

A Study on Brand Recognition and Opportunity for Franchise Expansion with Reference to Drunken Monkey

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ABSTRACT

The purpose of this research work is to investigate about the success with franchise from Drunken Monkey. The primary data had been collected and case study analysis had been conducted. It is evident from the research work that Drunken is having brand recognition and it is best choice for entry into food industry through franchise. The innovative products from Drunken Monkey are perceived as immunity boosting foods and the outlets provides ambience to spend quality time with friends. This study provides knowledge for entrepreneurs looking for entry into food industry and more precisely specialty food products.

Franchising helps in rapid business expansion compared with traditional model of business expansion. The burden of investment is either completely or partially transferred to the franchisee. All the rights exist with the franchisor and time limit is present the agreement. It is essential for franchise to strictly implement all the rules mentioned in the agreement. In the case study of Drunken Monkey the business environment is analyzed from both macro and micro environmental perspective.

Keywords:Franchise, brand recognition, business expansion, consumer behavior, location selection.

I. INTRODUCTION

Franchising is one the most applied method for business expansion. Organizations adopt franchising as the best choice for entering into new markets and also for entering into global markets. The franchise organizations give permission for entrepreneurs to establish business unit with some conditions. Franchising can be simply referred as implementing the business model of other successful organizations. Global

organizations such as McDonalds, KFC, Toyota and Drunken Monkey have successfully expanded their businesses with franchising. International business expansion had become essential for business organizations for attaining sustainability. It had been accepted by experts that franchising is better choice compared with establishing chain of stores. The investment by the franchisee reduces burden and risk for the organizations and more precisely when entering into global markets. The benefits with franchising are numerous but at the same time there is some opportunity to face risk when the franchisee does not follow the standards of franchisor.

The brand name of the franchisor helps the franchise to market the product more conveniently. A franchisor is an organization that has capability to give permission for other business or individual to use the company brand name and products for selling in the market. A franchisee is an organization which takes permission from the franchisor to use the brand name and company products to sell in the market. The franchisee pays the fee or commission to the franchisor according to the agreement between them. The franchisor gives notification so that interested entrepreneurs or businesses to apply for franchise permission. The consumers across the world could not imagine the availability of some food products without the model of franchising business.

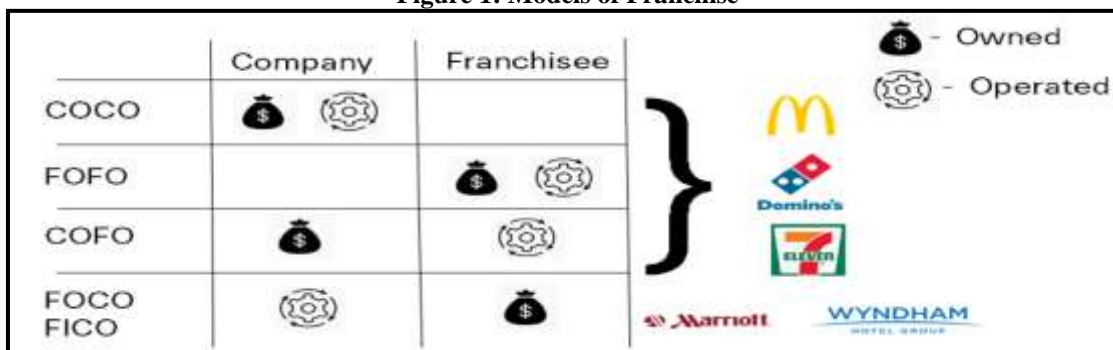
Franchising is an understanding where franchisor (one party) gives or licenses some rights and authorities to franchisee (another party). Franchising is a highly accepted marketing strategy for business growth. A contractual concord takes place among Franchisor and Franchisee. Franchisor sanctions franchisee to trade their products, supplies, services and give privileges to employ their brand and brand name. Next, franchisee in

simple words acts like a wholesaler or dealer. The franchisee pays fee or commission to franchisor and a little share of returns. A few advantages to franchisees are they do not have to invest money on training and development of employees; they get to study concerning business techniques. Highly regarded franchisors perform market research ahead of selling a new store.

1. Company owned company operated (COCO) is a model where the franchisor directly opens the franchise store in new market.
2. Franchise owned company operated (FOCO) is a model where the franchise makes capital investment but the company operates all the functions.
3. Franchise owned franchise operated (FOFO) is a model where the franchisor gives authority to the investor of the franchise.
4. Company owned franchise operated (COFO) is a model where the investment in franchise firm is made by franchisor.

Popular Models of Franchising

Figure 1: Models of Franchise



(Source: <https://lightbox.vc/new-thinking/franchising>)

From the viewpoint of operations the franchise types are business franchises, product franchises, and investment franchises. Business franchise is about using the franchisor trademark to sell the products or services. Product franchises refer to supplier-distributor relationship where the franchise firm markets franchisor products. Investment franchises are about investment will be made by the franchisee and the franchisor generates return on investment. Some experts argue that

franchise works better when selling products rather than services. The quality of product can be easily measured by the consumer whereas it is complex process to assess the quality of service. However in food industry it works better because there is evidence of food with regard to quantity and quality can be evaluated by tasting the food. Hence even through food industry is viewed as a service it works better through franchise business model.

Figure 2: Percentage of stores operated by popular franchises



1.1. Market for Smoothies

- People are giving priority for wellness
- Extreme fitness is viewed as important by present generation.
- Diet is perceived as important for health and wellness
- Smoothies are perceived as natural food products
- Smoothies develop great mind and great health
- Consumers are transforming from packaged food to natural food and fresh food

Franchisees may experience two different moments: the primary which lasts from when they choose the franchise organization awaiting contracts are signed by means of the franchisor; and the next moment from what time the commerce starts operating. Previous to operating as a franchisee, the applicant can investigate the scheme and the way it functions, but they may not have, so far have any knowledge of individual a fraction of the organization.

Franchisees be capable of be thinking of as intra-entrepreneurs inside the brands to which they are connected. Selecting franchisees in a methodical and right manner can guide to outstanding results, whilst terrible choices that utilize indistinct criteria can go faster the speed by means of which the applicant is chosen, but guide to upcoming problems for the franchising corporation. Organizations need to produce income which will allow them to stay alive throughout their life cycle. Franchise setups are the result, on top of all, of a commerce deal agreed by a franchisor and franchisee, the meaning being to produce results for together parties. Their income is the quantity outstanding after all the money inflows and next after outflows.

Franchisees link the organization since they are looking for aintegrated brand name, support, capital, and the capability to lift capital at a lesser cost. Their selection is based on the faith that in the outlook the element will give them with a quick and acceptable monetary return, or no less than a return that is well-matched with that of their similar units external the franchise system.

1.2. Need of the Study

Now business need brand image for selling the products. It takes time and lot of investment for getting brand name. There is need to evaluate the benefits with franchise business and it had proved success. The companies are giving franchise permission for expanding with low risk. The investment for franchise operations is low but

at the same time the reputation might be at risk when the franchisee does not implement the company policy. This study explains about benefits and risk with franchising. The role of franchisor and the role of franchisee would be discussed. This study gives clarity for entrepreneurs and stakeholders about decision making for entry into food industry, specialty food business and franchising.

1.3. Scope of the Study

This study describes about franchising in food industry. The company selected in this study is having above 100 outlets across India. The company has plans to expand in the coming years. Hence the perception and satisfaction of franchisee had been collected to know the expectations from franchisor. This study primarily focuses on specialty food business and more particularly about Drunken Monkey franchise.

1.4. Objectives of the Study

- To Study the Impact of brand Recognition on business expansion.
- To study about various tools for branding and expansion of franchise network of beverages.
- To analyze various factors impacting on choosing a franchise location.

1.5. Research Methodology

Research methodology explains about the steps and process involved in each step for conducting research work. In this research work the objectives of the study, sampling method, data collection methods and statistical tools applied are discussed. The detailed process used in this work had been explained in a systematic manner. The process according to each of the objective had been described in this section of the research report.

Sampling Method

The purposive non probability method had been used for collecting primary data. The sample size is 50 who are franchisee in food industry in Hyderabad. They have been explained about the objectives of this research work. The level of satisfaction and opinion on franchise business from various perspectives has been analyzed. The sample size 50 represents the franchise businesses in Hyderabad. Yemene's method with 95% confidence level and 10 percent margin of error had been used for determining the sample size for this study. The sample size represents the population and the sample statistic can be used to generalize the result to the population.

Data Collection

The primary data and secondary data have been used for this research work. A structured questionnaire (available in appendix section) had been used for data collection. The closed ended questionnaire had been shared with the respondents and they have been explained about the purpose of this research work. Secondary data had been collected from books, internet and journals.

Statistical Tools

The primary data had been analyzed using statistical tools. The tools implemented in this research work are:

- Frequency analysis
- Descriptive statistics
- Bar charts
- Pie charts
- Regression analysis
- Correlation analysis
- Chi-square analysis

A research model had been developed to know the factors related to selection of franchise with specific reference to drunken monkey in the case analysis chapter. The factors have been listed from various studies and they are grouped to develop a model. The knowledge on selection of franchise had been deeply discussed with both primary data and secondary data.

1.6. Limitations of the Study

- The franchise business is very large and it cannot be explained with few dimensions.
- The sample size used in the study is very small.
- The time available for this research work is very less.
- The results cannot be generalized because the respondents belong to one location.
- The insights from this work cannot be applied for franchise other than food industry.

II. LITERATURE REVIEW

Altiney and Brookes (2012) revealed that role presentation, asset specificity and cultural compassion control relationship growth in franchise partnerships. The control of these factors, though, varies in dissimilar forms of franchise partnerships, specifically individual and master franchises. Their research findings are outcome from two case studies in the international hotel industry and consequently could not be applicable to other industry sectors. Organizations in service sector need to adopt a organized organization-wide

approach to, and management of, connection growth in franchise partnerships. More specifically, in the case of international or global partnerships, mutually franchisors and franchisees required to extend and exploit their cross cultural skills and adjust their business process to the cultures of host and home countries where suitable.

Khan (2016) had explained that about various factors related to successful franchise network. The transfer of explicit and implicit knowledge should be made in various modes such as seminars, video-conferences, meetings, documents, emails and phone calls. The semi-structured interviews helps in understanding the factors associated with success through franchise networks. However due to technology it is easy for both franchisor and franchisee to exchange knowledge.

Moon et al (2021) suggested when franchisors have better capability and willingness to transmit knowledge and obey with policies for knowledge transfer, franchisees' willingness to acquire knowledge transfer increases. Additionally, franchisees' willingness to obtain knowledge has an optimistic consequence on their presentation of knowledge transfer. Franchisees' willingness to obtain knowledge also mediates the association between franchisors' capabilities and franchisees' presentation of knowledge transfer. At last, hotel type moderates the association between franchisors' abilities of knowledge and franchisees' readiness to obtain knowledge.

Fernández-Monroyet al (2018) had explained that trust and communication are two important factors related to successful expansion through franchise. Their study findings pointed out that communication amid franchise partners is related to fulfillment through trust. In fact, communication is a chief predecessor of trust. Their study also proved that the straight influence of trust on satisfaction in mutually relationships. As a final point, their findings showed the evidence that developing satisfactory associations between partners progress operation and strategic authorization outcomes through franchise.

Iddy and Alon (2019) have identified that knowledge management (KM) in franchising is connected with three factors: franchise network expansion, governance arrangement and performance result. Their study findings also discloses that knowledge management (KM) in franchising is tranquil a promising discipline surrounding contradictory results which present possible for future research. They have found research gaps and conflicting views in the text through literature survey and provided

opportunities for business researchers to donate to this investigate domain by scientifically test the task of absorptive capability, imitation vs. adaptation strategies and novel franchising formats like micro or social franchising.

Jell-Ojobor and Windperger (2017) described about governance structure of global franchise firms differs from greater control modes, like completely owned subsidiaries and combined venture franchising, to lesser control modes, like area expansion and master franchising. B using the theory from organizational economics, planned management, and global business perspectives, they developed a case study analysis to numerically appraise an integrative replica on the franchisor's option of global authority modes.

Madanoglu and Castrogiovanni (2018) proposed that franchising quantity has a U-shape association with network failure. Extra investigation presents that organization size and geographic range moderate the association amid the squared term of franchising amount and franchise network failure. For franchisors, the researchers had explained that it is necessary for maintaining a suitable mix of franchised and franchisor-owned stores inside a network. The insights from agency theories and resource scarcity have been used to study the success factors for franchise expansion. The survival of the franchise is depending on effective decision of network expansion.

Kremezet al (2019) had examined the existing state of e-commerce in franchising and how this region is disturbing franchisee-franchisor dealings. The purpose of research works to evaluated and finds the feasible e-commerce strategies that franchise networks can adopt. The researchers have gathered information by two-stage methods such as semi-structured interview and moderated industry forum. The primary theme recognized was the contribution of franchisees in emergent and executing the e-commerce plan, the next was a wide subject around franchisee opinions and worries, and the third concerned introducing and implementing an e-commerce plan within an obtainable franchising replica.

Bui et al (2021) had conducted systematic review on literature by using three dimensions: entrepreneurial direction, market direction, franchisor hold and outline the association of three variables which are orientation, market oriental and franchise support with regard to franchisee performance. As per the analysis of literature, entrepreneurial direction, market orientation, franchisor reserve has optimistic and important impact to franchisee efficiency. Additionally, franchisor reserve holds very significant role on

moderating connection between entrepreneurial orientations, business orientation and franchisee productivity in the crisis of pandemic Covid-19. Their research paper explains the ideas to elucidate the differences flanked by them and suggests the proposals between franchisee entrepreneurial orientations, franchisor support, and market orientation with franchisee performance.

Perrigot et al (2017) Know-how is a vital element of franchising, and its transport is a key subject for franchisors and their employees. The researchers have kept a goal to investigate franchisees' awareness about know-how transport in franchise networks. Their research outcomes have described with empirical evidence about mechanism in the network. The model for knowledge transfer or know-how is possible with formal meetings, committees, operational manuals, trainings and online tools. Only the efficiency of on-field advisors are questioned, which guide to significant managerial implications. At the subject or academic level, their research adds to understanding of franchise network operations by giving a franchisee-centered replica of how knowledge is shaped and dispersed in the franchise expansion networks.

Watson et al (2019) examined the function of national civilization on the entrepreneurial direction expression restricted within franchisee staffing promotional resources, where entrepreneurial orientation oratory is distinct as the planned use of language in managerial narratives to express the risk pleasing, innovativeness, proactiveness, independence, and spirited aggressiveness of the organization. Their sample size is comprised 378 franchise firms, with 5 dissimilar countries (Australia, India, South Africa France, and United Kingdom). Their research results designated that franchise systems working in high ambiguity evasion and feminine based cultures use fewer entrepreneurially leaning oratory, suggesting that entrepreneurial orientation oratory in franchise firms differs according to dissimilar nationwide civilizing contexts.

Nyadzayo et al (2018) conducted a research work. Brand loyalty will be a most important measure of brand achievement in business-to-business markets; so far the influencing factor of business to business (B2B) brand loyalty differs since one context to another. While worldwide franchising is established as a main admission form into rising markets, incomplete research has paying attention on the elements of franchise brand loyalty in promising markets. Their research studies go forward a nomological system replica of the determinants of license brand loyalty

in a budding market. Their assumptions were experienced starting the franchisees' viewpoint using review data as of Indian franchises. The research respondents were elected with adoption of stratified random sampling stand on geographic site and industry category. Their research findings proved that professed franchisor capability and the height of information distribution play input roles in pressure on franchisees' touching brand addition and apparent association value, which in twist improve brand loyalty.

Jeon et al (2015) had opined that it is a saying that winning organizations of any kind get used to and be conventional to the peculiarity of their aim consumer collections as it is their consumers that exemplify their raison d'etre. It is particularly significant for tiny businesses and commercial enterprises since they be short of the necessary empirical money trove or elaborates business administration's to achieve this job characteristically obtainable to recognized big firms. In fact, materials and textbooks on global business are filled or instances or cases of business failures when customer proclivities might been avoided by any organization. Acknowledge by this caution, their document look for investigation of the nature Chinese and Indian customers of a international franchise system, of McDonald's. Their study promotes the foundation of cultural

meeting of Chinese and Indian customers through the viewpoint of managerial socialization premise. They have examined on the applicability of franchise systems worldwide ethnicity and the communal values of social equality and democratization preserved in the scheme are connected to customer's support of McDonald's in the world's two biggest promising markets.

III. INDUSTRY PROFILE & COMPANY PROFILE

1.7. Industry Profile

Franchise industry had a long history with huge success worldwide. Many organizations have entered into Indian market through franchise. Some organizations have entered into India by anticipating huge market potential. Indian economy is growing rapidly and global organizations have anticipated that demand for specialty food products and luxury products. According to Frankart report every year 300 companies start their franchise operations. Among seven businesses in the contemporary world at least one is franchise business. Subway, McDonalds and Café Coffee Day have thousands of franchise outlets worldwide. The economic output of USD 750 billion had been generated by 7, 59,240 franchise establishments.

Figure 3: Indian Franchise Industry at a Glance



(Source: <https://www.entrepreneur.com/article/345698>)

According to recent reports, Indian franchise business has been mounting at an astonishing rate, spurred by the varying lifestyle inclinations of the millennials. The millennials are

earning more than their previous generations and thinking about adoption of specialty foods and luxury products. Now it is common in India to find young generation to have their meeting points in

specialty food courts. India had been viewed as residue a ‘sizzling’ marketplace for franchise business. A leisurely walk in some Indian urban or upcountry market, and the busy markets greets with the selections of top brands. The crowded millions are giving likes of OYO, Titan, Kidzee, Domino, Levi’s, Ferns N Petals, Domino’s or McDonald’s like by no means before. Whilst the Indian wealth has seen many benefits and disadvantages in 2019, it has been a demanding year for the franchise business. Franchising in India has experienced a four-fold enlargement since last ten years and is predictable at USD 50.4 billion presently. A bulk of this enlargement can be credited to professionals, particularly from the IT backdrop.

1.8. Company Profile

Drunken Monkey was founded in 2016 and it offers smoothie bars through its chain and franchises in India. The company has its operations in above 43 cities in India. The company offers its products in urban areas and presently entering into other cities under its expansion strategy. The corporate headquarters of Drunken Monkey are located in Hyderabad. The company has successfully expanded across India with above 130 franchises. The company had developed strategies to enter into global markets. The brand image of the company is high among the youth and more particularly among IT professionals.

Figure 4: Logo of Drunken Monkey



(Source: <https://www.thedrunkenmonkey.in/about-us.php>)

Vision

Is to inspire people to feel young, beautiful, and with complete energy to believe naturally high

Mission

Health and Wellness

Drunken Money does not worry about number of outlets, number of flavors, not about potential demand and they believe in health and wellness of people is important. The best food gives best mind and best health.

In the era of the fast-paced, extremely technology-driven lives, 'The Drunken Monkey' desires to revert to a few basic and basic individual stimulations. Determined to take reverse to an age where real time conversations were the standard

and not some emoticons and anywhere board games decree and not handle screens, 'The Monkey' believes to discover a better suggestion in all the acts the company does. The Monkey is absolutely not a teetotaler except definitely knows to keep on high on clean produce smoothies. Constantly serving up amazing very vigorous yet tremendously tasty, come over and provide it a try, which makes the customers to feel high. Now Drunken Monkey offers more than two hundred varieties of smoothies for its customers. When many specialty food stores are thinking about coffee and fast food, the Drunken Monkey had come with healthier smoothie products. The smoothie has more benefits for body and it helps people to increase the fiber content in the food.

Table 1: Leadership at Drunken Monkey

The Monkey General	Samrat Reddy
The Monkey Chief	Kamal Deep
The Monkey Director	Javin M
The Monkey of Operations	Anandh Kumar

Products or Menu at Drunken Monkey

- Smoothie Bowls
- Smoothie by Fruits
- Functional Smoothies
- Detox
- Indulgence

Drunken Monkey has full-grown from strength to strength, increasing the business to accomplish its goal to make Drunken Monkey identical with smoothies and smoothies identical with Drunken Monkey, thus developing about a “Smoothie Revolution”. Efficient consumption of the “first-mover advantage” created the brand name to be a lead the way in the usual smoothie section. Thus, smoothie group of chains are a huge way to add extra profit for any restaurateur. Hence they

don’t get a lot of room or utensils, and one can provide to their customer’s dietary needs and spins in immediately moments.

As more and more profitable organizations are move into the business, rivalry is emulating the separation that has been so winning in the coffee marketplace. When evaluated the present situation with five years ago, nowadays the number of consumers putting wellness at the front position of their minds has increased meteorically. From marathons and cross-fit preparation to tremendous fitness, thought, and yoga to green gorgeousness products, health, and health wellness trends are more normal than ever. Health benefits are not only confined to gym or subsequent a meticulous diet, it is a way of life.

Figure 5: Smoothie Bowl



(Source: <https://www.thedrunkenmonkey.in/>)

According to Samrat Reddy, the initiator and managing director of Drunken Monkey, of Drunken Monkey smoothie chain in India, the smoothie bowls are not immediately a healthy substitute, but a way of life. “Swap your usual oats breakfast with a product of smoothie bowl and rotate on the nutrient inspiration in your body.

Hydrate the users with the plentiful fibers in farm-fresh fruits and the vegetables, to stay fit with the power-packed by smoothie bowls,”

After the whole things that’s occurred with the pandemic, the recent year is a year where everyone would have the same opinion that health and wellness is the mainly vital wealth one can

own. Drunken monkey aims to be a pioneer and torchbearer for the similar and endorse their vision of a obviously elevated lifestyle. It is expected to gain impetus for what we think as smoothie

revolution. Drunken Monkey anticipated that their complete hard work smoothies happen to a fraction of each Indian's lifestyle and every day diet.

Figure 6: Franchise Outlets in India



(Source: <https://www.thedrunkenmonkey.in/>)

In a very quick time Drunken Monkey had expanded in India with its innovative smoothie product. The customers of Drunken Monkey are more health conscious and they can spend time with friends in face-to-face conversations rather

than spending time on touch screens. Drunken Monkey is highly successful business in the last five years in India. The company offers franchise for expanding its business.

IV. DATA ANALYSIS & INTERPRETATION

1.9. Frequency Analysis

1. Gender

Table 2: Gender

	Frequency	Percent
Male	44	88.0
Female	6	12.0
Total	50	100.0

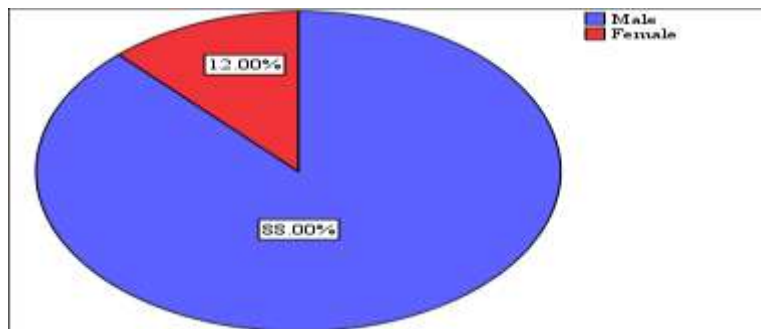


Figure 7: Gender

Interpretation

In this survey the total respondents are 50. There are male respondents (88%) and female

respondents (12%) in the survey. A pie chart had been created to present the gender proportion of the respondents.

2. Age Group

Table 3: Age Group

	Frequency	Percent
18 to 25 Years	9	18.0
26 to 40 Years	35	70.0
41 to 50 Years	4	8.0
Above 50 Years	2	4.0
Total	50	100.0

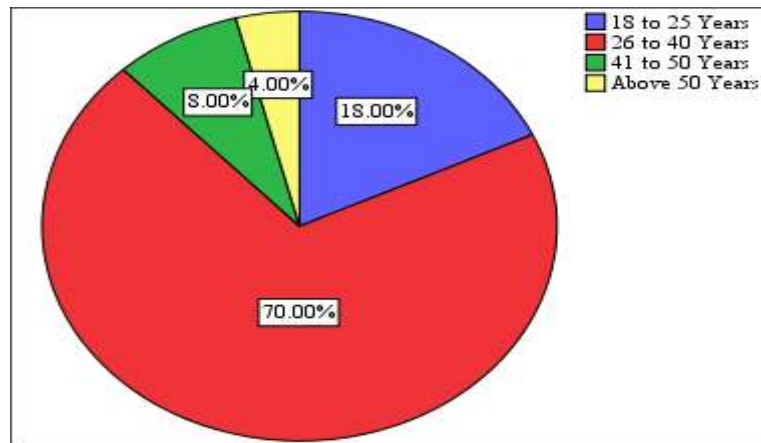


Figure 8: Age Group

Interpretation

The age groups of the respondents had been tabulated. The respondents belong to 18 to 25 years (18%), 26 to 40 years (70%), 41 to 50 years

(8%) and above 50 years (4%). A pie chart had been created to visually represent the proportion of respondents according to age groups.

3. Highest educational qualification

Table 4: Education

	Frequency	Percent
Graduation	26	52.0
Post Graduation	8	16.0
Diploma	4	8.0
Others	12	24.0
Total	50	100.0

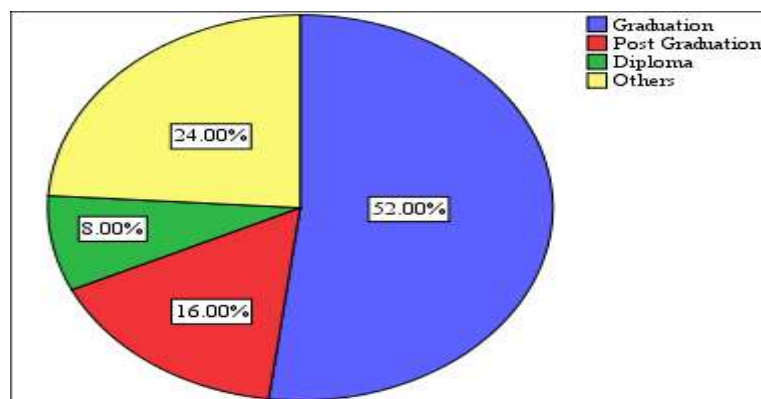


Figure 9: Education

Interpretation

The education qualification had been summarized in the above table. The respondents have highest qualification as graduation (52%),

post graduation (16%), diploma (8%) and others (24%). A pie chart had been developed to present portion of respondents according to educational qualification.

4. What made you to select franchise business?

Table 5: Motive

	Frequency	Percent
Huge profits	6	12.0
To be own boss	25	50.0
Career change	13	26.0
Others	6	12.0
Total	50	100.0

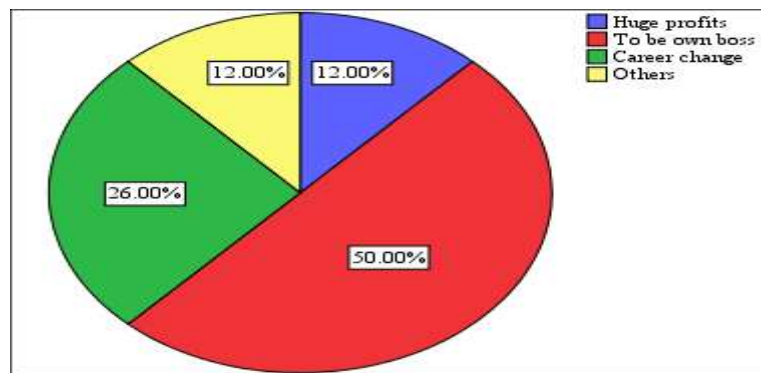


Figure 10: Motive

Interpretation

The motive for undertaking franchise had been analyzed. The respondents have mentioned as huge profits (12%), to be own boss (50%), career

change (26%) and others (12%). A pie chart has been developed to present the proportion of respondents according to their respective motive for undertaking franchise.

5. You are more interested in

Table 6: Interest

	Frequency	Percent
Retail	11	22.0
Food Industry	27	54.0
Distribution	10	20.0
Others	2	4.0
Total	50	100.0

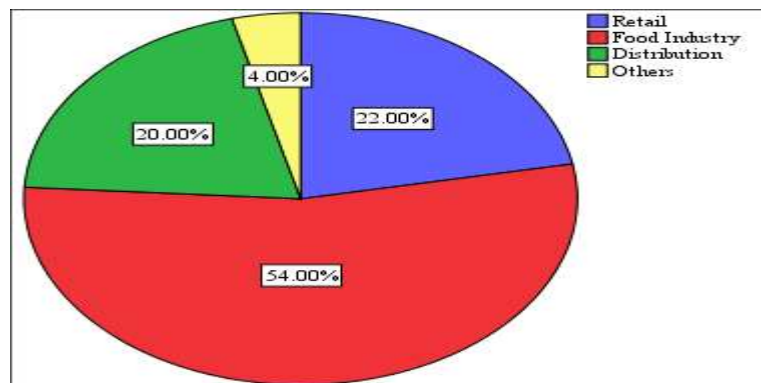


Figure 11: Interest

Interpretation

The interest of respondents into various categories of franchises had been analyzed. The respondents have interest in retail (22%), food

industry (54%), distribution (20%) and others (4%). A pie chart has been developed to present the proportion of respondents according to their favorite category of franchise.

6. How long have you been in business?

Table 7: Experience

	Frequency	Percent
Less than 3 Years	12	24.0
3 to 6 Years	34	68.0
Above 6 Years	4	8.0
Total	50	100.0

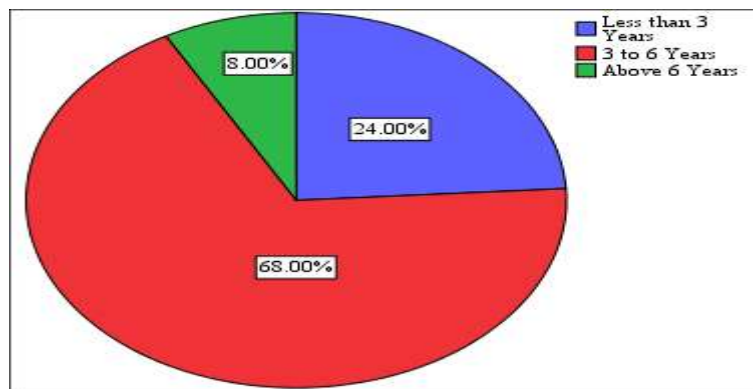


Figure 12: Experience

Interpretation

The experience of respondents into franchise business had been analyzed. The respondents are having experience of less than 3

years (24%), 3 to 6 years (68%) and above 6 years (8%). A pie chart has been created to present the proportion of respondents according to their experience in franchise industry.

7. How would you rate your relationship with the franchisor?

Table 8: Satisfaction

	Frequency	Percent
Very dissatisfied	2	4.0
Dissatisfied	2	4.0
Neutral	4	8.0
Satisfied	35	70.0
Highly satisfied	7	14.0
Total	50	100.0

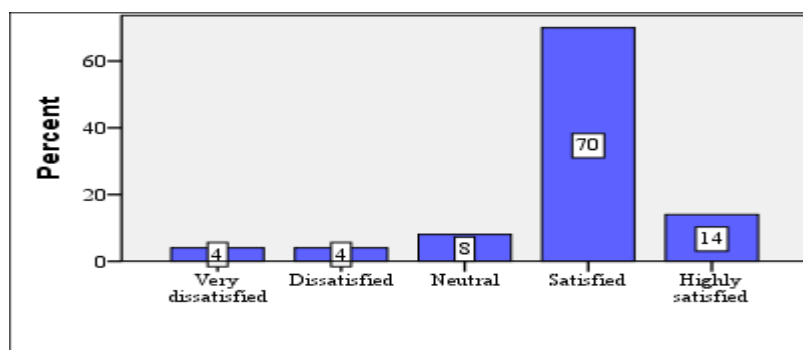


Figure 13: Satisfaction

Interpretation

The level of satisfaction on relationship with franchisor had been analyzed. The respondents have opined as very dissatisfied (4%),

dissatisfied (4%), neutral (8%), satisfied (70%) and highly satisfied (14%). A bar chart has been created to present the proportion of respondents according to their level of satisfaction.

8. How would you rate the initial Training Program Franchise Operations?

Table 9: Training

	Frequency	Percent
Very dissatisfied	1	2.0
Dissatisfied	2	4.0
Neutral	4	8.0
Satisfied	24	48.0
Highly satisfied	19	38.0
Total	50	100.0

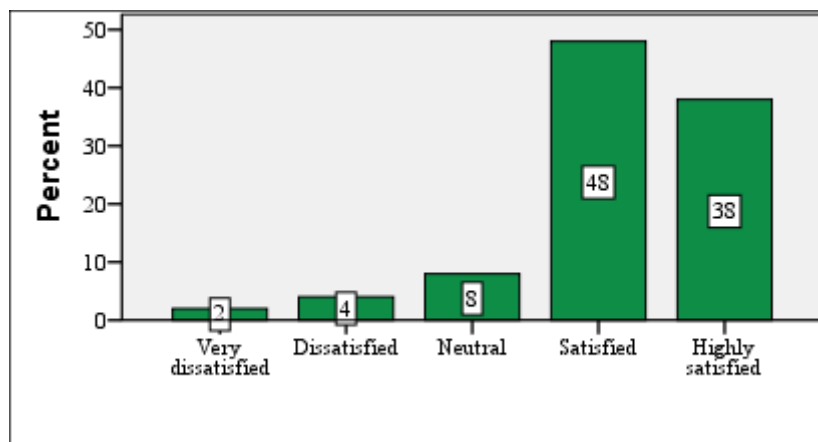


Figure 14: Training

Interpretation

The level of satisfaction on initial training from the franchisor had been analyzed. The respondents have opined as very dissatisfied (2%), dissatisfied (4%), neutral (8%), satisfied (48%) and

highly satisfied (38%). A bar chart has been generated to represent the proportion of respondents according to their level of satisfaction on initial training provided by the franchisor.

9. How would you rate the marketing programs?

Table 10: Marketing Programs

	Frequency	Percent
Very dissatisfied	2	4.0
Dissatisfied	2	4.0
Neutral	6	12.0
Satisfied	26	52.0
Highly satisfied	14	28.0
Total	50	100.0

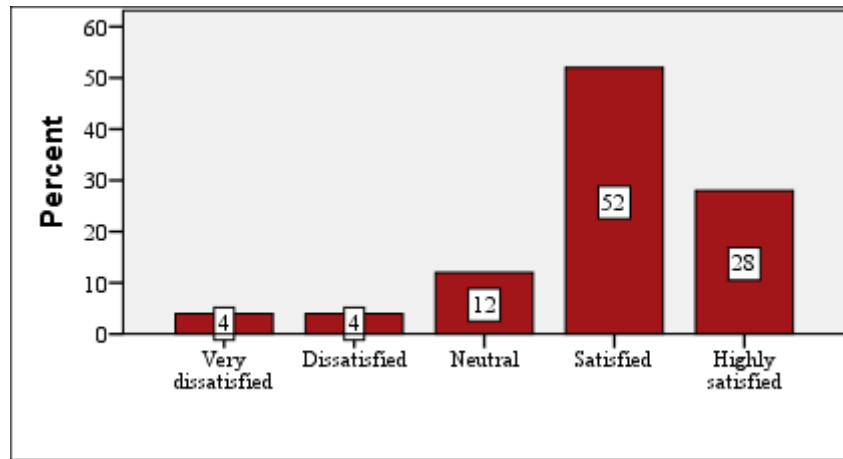


Figure 15: Marketing Programs

Interpretation

The level of satisfaction on marketing programs supported by franchisor had been analyzed. The respondents have opined as very dissatisfied (4%), dissatisfied (4%), neutral (12%),

satisfied (52%) and highly satisfied (28%). A bar chart has been generated by the statistical software to present the fraction of respondents according to their level of satisfaction on marketing programs supported by the franchisor.

10. Are you aware of any franchisees that are unhappy in this business?

Table 11: Awareness

	Frequency	Percent
Yes	5	10.0
No	25	50.0
Can't say	20	40.0
Total	50	100.0

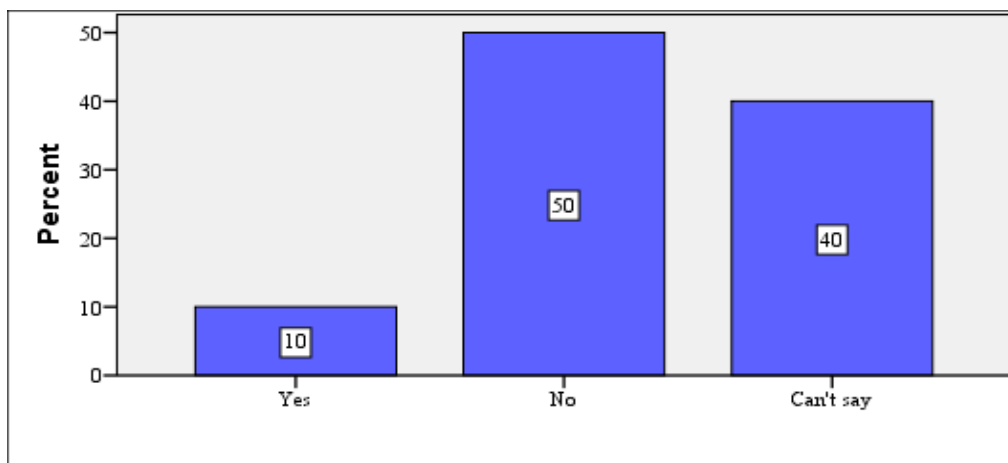


Figure 16: Awareness

Interpretation

The awareness of respondents with any unhappy franchisees had been analyzed. The respondents have opined as yes (10%), no (50%)

and can't say (40%). A bar chart has been developed to visually represent the proportion of respondents according to their knowledge about unhappy franchisees.

11. It is easy to retain employees in franchise business?

Table 12: Employee retention

	Frequency	Percent
Yes	13	26.0
No	19	38.0
Can't say	18	36.0
Total	50	100.0

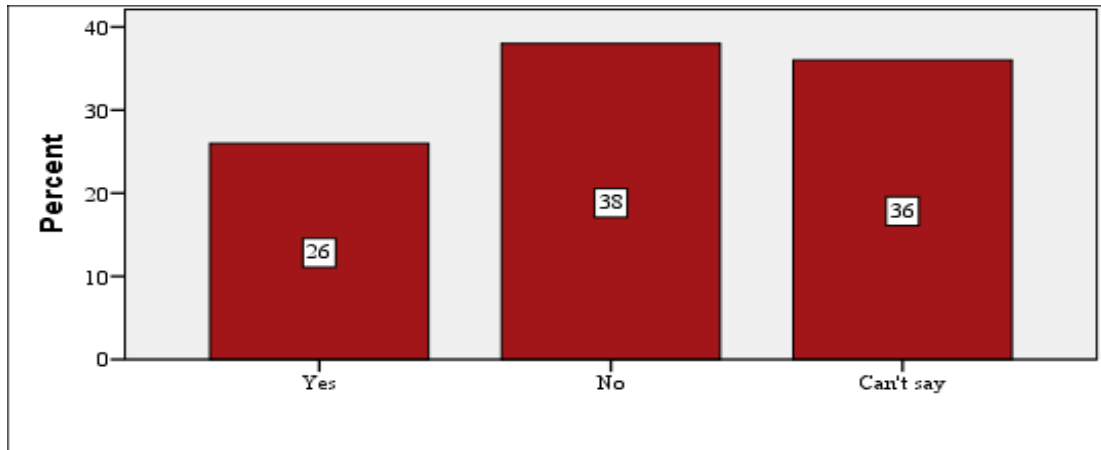


Figure 17: Employee retention

Interpretation

The awareness of respondents about ease of employee retention had been analyzed. The respondents have opined as yes (26%), no (38%)

and can't say (36%). A bar chart has been developed to visually represent the proportion of respondents according to their perception about employee retention in franchise business.

12. What is more important while selecting the franchisor?

Table 13: Important Factor

	Frequency	Percent
Brand recognition of franchisor	35	70.0
Initial investment size	5	10.0
Market demand	6	12.0
Others	4	8.0
Total	50	100.0

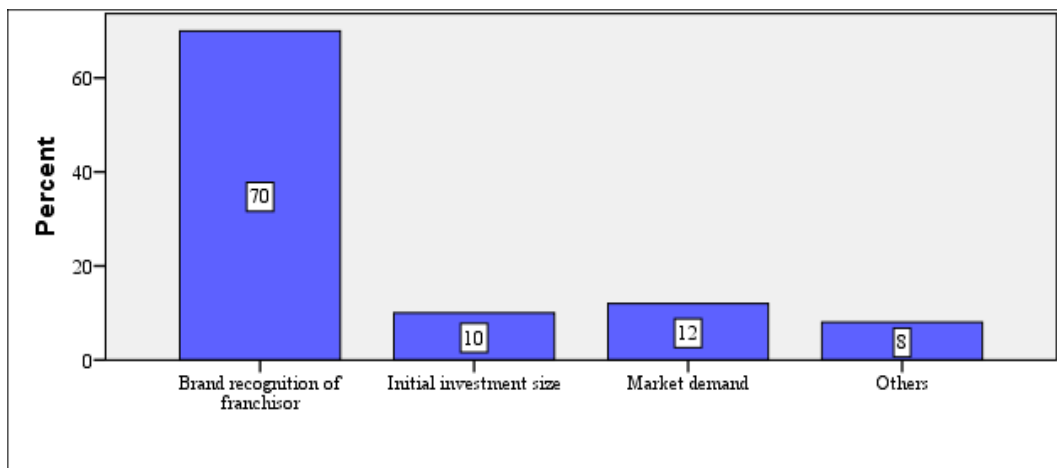


Figure 18: Important Factor

Interpretation

The opinion on important factor from the perspective of entering into franchise business had been analyzed. The employees have opined as brand recognition (70%), initial investment size

(10%), market demand (12%) and others (8%). A bar chart has been developed to visually represent the important factor perceived by respondents about franchise business.

1.10. Regression Analysis

H1: There is significant relationship between training and satisfaction.

Table 14: Descriptive Statistics

	Mean	Std. Deviation
Satisfaction	3.8600	.85738
Training	4.1600	.88893

Table 15: Linear Correlation Coefficient

		Satisfaction	Training
Pearson Correlation	Satisfaction	1.000	.030
	Training	.030	1.000
Sig. (1-tailed)	Satisfaction	.	.418
	Training	.418	.
N	Satisfaction	50	50
	Training	50	50

Table 16: Regression Coefficients

Model	Un-standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.740	.592		6.320	.000
Training	.029	.139	.030	.208	.836

a. Dependent Variable: Satisfaction

Interpretation

A regression analysis has been conducted to assess the impact Initial franchise operations training on franchise Owners satisfaction. There is significant positive impact of training on satisfaction (beta = 0.030, t = 0.208, p > 0.05). The model is not significant as per the model summary

statistics. Hence H1 is not supported based on the regression analysis.

1.11. One-Way ANOVA

H2: The satisfaction on relationship with franchisor differs according to the experience of franchisee.

Table 17: Descriptive Statistics

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Less than 3 Years	12	4.4167	.51493	.14865	4.0895	4.7438
3 to 6 Years	34	3.8824	.59108	.10137	3.6761	4.0886
Above 6 Years	4	2.0000	1.15470	.57735	.1626	3.8374
Total	50	3.8600	.85738	.12125	3.6163	4.1037

Table 18: One-way ANOVA

Satisfaction					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	17.574	2	8.787	22.389	.000
Within Groups	18.446	47	.392		
Total	36.020	49			

Interpretation

One-way ANOVA test had been conducted to know the difference in satisfaction levels according to age groups. There is significant difference in level of satisfaction according to age groups ($F(2, 47) = 22.389, p < 0.05$). Further the satisfaction on relationship with franchisor is high among respondents with less than 3 years

experience. Hence H2 is supported according to results from ANOVA table.

1.12. Chi-Square Test

H3: There is an association between motive for franchise and important factor while selecting the franchise.

Table 19: Cross-tabulation

Count		Important factor				Total
		Brand recognition of franchisor	Initial investment size	Market demand	Others	
Motive	Huge profits	6	0	0	0	6
	To be own boss	16	2	5	2	25
	Career change	9	2	0	2	13
	Others	4	1	1	0	6
Total		35	5	6	4	50

Table 20: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.823 ^a	9	.552
Likelihood Ratio	11.056	9	.272
Linear-by-Linear Association	.252	1	.615
N of Valid Cases	50		

a. 14 cells (87.5%) have expected count less than 5. The minimum expected count is .48.

Interpretation

A chi-square test had been conducted to know the association between motive for franchise business and important factor while selecting the

franchisor. There is no association between motive and important factor while selecting the franchisor. Hence Hypothesis H3 is rejected based on the chi square test ($\chi^2 = 7.823, p > 0.05$)

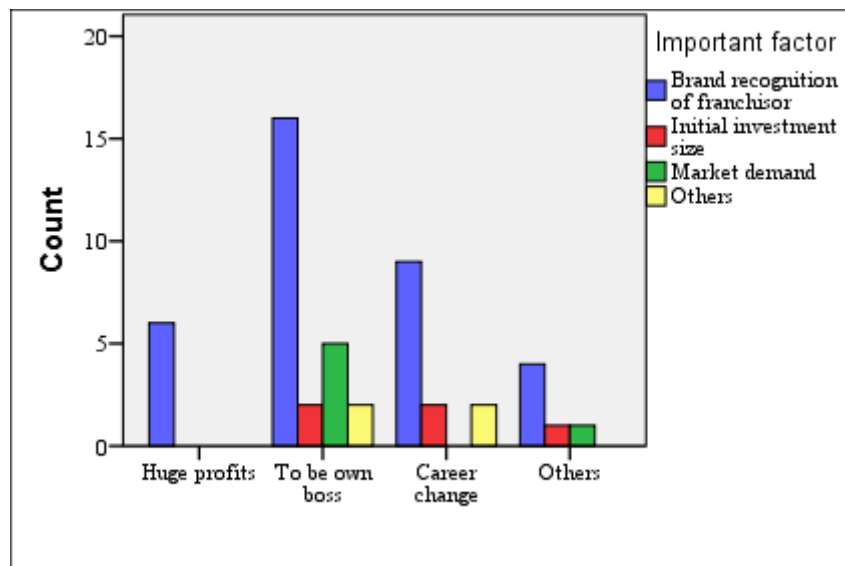


Figure 19: Clustered Bar Charts

Interpretation

The clustered bar chart represents that people like to be own boss and brand recognition is important while selecting the franchisor. The major motive for selecting franchise business is to be own boss followed by huge profits, career change. The brand recognition is more important irrespective of the motive behind selection of franchise business.

V. DRUNKEN MONKEY – CASE ANALYSIS

Drunken Monkey franchise business had been evaluated from the perspective of franchise in this section. The sale of smoothies was a big challenge in India because it is new to the market. Many people taken back step for selling smoothies

in India but Drunken Monkey had dare to enter into smoothies market and it achieve a great success. Since smoothies are new to Indian market there is lot of scope for expansion in future. The awareness among young people is professionals about immunity had increased in the last couple of years. People may not have time to do physical exercise at least they can follow diet to maintain health. Tagline – ‘Naturally High’

Product - USP

The smoothies from the company do not have any flavors or sugars. The product is naturally made from mixture of vegetables and fruits. The unique selling proposition (USP) of the company is to make its customer much healthier with food.

Table 21: Approximate cost of Drunken Monkey Franchise

Establishment of outlet	20 Lakh INR
Franchise fee	5 Lakh INR
Royalty to franchisor	6%
Expected return on investment	84%
Payback period	12 to 18 months at maximum
Franchise time period	5 Years
Store layout	200 to 1,000 square feet
Preference	Experienced franchise
Training	Manual is provided
Human resources	At least 3 to 4 trained employees
Anticipated Gross Margin	72%

(Source: Compiled by the researcher)

The Drunken Monkey' thinks for return to some basic and basic human inspiration. 'The Monkey' believes to find a better suggestion in the lot of things they do. The customer can delight with more than 200 types of Smoothies prepared from nearby sourced, natural elements, ranging from extravagance to detox, and added. The Monkey utilizes clean natural fresh fruit, no simulated Flavors, no added sugar, chemical preservatives or unnatural concentrates. The Drunken Monkey says you Name it and we will have it for you.

1.13. Franchise Model of Drunken Monkey - FOFO

Drunken Monkey had adopted the model of Franchise Owned and Franchise Operated

model. The business model of the Drunken Monkey had proved success because it had expanded itself aggressively to many locations across the country. The ownership type of Drunken Monkey is limited liability partnership (LLP). Drunken Monkey provides standard operating procedures (SOP) for its franchises. The company supports the franchises with marketing programs and more precisely through digital marketing programs. The company has good knowledge on its target market and it had created customized advertising strategies for meeting the needs of its target customers.

Table 22: Setup Costs of Drunken Drive

Kitchen Equipment	4 Lakh INR
Interior Design	3 Lakh INR
Training Fee	50,000 INR
Working Capital	1.5 to 2.5 Lakh INR

(Source: Compiled by the researcher)

1.14. SWOT Analysis

Organizations with an intention to expand either nationally or globally need to assess their existing position. SWOT is abbreviation for strengths, weaknesses, opportunities and threats. SWOT analysis is most popular tool for evaluating the business environment. Among the four parameters of SWOT analysis the internal or micro

environment can be described with strengths and weaknesses. The external or macro environment can be described with opportunities and threats. Organizations have capability to control internal environment to the maximum extent. Organizations need to adopt themselves or redesign themselves according to the external business environment.

Table 23: SWOT Analysis for Drunken Monkey

Strengths	Weaknesses
<ul style="list-style-type: none"> • Brand recognition • Innovative products • Healthy food • Consumer awareness • Potential demand • Perceived as immunity boosting food • Helps people for face-to-face interaction • Good ambience • More than 200 varieties of smoothies 	<ul style="list-style-type: none"> • Targets only youth • High price • May not attract new customers • Lack of aggressive marketing programs • Preferred during weekends or holidays • Unable to meet demand at peak times
Opportunities	Threats
<ul style="list-style-type: none"> • Entry in semi-urban markets • Economy packs • Conducting events under the brand name • Entry into foreign markets. 	<ul style="list-style-type: none"> • New companies are giving franchise at lower costs. • Franchisees are demanding for price according to the location. • The increasing real estate costs have impact on profits. • Competition from coffee bars • Competition from thick shake bars

(Source: Own compilation based on secondary data)

Support from Drunken Monkey

- Real estate support, store build out and store design.
- Onboarding full day session at the corporate office in Hyderabad.
- National level public relations support and marketing support.
- Integrated enterprise resource planning (ERP) software for managing human resources, sales and operations.
- Continuous updates in menu
- Supply chain management costs will be kept by the company.

Table 24: Possible Expansion Locations

North Regions	Haryana, Delhi, Jammu and Kashmir, Uttar Pradesh, Himachal Pradesh
West Regions	Maharashtra, Gujarat, Goa, Rajasthan
South Regions	Telangana, Andhra Pradesh, Tamil Nadu, Karnataka
East Regions	Mizoram, Manipur, Sikkim, Nagaland, Tripura
Central Regions	Madhya Pradesh, Bihar, Jharkhand, Chhattisgarh
Union Territories	Pondicherry, Chandigarh, Lakshadweep, Andaman and Nicobar

Figure 20: Drunken Monkey Franchise



(Source: <https://nextbusinessideas.com/drunken-monkey-franchise/>)

Table 25: Evaluation of Franchise Setup with Drunken Monkey

Factor	Remark
Human resources cost	Low
Investment burden for set up	Medium
Company or franchisor support	Excellent
Brand recognition	High
Trust	High
Training support	Good
Confidence on demand for smoothies	High

(Source: Own prepared based on this case analysis)

Summary

Drunken Monkey helps in finalization of the location, central marketing, and with centralized vendors. It is evident from the case analysis that Drunken Monkey is the best choice for entering into franchise business. The company provides all kinds of support and the payback period is maximum 18 months. The return on investment in franchise business with Drunken Monkey is high compared with similar franchise business in specialty food sector. Hence it is decided that taking franchise from Drunken Monkey is best choice.

1.15. Factors influencing franchising decisions

There are numerous factors influencing the franchising business decision. However each factor may not have significant effect on the decision. At the broader range some factors need to be essentially considered while making franchise business decision. Identification of factors depends on experience, type of business and market demand for the product. Here some important factors are described.

Network perspective

- Proven sales record
- Labor laws

- Taxation
- Competition
- Value added services
- New customer opportunities
- Repeat business
- Competition
- Up-sell opportunities
- Growing market

Entrepreneurial perspective

Entrepreneurial perspectives of factors are different compared with general factors influencing franchise decision.

- Market potential
- Franchisor's growth
- Franchisor's model
- Insolvency
- Working capital management
- Skilled management
- High expectations
- Franchise agreement
- Expert guidance
- Customer service

Operational perspective

The franchise business is viewed from the operational perspective and such decision are influenced by following factors

- Training by franchisor
- Financial assistance
- Initial investment
- Operational support
- Technical support

Technology perspective

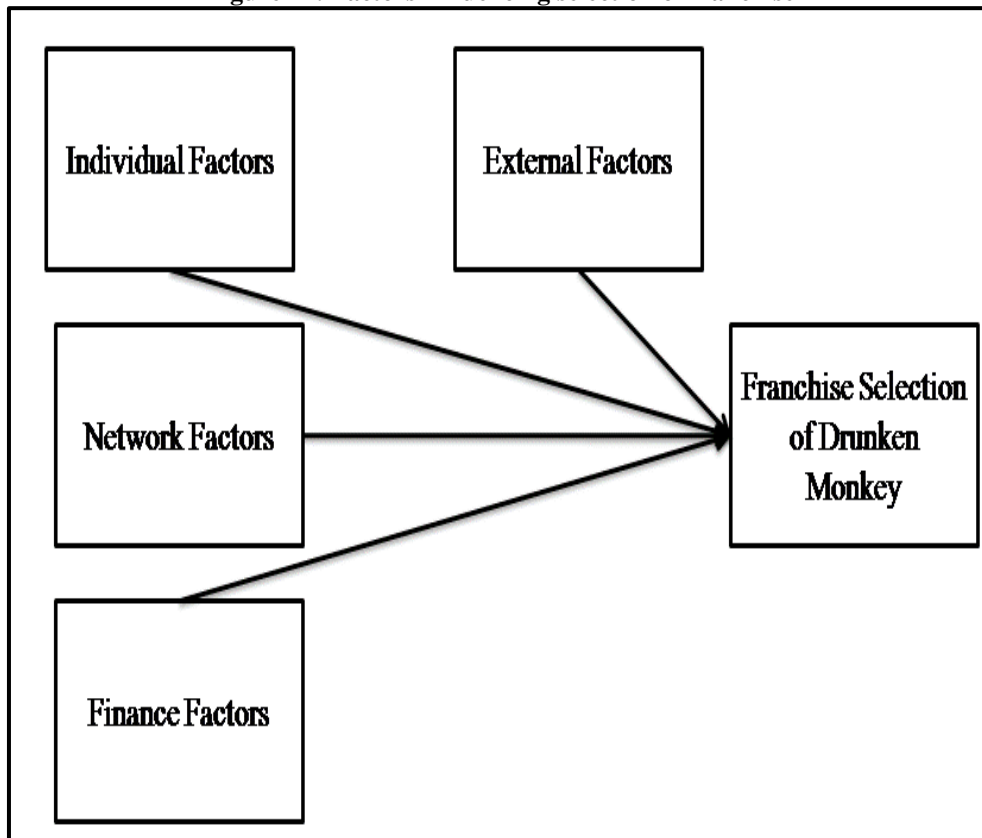
- Knowledge transfer
- Enterprise resource planning software
- Know-how
- Cloud computing services
- Digital marketing assistance.

Key success factors for franchise business

- Having a loyal customer base.
- Clear marker position
- Expertise of business operations
- Ability to control stock
- Establishment of brand names
- Trained workforce.

A loyal consumer base enhances the probability that clients will turn out to be reiterate buyers. Franchisees are required to follow the company structure as put out by their franchisor. Within a distinct market location, the company and its consumers can try for the equivalent target market. Franchisees position to profit from the proficiency of their franchisor, beside through their supervision and leadership, in enhancing the business replica into the prospect. Operators promote from scheming stock on hand to congregate customer demand, decrease inventory costs and make sure sufficient stock turn. A lot of franchises have recognized brand names, and communities buying into a franchise license the scrupulous product or service. Franchisees are supposed to make sure that human resources have adequate knowledge to give sound suggestion and superiority customer service.

Figure 21: Factors influencing selection of franchise



(Source: Own creation based on secondary data)

The researchers have given about a wide list of factors influencing selection of franchise. Here

from the perspective of Drunken Monkey the various factors have been shown in above Figure at

broader level. Next, the elements under each factor have been listed in the below table. The entrepreneurs and applications for franchise at

Drunken Monkey can use this model and elements in the table for making informed decision.

Table 26: Factors influencing franchise selection

Individual Factors	Environmental Factors	Financial Factors	Network Factors
<ul style="list-style-type: none"> • Ability to manage • Relationship capability • Entrepreneurial orientation • Perseverance • Loyalty to Franchiser 	<ul style="list-style-type: none"> • Low cost • Market hostility • Dynamism • Validation process • Habituation process • Regulation process • Labor forces 	<ul style="list-style-type: none"> • Fixed costs • Variable costs • Profitability • Franchisor's fee 	<ul style="list-style-type: none"> • Selection process • Selecting point-of-sale • Store setup • Marketing • Purchases • Training

(Source: Own compilation)

VI. FINDINGS, SUGGESTIONS AND CONCLUSION

1.16. Findings

- Drunken Monkey is having high brand image in the market.
- The franchisees are aware about the products from Drunken Monkey.
- For franchisee the brand recognition is more important.
- The initial investment is burden for many aspirants to enter into franchise business.
- The initial training provided by the franchisor gives lot of confidence for the franchisee.
- The employee retention is high in franchise business.
- The marketing for products from reputed brands is easy.
- Drunken Monkey franchise is best option for the entrepreneurs thinking about franchise business.
- The market potential is high for specialty food products.
- Due to pandemic the importance for health conscious food products had increased.
- The satisfaction of franchisee is positively influenced by training.
- The experienced franchisee is having positive intention on franchisors.
- The economy can be positively influenced with more business expansion through franchising.
- Now it is time for Indian companies to aggressively enter into franchise business.

- The financial feasibility is observed for establishing or taking franchise from Drunken Monkey.
- The important factors influence franchise businesses are knowledge transfer, franchisor ability, franchise willingness and know-how.
- The franchise business is influenced by trust, communication, market orientation and entrepreneurial orientation.

1.17. Suggestions

- The company should give suggestions for franchisee for location selection.
- The products of the menu should also convince middle aged adults.
- The ambience must be developed to encourage children to visit the stores.
- The franchise should announce discounts during odd hours.
- During peak time the staff must be increased to provide the service.
- The product price must be affordable to middle income groups.
- The products from Drunken Monkey should be made available through super markets.
- The parking place must be sufficient for the customers so that they can spend more time.
- The weekend offers must be given for people.
- The group discounts should be given so that more people come in teams and make it a habit.

1.18. Conclusion

Drunken Monkey franchise is best choice for entering into specialty food business. The

process of establishing franchise is simple for establishing Drunken Monkey store. There could be potential demand for smoothies in future due to increased health consciousness among the youth and people. People can spend quality time with face-to-face conversations with friends by spending time at specialty food courts.

When entering into franchise business, both the franchisor and franchisee are influenced by various factors such as organization size, type of hotel, type of food court, franchisor ability to support, franchisee ability to acquire knowledge, commitment towards the agreement, geographic scope, investment size, and governance structure. Franchise business is long term agreement between franchisor and franchisee.

Drunken Monkey is having huge brand reputation and its marketing programs have created awareness and intentions among people. The smoothies are perceived as healthy food products and improve wellness. Due to recent pandemic the awareness on fitness and immunity had increased. Hence Drunken Monkey would be viewed as source for accessing healthy food along with spending quality time with friends.

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Appendix Questionnaire

1. Gender
 - A. Male []
 - B. Female []
2. Age Group
 - A. 18 to 25 Years []
 - B. 26 to 40 Years []
 - C. 41 to 50 Years []
 - D. Above 50 Years []
3. Highest educational qualification
 - A. Graduation []
 - B. Post Graduation []
 - C. Diploma []
 - D. Others []
4. What made you to select franchise business?
 - A. Huge profits []
 - B. To be own boss []
 - C. Career change []
 - D. Others []
5. You are more interested in
 - A. Retail []
 - B. Food Industry []
 - C. Distribution []
 - D. Others []
6. How long have you been in business?
 - A. Less than 3 Years []
 - B. 3 to 6 Years []
 - C. Above 6 Years []
7. How would you rate your relationship with the franchisor?
 - A. Highly satisfied []
 - B. Satisfied []
 - C. Neutral []
 - D. Dissatisfied []
 - E. Very dissatisfied []
8. How would you rate the initial training?
 - A. Highly satisfied []
 - B. Satisfied []
 - C. Neutral []
 - D. Dissatisfied []
 - E. Very dissatisfied []
9. How would you rate the marketing programs?
 - A. Highly satisfied []
 - B. Satisfied []
 - C. Neutral []
 - D. Dissatisfied []
 - E. Very dissatisfied []

10. Are you aware of any franchisees that are unhappy in this business? Do you know why?

- A. Yes []
- B. No []
- C. Can't say []

11. It is easy to retain employees in franchise business?

- A. Yes []
- B. No []
- C. Can't say []

12. What is more important while selecting the franchisor?

- A. Brand recognition of franchisor []
- B. Initial investment size []
- C. Market demand []
- D. Others []

Thank You

Setup Cost for Drunken Monkey

INTERIORS		SET UP COSTS		KITCHEN & EQUIPMENT	
DESIGN FEE	30,000 plus GST			VISI COOLER	1 40,000
PAINTING	20,000			DEEP FREEZERS (SS/L)	2 71,720
ELECTRICAL WORK(includes AC)	80,000			WEIGHING MACHINE S/G	1 2,900
CARPENTER WORK (Structure & Ledger's)	35,000			BIANCO BLENDERS & JARS	2+1 1,46,500
GLASS PARTITION	35,000			TABS WITH COVER	3 36,000
COUNTER FRONT SNAGE	10,000			SS TABLES WITH SINK	10 RFT 40,000
MAIN SIGNBOARD	35,000			EXHAUST FAN	1 2,900
FURNITURE (Varies Subjected to Size)	50,000-Quated Min			KITCHEN CULLTERY	9 40,000
WALLEPAPER	25,000			LOCAL PURCHASE	20,000
FLOORING,POSTERS				WALL TILES IN KITCHEN	120 SFT 3,000
TOTAL	3,28,000			ICE CUBE MACHINE	15,000
				TRAINING FEE	45,000
MONTHLY EXPENSES				TOTAL	4,67,620
RENT/MONTH	50,000				
SALARIES/MONTH	45,000			REVENUE CONSIDERATION	
SOFTWARE/MONTH	2,400			No of Bills / Day	40
RAW MATERIAL % OF SALE	20%			Average Bill value	250
ELECTRICITY EXP	5,000			MoM Increase	2.5% (Initial 3 Years)
ONLINE SALE VS INSTORE SALE	70%			MoM Increase	2.0% (Last 2 Years)
COMMISSION FOR ONLINE SALE	10%				
ROYALTY	6%				
LOCAL MARKETING	7% (Totally based on Franchise partner)				

Franchise Investment Breakup



Franchise Investment Breakup

Area Requirement - 200 to 400 sq ft

Total Investment	12 - 16 Lakhs
Investment Details	Amount
Franchise Fee	7,00,000
Infrastructure Cost	3,50,000 Approx.
Equipment & Machinery	4,75,000 Approx.
Monthly Royalty	6%
Agreement Tenure	5 Years
Gross Margin	70% - 75%
Net Margin	25% - 30%
ROI in Months	15 - 18 Months

Note : All the above commercials are exclusive of Taxes