	79.3%
Female	6	20.7%
Total	29	100.0%
Types of franchising restaurant		
Fast food	10	34.5%
Casual dining	6	20.7%
Coffee/Bakery	8	27.6%
Ice cream /Yogurt	4	13.8%
Upscale dining	1	3.4%
Total	29	100.0%

Appendix 3: Considerations in selecting U.S. Franchising Restaurants in Indonesia

	Rank	Average	Standard Deviation
Brand value	1	6.86	0.35
High efficiency of restaurant operation systems	2	6.79	0.62
High expectation	3	6.76	0.79
Diversity of menu	4	6.62	0.90
Systematic help	5	6.59	0.78
Fair contract	6	6.41	1.09
Initial investment	7	6.34	1.20
Concept of franchising restaurant	8	6.31	1.51
Business experience	9	5.79	1.47
Recruiting help	10	5.21	1.54
Financial help	11	5.17	2.16
Less risk (in terms of finance and operations	12	5.07	2.09

Note: 7-point Likert scale ranging from 1-7, where 1 = not at all important and 7= very important.

Appendix 4: Critical Success Factors of U.S. Franchising Restaurants in Indonesia

	Rank	Average	Standard Deviation
High quality food	1	7.00	0.00
Brand value	2	6.90	0.31
Fresh and quality supply from suppliers	3	6.83	0.93
Cleanliness	4	6.82	0.77
Frequent communication between franchisor and franchisee	5	6.66	0.77
Ongoing training	6	6.59	0.78
Understanding local culture/law	7	6.41	1.09
Menu price v. service and product value	8	6.38	1.01
Customized marketing	9	6.31	0.81
Customized advertising	10	6.24	0.79
Interior and Design	11	6.21	1.32
Customized menu	12	6.14	1.48
Overcoming cultural gap	13	5.34	1.99
Overcoming anti-America sentiment	14	2.17	1.89

Note: 7-point Likert scale ranging from 1-7, where 1 = not at all important and 7= very important.

Appendix 5: Areas that U.S. Franchises in Indonesia Require Training from Franchisor s

	Rank	Average	Standard Deviation
Service training	1	6.59	0.87
Food preparation training	2	6.55	1.24
Suggestive/up-selling training	3	6.52	1.06
Beverage training	4	6.36	1.10
Recruitment	5	5.62	1.82
Safety training	6	5.48	1.84
Accounting	7	5.10	1.93

Note: 7-point Likert scale ranging from 1-7, where 1 = not at all needed and 7= the most needed.

Appendix 6: Preferred U.S. Franchising Restaurant Locations in Indonesia

	Rank	Average	Standard Deviation
Shopping mall	1	6.67	0.76
Airport	2	6.46	0.88
Tourist attraction	3	6.21	1.18
Hotel	4	5.75	1.67
University	5	5.13	1.65
Train station	6	4.96	1.99
School	7	4.92	2.22
Department store	8	4.92	2.28
Hospital	9	4.83	1.95
Gas station	10	3.92	2.57
Bus station	11	3.79	2.41
Museum	12	3.13	1.85
Book store	13	3.08	1.84
Bank	14	2.96	1.92
Library	15	2.92	1.67

Note: 7-point Likert scale ranging from 1 to 7, where 1 = the least popular and 7= the most popular

Appendix 7: Preferred U.S. Franchising Brands in Indonesia

	Rank	Average	Standard Deviation
KFC	1	5.88	1.85
Dunkin Donuts	2	5.63	1.88
Pizza Hut	3	5.54	1.98
McDonalds	4	5.38	1.86
Burger King	5	5.25	1.65
Starbucks	6	5.17	1.76
Baskin Robbins	7	4.63	1.76
Wendy's	8	4.58	1.59
Haggen-Dazs	9	4.50	1.98
Domino’s Pizza	10	4.33	1.71
Outback Steakhouse	11	3.88	1.75
Chilli’s	12	3.83	1.76
Carl’s Jr.	13	3.58	1.77
T.G.I. Friday’s	14	3.50	1.82

Note: 7-point Likert scale ranging from 1-7, where 1 = the least popular and 7= the most popular