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Corporate Strategic Management of Global Expansion

-- Study for Max of entering into China by franchising

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ABSTRACT

The thesis investigates and analyzes the possibility for Max entering to China's fast food market. And the focal mode of the entry here would be franchising. The core conceptual framework of the thesis is based on *Decision-Making Model for International Franchising* of Mahmood A. Khan. While in order to make the framework fit the purpose of this study much better, Mahmood's model was developed and specified with sub-theories, such as *Diamond of National Advantage Model* of Porter M.E, and concepts of *Franchising* of Charles W.L. Interview and questionnaires were the methods for collecting primary data, and secondary data were collected through reliable literatures, databases, and official websites. By analyzing those data and supplementary information, the conclusion came out. The fierce competition with traditional local Chinese food and other international Hamburger brands may challenge Max's strategy in going to China. However, current market situation in China's fast-food market also provides some opportunities to Max as well. It may lead to success if Max could utilize the key factors of franchising in right way.

KEY WORDS: global expansion; fast-food industry; diamond model; franchise; decision making model

Title: Corporate Strategic Management of Global Expansion
-- Study for Max of entering into China by franchising

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Tutors: Hans Knutsson; Tom Karlsson

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Key Words: global expansion; fast-food industry; diamond model; franchise; decision making model

Purpose: The purpose of this thesis is to investigate the opportunity for Max to enter into China's fast food market. And also, the thesis analyzes the practicality for Max to implement the expansion plan by franchising in China.

Questions: Is China a really attractive market for Max? And how the expansion could be operated by franchising?

Methodology: A modified model of international franchising for Max was derived from the Decision-Making Model for International Franchising. The information about the advantages of China's fast food market was analyzed with using Diamond model. Primary data was collected from interview and questionnaire. Secondary data were from some journals and official websites.

Theories: The general framework was based on the decision-making model for international franchising of Mahmood A. Khan. Diamond model of Porter was used to analyze the advantages of China's fast food market.

Conclusion: The fierce competition with traditional local Chinese food and other international Hamburger brands may challenge Max's strategy in going to China. However, current market situation in China's fast-food market also provides some opportunities to Max as well. It may lead to success if Max could utilize the key factors of franchising in right way.

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Best regards

Yashan Cao & Lin Fu

May 25th, 2009

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1. INTRODUCTION

This study focuses on Max who is a successful player in Sweden's fast-food industry, and the main issue is the future plan of its expansion to China. Under the global fast-food industry environment, whether Max should enter into China's market by franchising was analyzed in detail in the paper. In the beginning of this chapter, *Fast-food industry background* shows basic and general information of the study. Following, the *Company Overview* introduces Max briefly also as sort of background information of following study. And then, the *Problem Discussion* shows current situation and problems existing in focal industry. The discussion also leads to the *Research Question* and *Purpose* of the study. Besides, the chapter presents *Delimitation* and *Disposition* of this study.

1.1. Fast-food industry background

Since the franchising in fast-food industry has attracted considerable attention in 1960s, it provided great opportunity for individuals becoming independent business people. With the franchising system, a company could build standardization from location of stores to distribution of products. Meanwhile, customers may pay premium price for food with comparatively higher quality and more guarantee of safety.

However, franchising also set up certain obstacles for independent individuals in competition. For instance, it is quite hard for a local small restaurant to compete with big chain companies, such as McDonald's. The parent organizations of franchising companies own strong power in competition, which led to greater extent of franchising and fiercer competition in fast-food industry. (Michman and Mazze, 1998, p45) As a result, the trend of development in this industry nowadays represents in broaden and diversify menu, healthier diet habit concept, and flexible innovation.

According to a professional survey of global fast food industry, the global fast food market grew by 4.1% in 2007 to reach a value of \$106.9 billion. And in 2012, the global fast food

market is forecasted to have a value of \$130 billion, an increase of 21.6% since 2007 (Datamonitor, Nov 2008). Furthermore, the data from “2007 China Fast-food Industry Research and Consultation Report” shows that revenue in 2006 of China’s fast-food industry has already exceeded €2,200 billion, chain stores exceeded 1million, and grew at high average speed of 20% per year since 2002. In particular, till the end of 2006, Kentucky’s Fried Chicken (KFC) owns 1800 franchise stores in China, and McDonald’s owns 800 stores.

1.2. Company overview

As Sweden's oldest and most popular hamburger chain, Max started in 1968. Through the past 40 years, Max’s ambition is still as started, they said they would “serve the most delicious hamburgers with the best ingredients.” (Official website of Max)

For Max, the most important aspect to success is taste, and they already have the highest rating in most of the taste tests in Sweden. The guaranteed quality of Swedish beef and chicken enables Max to supply the customers the best taste among all the competitors like McDonald’s. That is the way of Max, as they said, to win the Swedish heart.

Max is a nationwide chain in Sweden and it is run by the Bergfors family. With a large turnover in 2008, Max becomes the second largest hamburger chain in Sweden currently. Nowadays, Max has more than 2500 employees and 67 restaurants in the country, and their aim is to open at least 100 restaurants till 2010. As they said they are often “the first” such as opening the world’s first bike-in and supplying Delifresh (which is their keyhole-marked product family). Moreover, Max always renews their product line in order to make the food healthier by reducing the total amount of fat and energy.

Despite of becoming one of the largest fast food chains in the industry, Max also give the chance to the consumer of considering the environment in their choice of meal. They are going to compensate the carbon dioxide pollution through a “tree planting project” in Africa.

And the project is just one of their “long term commitments towards a better and more efficient environmental corporate policy.” (Press release Max, 2008)

Now, it is the time for Max to extend their business abroad and make their franchises becoming available through the expansion. In fact, Max has already opened their foreign market in Saudi Arabia and planned to run 30 restaurants there until 2010. Therefore it proves that the expansion plan is not only limited in their neighboring Nordic countries, but will also be farther away such as in Asia.

1.3. Problem discussion

As mentioned above, the franchising in fast-food industry has already been noticed and researched since 1960s. Also, there are already plenty studies about how to achieve business expansion globally and especially entering into China. The blooming of fast-food industry in China attracts more and more foreign investors and large companies to get a piece of pie in this market. In facing of global economy cold snap and Chinese traditional business culture, how to win an outstanding position in competition of franchising in China becomes a tricky question. Meanwhile, in order to meet higher customers’ needs; achieve lower costs; and keep conscious of environmental sustainability, players in fast-food industry have to adopt wise strategy during localization and keeping their characters as well.

Max, as a successful Swedish fast-food company, has already brought idea of global expansion into consideration. In order to be successful worldwide, making business progress in China should not be ignored. But how to fix and manage the factors and conditions in China’s market would be crucial problem for Max.

1.4. Research questions

The discussion above inspires the authors to the main research questions: *Is China a really attractive market for Max? And how the expansion could be operated by franchising?*

1.5. Purpose

The purpose of this thesis is to investigate the opportunity for Max to enter into China's fast food market. And also, the thesis analyzes the practicality for Max to implement the expansion plan by franchising in China.

1.6. Delimitation

The study will only discuss whether Max should involve China as a target market of global expansion, and how the expansion could be implemented by franchising when the decision is going to be processed. However, about the proper time when Max should enter into China is not the purpose in this thesis. Besides, although much of the general information from the fast food industry is used and it still has lots of fast food chains existing in the market such as McDonald's and KFC, the study will mainly focus on the circumstances of Max. As for the target group of audiences, the study would give some clues only to peer researchers who are also interested in the same field, and it could also be taken by Max as a reference for business expansion in future.

1.7. Disposition

This thesis is composed by six main chapters with several sections for each. After the first chapter about introduction, the second one of methodology will discuss the way of doing the study and how to get the relative data for the study. Then the third chapter is about theoretical

framework with the definition of the theory used in the study. The fourth chapter will show the empirical data including primary and secondary information. The analysis according to the data and information will be discussed in the fifth chapter, and the sixth chapter will give the conclusion about this study. Finally, the last chapter is going to present some further researches regarding to the subject which is talked about in this thesis.

2. METHODOLOGY

In this chapter, the method of composing this paper will be introduced. The main purpose of this chapter is to answer some methodological questions such as “why choose the focal company and industry?”, “what conceptual resources would be applied?”, “how to collect and analyze research data”, and so forth.

2.1. Choice of company and target market

In the beginning of processing this thesis, the primary thought of writers was to combine Swedish and Chinese factors, companies, industries or any subjects in business administration field. This is out of personal preference since both of the writers come from China and have studied in Sweden for two years, so that the experiences could lead the study with two cultural understanding angles. From this point of view, the pure Swedish company Max came to writers' sights. As mentioned in chapter one, Max is one of the most successful companies in fast-food industry in Sweden, and the company now is planning to expand business globally. Under this background, the combination of this Swedish company and China's market became a possibility to study. Furthermore, as parts of potential consumers of Max, the writers could lead the study from both views of company and also consumers.

2.2. Choice of theories

Following the research questions, the main points of choosing theoretical references are focusing on implementing franchising in China's fast-food market. In other words, it is a decision making process of planning; surveying; evaluating and deciding of Max to go global expansion to China. Afterwards, there is also an implementation of the decision. There are plenty of relative researches about international franchising and China's fast-food industry. In book *Restaurant franchising* written by Mahmood A. Khan in 1999, the writer applied a

Decision-making model combined with international franchising. The model shows a completed process of taking an international franchising plan into practice, and it is quite suitable for this study of Max. However, Mahmood's model is quite general and macro as it presents from a global perspective. In order to adjust to the research question here, a modified decision-making model for Max of franchising in China was developed. The vital parts of the original model were kept yet some other sections were eliminated as low or non-connection to this study. The modified model will be shown in chapter of Theoretical Framework.

According to the research purpose and conceptual framework of the thesis, a proper perception of concept "Franchising" is quite important to the whole work. A Doctor of Industrial Economy from UMIST, Mr. Charles W.L, introduced his understanding of franchising in his book *International Business*, which is utilized as teaching materials in Lund University. The authority of the writer and universities reflects the reliability of the theory so that the concept of franchising from Mr. Charles could be a good resource of the whole work.

For answering the research question about "Is China attractive to Max", Michael E. Porter's Diamond model of National Advantage would quite fit for this study. The reputation and reliability of this theoretical model are also important to the study. Although there might be other theories which could be also applied for analyzing on competitive advantages or national demographical characters, it requires a suitable model for studying on attractiveness of an industry in certain country. It emphasizes on general situation and also specific conditions about both the industry and the country. From this point of view, Diamond model is just in accordance with the requirement of the study.

As for "how to implement the expansion by franchising", the relative concepts from the theoretical framework would also be applied and developed. And the key factors to successful franchising would be sort of answer to the research question. So it seems like part of the theoretical framework comes from expected conclusions. It might raise kinds of obstacles to the study since it is not a mature theory by previous researchers, while it also leads to a good direction of the study so that the analysis would also follow in right way.

2.3. Collection of data

The solid, updated, and adequate data is vital to a study. In this paper, both primary and secondary data are used. The primary data is collected as solid reference which can not be collected from secondary data. And the primary data would give out more detailed and up to date information regarding the topic of thesis. Besides, books, articles, relative previous researches, internet-based references and other secondary resources are also important to provide sufficient supports to the study.

2.3.1. Primary data

During the study, the primary data were collected through qualitative interview with one of the top officers of business development department of Max and quantitative questionnaire with focus group.

Interview

Since the main purpose of interviews in this thesis is to get enough professional information in particular field, it is important to find interviewees with relative knowledge or experiences of Max. And then, the numbers of interviewees depend on how much the expertise and suggestions the interviewees could give out (Fisher, 2007, P203). The authors are not aiming to have a large number of interviews. On the contrary, it would be much pursued to gain high quality and deeper understanding of the topic of study. Hence, the qualitative interview would be used during the process of study.

As for the way of conducting the interview, the primary data were mainly collected by emails. In the beginning of finding right interviewees, some phone calls were made. However, when getting in touch with chief manager of business development division of Max, Mr. Mase Biouki, only his email address was available. Fortunately, Mr. Biouki replied interview questions soon, which helped accelerating progress of the study.

The interview questions focus on Max's strategies in Sweden, and specific future strategic plan and expectations. All questions connect to research question and purpose, and follow

conceptual framework of the study. The detailed interview questions could be found in Appendix I in the end of this study.

Questionnaire

Besides qualitative interview with top officer of Max, the preferences and suggestions from potential customers are also needed. Therefore, 150 pieces of questionnaire were handed out to Chinese people in ages range from 18 to 45. These groups cover of youth and students and mid-class people with busy work. In order to make the data more valid and general, 100 participants of the focus group are from the third largest city of China, Tianjin; the other 50 are from one of the secondary city, Baotou. The ages range is mainly according to Max's customers positioning in Sweden and experiences of authors back to China. Then, 85 participants are female while 65 persons of the whole group are male.

Most freshmen in university are around 18 years old, and since then, they would have more free time and money to spend in fast-food restaurants. And also, the youth and students are more open mind to foreign food and concepts so that they become one of the vital consumer group of fast-food restaurants all over the world, so do they in China. As the major target consumers for Max in China's market, 90 participants are included in this group who are bachelor or master students from a famous university of China.

After go out of campus, mid-class employers and freelances are also parts of consumers of fast-food restaurants, since they usually don't have rich and stable financial status, and might be busy during working time so that quick services and convenience in fast-food restaurants are perfect for them. With the probability of lower interest of foreign food, this group has 40 participants which are less than the first group and most of them are from common commercial companies.

People who are out of the target age range may still be potential consumers but take very small percentage of whole customer groups. Hence, in this study, the questionnaire surveys are also handed out to 20 persons who are older than 40.

There are eight questions in total in the questionnaire, in which there are seven multiple choice questions and one open mind question. All of them connect to research purpose and the details are attached as Appendix II in the end of the study. The feedback information from them is also important to this thesis and vital for future development of Max.

Considering about the huge population of China and lots of cities of various ranking are existed, 150 participants of questionnaire from two cities seem too thin to present the whole population. However, it is also impossible to have half population of China to join the questionnaire investigation of this thesis. Actually, the target groups have been divided with explicit range according to the business plan of Max. Besides, the first class and secondary cities of China are mainly the target market for Max to expand business since the average consumption capacities in these cities are much higher than others. All the same, more pieces of questionnaires can be sent out in order to ensure the validity of the information if there is more time for the study. But considering about the diversity of characters, it is possible for the results to be different from each time if the target participants are various. In this thesis, we only focus on the results from the questionnaires which were sent out for the first time.

2.3.2. Secondary data

The secondary data and information will mainly search from open database resources via library of Lund University and other outside resources. In order to guarantee the accuracy and reliability of the data and information, the most of the journals and articles would be retrieved from reliable search engines, ELIN, EMERALD DB, Datamonitor, etc.

The professional data and information about fast-food industry of China would be gotten from the official statistics department website, and also university's economy forums in China. The empirical data from websites has also been evaluated before acceptance by the published column, potential purpose, quality of the previous articles, published time, etc. And the aim of that is to insure those data used in this thesis are reliable and authentic.

2.4. Method of data analyzing

The analysis of data was also classified into two categories according to the types of data. The primary data from interview and questionnaires was shown by figures. The results of the surveys are clear and direct to read so that the current situation and accurate information could be presented. As for the secondary data, the analysis was implemented following the conceptual framework of the study. The analysis of the data brought the theories and practical information to fit each other, and it would help to jump the conclusion of the study.

3. THEORETICAL FRAMEWORK

The main purpose of the study is to discuss whether Max should enter into the fast food market of China by franchising. Therefore a clear and specific theoretical framework is quite important to the whole study. Here, a *Decision-making model for international franchising*, which is raised by Mahmood A. Khan was applied as the main structure of theories. Besides, as the model is rather comprehensive in the field of international franchising, the model for this study of Max might need to be narrowed down to suit the research purpose more specifically. *Diamond of National Advantage* and detailed theory of *Franchising* are applied as sub-conceptual tools as well in this paper.

3.1. Decision-making model for international franchising

For the prevalent trend of international franchising, the success to a firm is depending on whether or not the decision of this franchising is wise or profitable. With the aim of making a proper decision, the decision model is used for evaluating the plan and choosing the method of franchising.

In book of Mahmood A. Khan, a process of planning and decision-making for international franchising contains six main steps shown specifically in the Figure 2. The model puts environmental variables into rather important situation. Not only the accuracy and validity of information but also the way to analysis the environmental factors may lead to different choices on franchising method or even change the whole franchising plan.

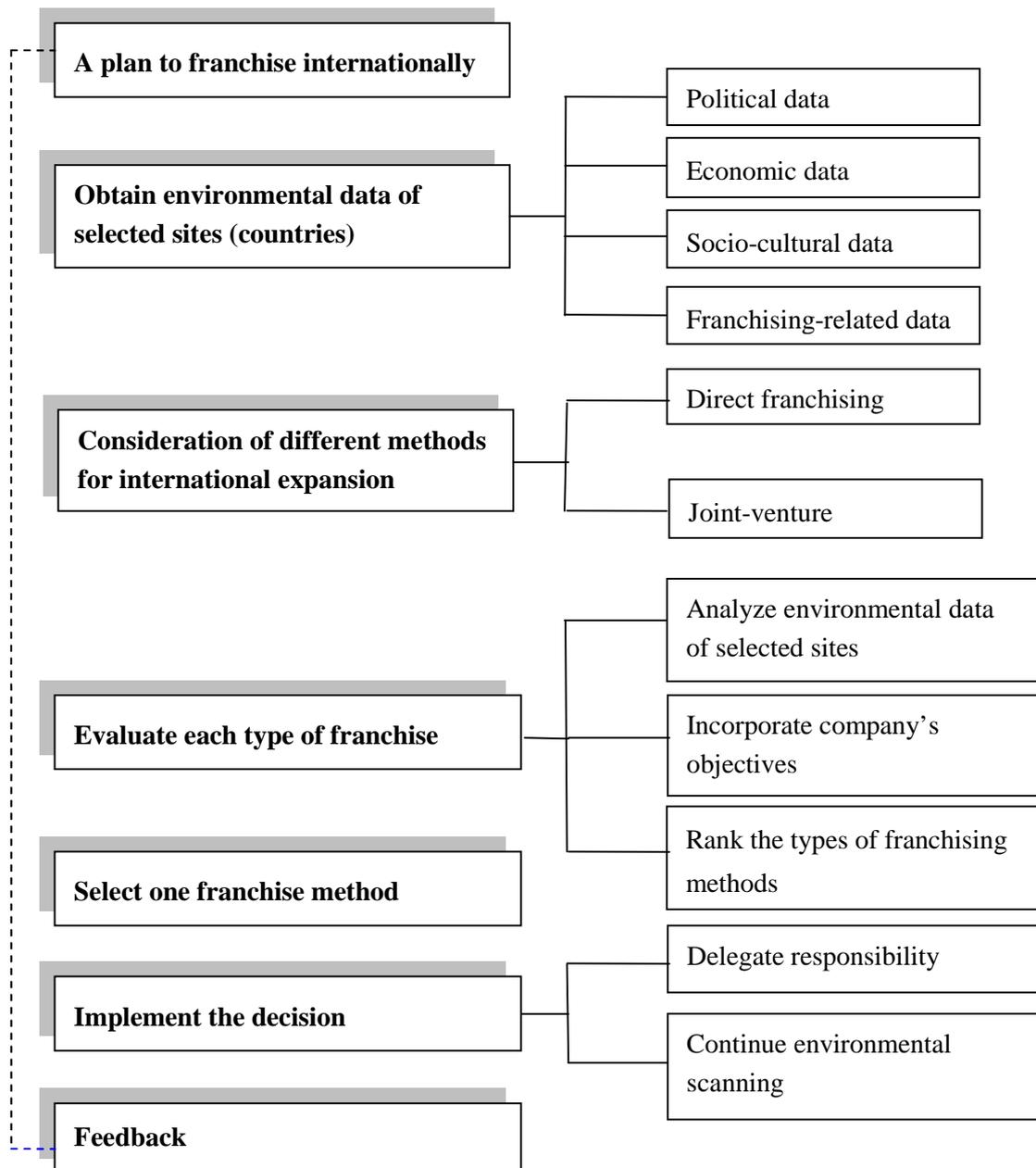


Figure 1 Generic model of the decision-making process to select a franchise method for international expansion (Mahmood A. Khan, 1999, p299)

In order to make the conceptual framework and research purpose fitted in better way, the Decision-making model is needed to be adjusted. Firstly, to carry out the plan to franchise internationally, understanding the basic concepts of franchising would be necessary.

3.2. A plan to franchise internationally

“Franchising is basically a specialized form of licensing in which the franchisor not only sells intangible property to the franchisee, but also insist that the franchisee agree to abide by strict rules as to hoe it does business.”(Charles W.L. Hill, 2005) With using franchising as its entry mode, Max should help its franchisees to run the business then receive relative royalty payments with some percentage of revenues.

3.2.1. What is franchising?

Franchising is defined as “a continuing relationship in which the franchisor provides a licensed privilege to do business, plus assistance in organizing, training, merchandising, and management in return for a consideration from the franchisee” by the International Franchise Association which is the major franchising trade association. (Mahmood A. Khan, 1999) The basic concepts of franchising, as the Mahmood said, are as follows:

- *Franchising is a method of distributing goods and services.*
- *A franchise is a right or privilege granted to an individual of a group.*
- *A franchise is a legal agreement between two parties.*
- *The owner who agrees to grant rights or privileges is referred to as franchisor.*
- *The individual or group to whom the rights or privileges are granted by the franchisor is called the franchisee.*
- *The system under which franchisor and franchisee operate is known as franchising.*

Franchising should be set under the contract signed by two groups with using the trademark or other particular regulations created by the franchisors. And the step of staring the franchising should be strictly based on the contract.

3.2.2. Pros & Cons of Franchising

Without opening the foreign market on their own, for franchisors, both of costs and risks are decreased by transferring to franchisees. Meanwhile, the franchisees will have incentives to generate more profits in order to gain higher returns for themselves after paying fixed

percentage of revenue to franchisors. Then, the franchisor could build its global images in a shorter term with lower cost and risks. (Charles W.L. Hill, 2005)

However, as a service firm the key element for franchisor to success is the quality of service. The distance from its foreign franchisees makes the quality difficult to monitor, therefore the problem of poor quality is hard to avoid and it could seriously negatively affect the brand image. Besides, if the franchisor plans to set up lots of franchisees in the foreign market, the quality of each franchisee should be unified. Otherwise, one of unsatisfied quality of service will make adverse impact on the others meanwhile weakening the confidence of consumers.

3.2.3. Types of franchising

For the system of franchising it mainly exists two different types: Product and Trade Name Franchising; and Business-Format Franchising (Mahmood A. Khan, 1999).

Firstly, is “Product and Trade name franchising”. The relationship between franchisors and franchisees is independent and the franchisees have rights to distribute the products with using the identified brand or trademarks. This type of franchising is widely used in the areas such as automobiles and some technological instruments.

The other type of franchising is “Business-format Franchising” and it based on an entire business format comparing to a single product of the first type mentioned above. With the business relationship between franchisor and franchisee, the strategies for both of the two groups should be set up in terms of *marketing, operating, R&D and management*. The franchisees should follow all the aspects of business plan created by franchisor and the typical example for this type of franchising is restaurant.

3.3. Obtain environmental data of selected sites

As mentioned above, the environmental data of selected sites is a crucial beginning for a franchising plan. The four aspects of this step in the model are named quite generally but it is

not an easy job to get all clear information fitting for each aspect. In order to specify the environmental data, *Diamond of National Advantage* model was applied here to reclassify the mass data in China, such a huge target market. The Diamond model directs the exact data and information needed for analyzing China's fast food industry.

In order to investigate why nations have advantages on particular industries and how these advantages impact companies' strategies, Michael E. Porter conducted a four-year study and finally concluded a theoretical model of national advantage, the Diamond model. The model constitutes by four sections, *factor conditions*, *demand conditions*, *related and supporting industries*, and *firm strategy, structure and rivalry* (M.E.Porter, 1998). These four sections reflect different important aspects of a certain industry that has national advantage to other global competitors.

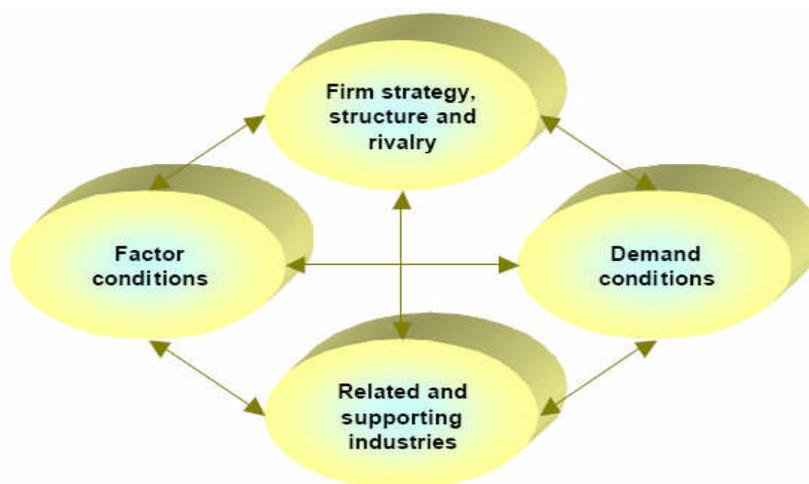


Figure 2 Diamond of National Advantages (Michael E. Porter, 1998)

3.3.1. Factor conditions

According to Porter, the *factor conditions* refer to nation's position in factors of production. Usually, the general factors are *labor; land; natural resources*; and infrastructure which are necessary to compete in a given industry. Sometimes, lack of factor or weak factor conditions

may still be positive since the factors could be substitute and are not only determinant of the competitive advantage of an industry.

3.3.2. Demand conditions

The *demand conditions* refer to the demand for the products or services in the given industry from home market. The home demand may help company find niche or competitive advantage. Sophisticated home customers drive companies to innovate and diversify. The demand conditions may change following brand spreading.

3.3.3. Related and supporting industries

The *Related and supporting industries* refer to situations and conditions of suppliers, distributors, and so forth of the given industry and other related industries. This section of diamond reflects whether sufficient production factors are utilized fitly; whether cluster are existing concentrating on know-how; and whether the competition among players in related and supporting industries drives innovation.

3.3.4. Firm strategy, structure, and rivalry

The last but not least part of diamond, *Firm strategy, structure, and rivalry*, refers to how the company is structured and what is its competitive strategy. Also, this section reflects how fierce the competition is in the given industry. The strong local rivalry may boost innovation and let the company try hard to lower down the importance of factors. Besides, the political environment and legal considerations also have influence on industrial rivalry.

3.4. Implement of franchising

After getting the decision for the methods of franchising, the franchisors should then consider the strategies about how to run the franchising. In other words, it is important to find out the key factors to successful franchising.

3.4.1. Effective structure of franchising relationship

For the relationship between franchisor and franchisees, the contract of franchise is indispensable, and it is the most effective way to ensure and protect the rights and obligations for both of the two parts under laws. With the contract the relationship between franchisor and franchisee is contractual, and an effective structure of relationship is the key elements of success for both of the two groups. With the aim of having an effective structure of franchising, the majority elements are as follows (Fast Food.com):

1) Control of products and services that franchisees are permitted to sell

In order to ensure the quality of the products and services supplied to consumers, franchisors should have its unified standard of all the products which are sold by franchisees especially for the criterion of safety and healthy. The uniform for employees should be provided by franchisors, and then some personalized design of decoration could be considered by each franchisee in order to attract consumers according to actual situations.

2) Control of operating assets, goods and services utilized and sold by franchisees

The sources of purchasing operating assets, goods, and services should be controlled by the franchisors. Firstly, it could ensure the quality and unified standards for all the products and services. Then, same level of costs and expenditures are much easier to be managed. Besides, it is an important way to protect the confidential information.

3) Control of the franchisee's business premises

In order to control the business premises of franchisees, franchisors could use subleasing or sign a collateral commitment under contract. This method will help them manage the franchisees more effective although it will cost more expenditure for administration.

3.4.2. *Business formulation of franchising*

From the business point of view, with the aim of catching up the competitive advantages, franchisors should comply with the following concepts or steps to formulate their strategies. (Mahmood A. Khan, 1999)

1) *Menu*

For one thing, a successful menu should have characteristics of simple and capability for replication, and it should be available at a short notice when the service is needed. For another, the quality should be ensured with a unified and strict standard. The ingredients should be easily got and the characteristics of the products should be well planned in terms of *color, flavor, shape, and texture*. Then the most significant part is the presentation of the menu, such as the *nutritional quality, food preference, packaging, delivery*.

2) *Layout and physical facilities*

When the franchisee is defined, the layout and physical facilities are precondition for running the business. For fast food restaurant, the functional areas should be divided into *receiving area, storage area, preparation area, serving and dining area, and sanitation area*. Then, the selection of equipments should be in accordance with the unified standards of the contract. Moreover, the layouts such as *size, appearance, and design* should be considered according to the preference of the target consumers.

3) *Services*

As another major aspect of franchising, the type of services should be selected from *table service, drive-in service, delivery service* or other newer types such as online or fax ordered. Then, the selected type of service should be based on the fundamental standards of service: *casualness, convenience, and comfort*.

4) *Marketability*

The entire business progress of franchising should have a specific marketing strategy in order to get the competitive advantages in the market. The specific concepts of marketing should be determined according to the actual situation and environment of the specific market.

5) *Management*

The concepts of management will be various in different locations. The unified strategy can not satisfy the specific requirement for other markets so that unique concept should be set up for each market. Besides, it is necessary for franchisors to provide training and developing on operations. Then, for the part of financial management, enough capability of making profit should be provided by the franchisees in order to make sure they could pay the royalty fees on time. Meanwhile, the capital and resources of franchisees should be evaluated to ensure that they are able to run the whole program, and the availability of *administration, training, or legal part* should also be taken into account.

3.5. Modified theoretical framework for study of Max

As it was mentioned in Methodology, Mahmood's Decision-making model shows quite general idea of processing an international franchising plan. After introducing the main aspects of the model, in order to specify the model and fit the research purpose, a modified version of model is needed.

Firstly, "A plan for international franchising" is explained in detail by "*what is franchising*", "*pro & cons of franchising*", and "*types of franchising*". These three aspects would show clear concepts and characters of franchising. Meanwhile, the reason why Max should adopt franchising other than modes else would be discussed here.

Secondly, to answer research question "*Is China an attractive market for Max*", the *Diamond model of China's Advantages* of Porter M.E was applied to analyze the competitive

advantages and risks about the fast food industry in China. The Diamond model focuses on specific competitive and development conditions from both national and industrial perspectives, which is quite important to this thesis. In the Decision-making model, “*obtain environmental data of selected sites (countries)*” requires information about political, economic and social-cultural conditions from fast food industry in China. These kinds of information and data could be researched systematically under Porter’s Diamond model with factors, demand, supported and competitive conditions. Hence, the Diamond model would be applied here.

And then, in section of “*Consideration of different methods for international expansion*” of Decision-making model includes two aspects that “direct franchising” and “joint-venture”. In this study of Max, they already make clear announcement that they would like to pursue their global expansion by franchising. Also, as it was declared in Delimitation section of this essay, other entry modes of global expansion would not be focused in the research. The most emphasized issue here is about franchising. Therefore, “direct franchising” would be the only consideration here.

With the decided method of “direct franchising”, the “*evaluation and selection of other types*” of international expansion would not be problems in the research. And then, the step of “*implementation of franchising*”, which consists by aspects “*delegate responsibility*” and “*continue environmental scanning*”, will focus on important factors of successful franchising. This part will be discussed from business formulation and franchising relationships, which leads clear direction to analysis and conclusion.

The modified version would be used as specific theoretical model of the whole paper so that the collection and analysis of empirical data will follow the structure to keep the whole work fitted well.

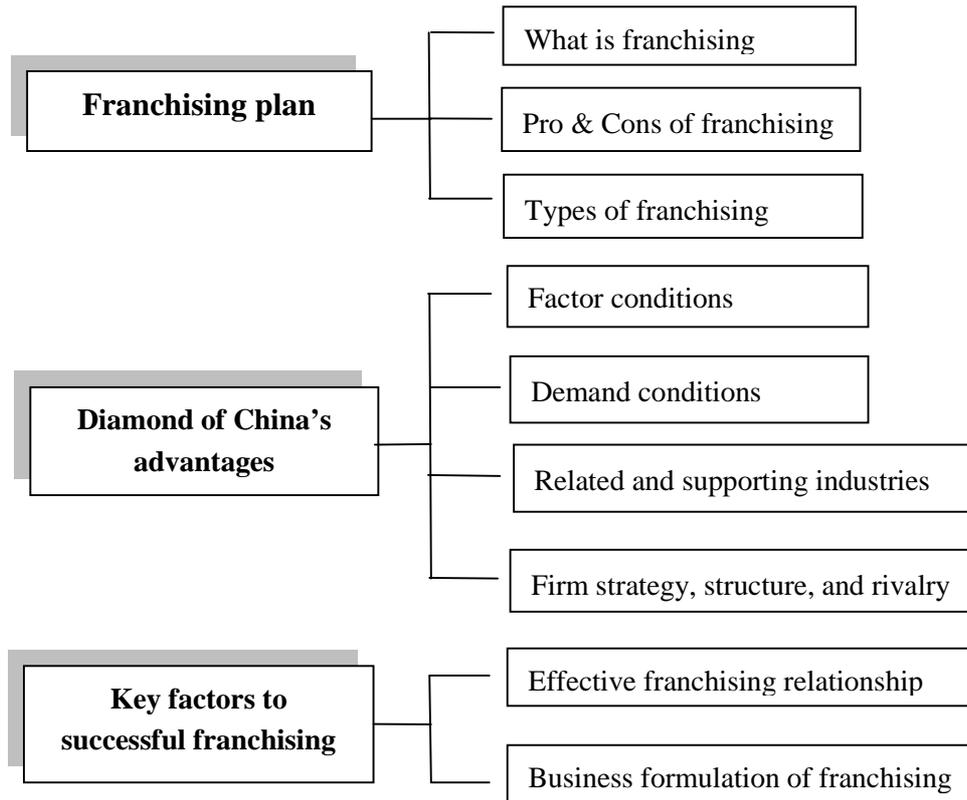


Figure 3 Theoretical framework of Max's franchising to China (authors' elaboration)

4. EMPIRICAL DATA

In order to get reliable information and valid references on study, both primary and secondary data were collected according to the modified theoretical framework.

Since detailed and reliable information of objective company is pretty crucial to the study, and there is not enough news or previous studies on Max in English at hands. Hence, an interview (Appendix I) with chief manager in expansion division becomes quite necessary. There are five main questions raised to interviewee who is one of the chief managers of Max, Mr. Masse Biouki.

To find out the information about the consumer preference of the food market, as a tool, focus group is used for the main potential consumer of Max in China. In total, 150 copies of questionnaire (Appendix II) with eight questions were sent out to three groups of consumers, college students from 18 to 25, young staffs from 25 to 40 who work for the company or public institution, and adults older than 40.

4.1. Franchising plan

According to the data from the China Chain Store & Franchise Association (CCFA), until 2006, the number of franchising system in China grew to 2,600 which seem to be the largest number in the world. Besides, the numbers of the outlets reached 200 thousands, and more than 3 million job opportunities were provided as well.

The first question of the interview is whether Max has intention to open franchise chain store in China? And the answer from the manager shows that Max really has interests to go to China in long run. But the prerequisite is they are sure about operating franchising successfully. Currently, the concept of franchising is still fresh for Max and they want to work this out in neighbor markets before looking into larger market such as China.

In the second question, main concepts of business in Saudi Arabia for max were asked. As a result, the most significant factor for max said by manager is to find a right partner there and franchising is exactly the proper way they used in that market.

4.2. Diamond of China's advantages

Through studying previous studies, books, articles and news, plenty of secondary information and data is helpful and necessary. The data are classified into four categories following conceptual framework of *Diamond of China's advantages*.

4.2.1. Factor conditions

In the case of Max and China's market, the cost of labor in China is much lower than it is in Sweden. According to the *Economic and Commercial Counselor's Office of the Embassy of P.R.C in EU*, the highest labor cost country in all of the 27 EU members in 2008 is Sweden, €32.16 per hour. Comparing to China, if we take salary of McDonald's as example, the payment to general staff in McDonald's China is €0.8 per hour whereas it is €11.5 per hour in Sweden. Thus, the huge difference is obvious. However, educated and skilled employees are also needed from the first line in daily operation to top leader in management team, and the training cost is also needed to be considered. Nevertheless, the labor cost in China will be quite attractive to a Swedish company.

As for the land factor, it depends on the location of stores. In China, the rents of stores and land are classified as the size of the cities. In other words, the bigger the city is, the higher the rent will be. For example, in golden business area in Beijing, the average rent of a store is €35/m² per day. But in a second-class city, such as Nanjing, the average rent of a store in city center is €10/m² per day (National Bureau of Statistics of P.R.C).

For any fast food store, the most important natural resources would be water and electricity. In present, the price of water in Beijing is €0.46/m³ (Beijing Water Authority), and the price of electricity is €0.12/kwh (Beijing Electricity Power Company).

4.2.2. Demand conditions

Since April of year 1987, the first KFC chain store opened in Beijing, the fast food industry started its prosperity in China. In 2007, the annual sales of whole food & beverage industry achieved RMB 1,235 billion (€136 billion), which is increased by 19.4% compared to last year. After two decades' development, fast-food has already taken up 45% market share in the whole Food & Beverage Industry.

According to a survey from official Industrial Research Net of China, there are approximately 40 million people eat fast-food in different occupations, locations, and time periods in every day. If we take €1 per capital, it would be €12 billion per year (ChinaIRN.net). Moreover, it predicted that the number of these people will increase with five million per year so that the emerging huge market could not be under estimated.

4.2.3. Related and supporting industries

As one of the largest food-producing countries in the world, one-third of total economic output of China is represented by agricultural production. China has one fifth population on the earth, in which approximately 80% of population is engaged in agriculture. According to Max, they prefer more local suppliers. In China, suppliers of meats, vegetables, and breads are easy to find in all of the country.

Besides, the logistics and distribution industries are developed a lot in China in recent decade, especially the food logistic which jumped with a high speed since year 2006. After the “2006 Annual Conference of China Food Logistics”, the China's National Development and Reform Commission proposed to build a data base of food logistics industry, which is aiming to collect logistics information and problems of thousands of food enterprises (Zhao Xin, 2008). With efforts of government and entrepreneurs, a modern integrated food logistics system is built.

4.2.4. Firm strategy, structure, and rivalry

Max is a family company. As an article “*Being a Family-Owned Company Can Be a Competitive Advantage*” (Kamran Farid, 2006) says, there are some characters of family-owned company those could be utilized and developed as competitive advantages. For example, members in family-owned company have higher flexibility in position shuffling for better efficiency. Meanwhile, they have stronger competence in trust and respect so that the company culture would be formed more encouraged. With those strongpoints, Max now has already been the second largest hamburger chain in Sweden. According to national survey by Max, their hamburger is the number one taste in Sweden. However, Max is not satisfied by being Swedish number one and the company already has global horizon on business running. As next strategic plan, expansion globally is putting on the table.

In the last question of interview, the manager of Max asked for the information about the brand awareness of origin like Chinese and American. Then the first question of questionnaire asked the participants to choose their favorite style of fast food in China. Eventually, as Figure 4 shows, 48% of the participants preferred the Chinese style rather than the food from other countries. Compared to the traditional Chinese style of food, 18% of the consumers presented their preference of fast food from American and most of them were mainly centering on the first and second target groups with the range of age from 18 to 40. Besides, consumers who preferred Japanese and Korean food were 12% and 15% respectively, others such as Indian and Thai were only 7%.

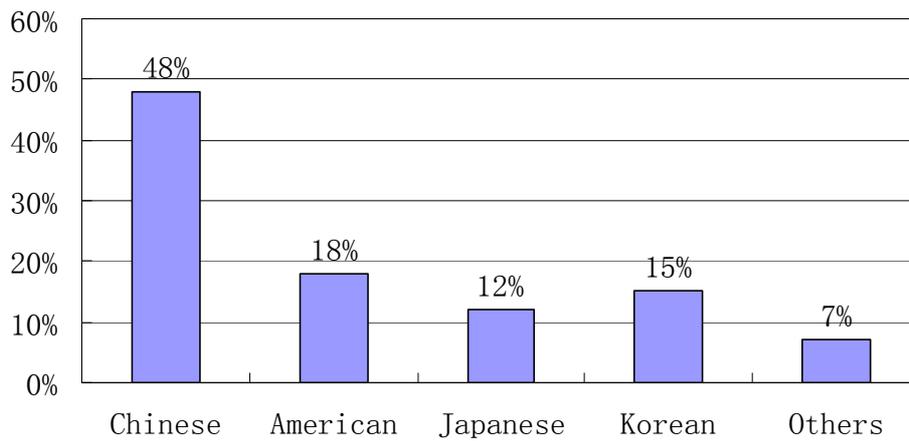


Figure 4 Preferred styles of food

Both of the history of diet culture in China and thousands sorts of traditional Chinese food will make the competition rather fierce than other countries. Meanwhile, the strong rivalry among other foreign brands and complementary goods are also existed. In question 2 of questionnaire about the preference of fast food restaurant, it can be seen from the Figure 5 that the biggest competitor for Max in China’s market is KFC. McDonald’s seems 1/3 less than KFC which is still extremely more popular than others like Dicos.

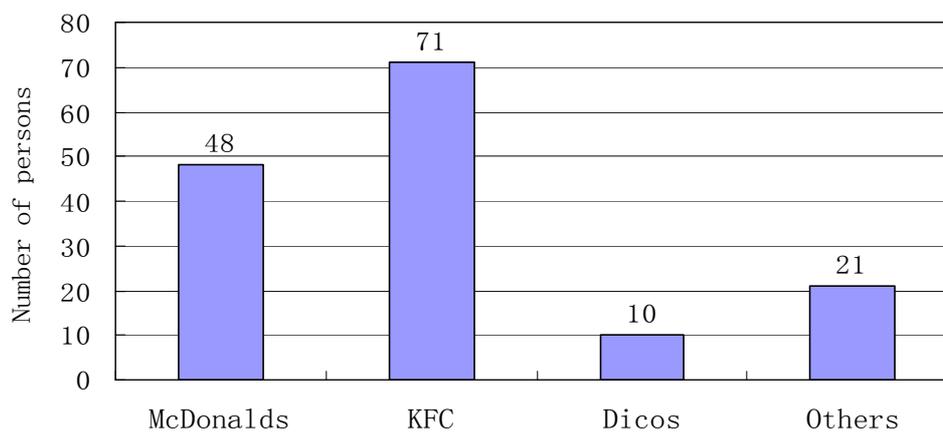


Figure 5 Preference of Fast food Restaurant

Then, as for the political environment, on February 6, 2007, the State Council issued the Regulations on the Administration of Commercial Franchising. Furthermore, the Measures on

the Administration of Filing of Commercial Franchising and the Measures on the Administration of Information Disclosure of Commercial Franchising was issued on April 30, 2007 (Hogan & Hartson LLP, 2007). The Administration Regulations, the Filing Measures, and the Information Disclosure Measures constituted the basic legal frameworks for franchising in China.

4.3. Key factors to successful franchising in China's market.

As for the standard of franchising which was asked in the third question of interview, the most important issue from Max's point of view was still the right partner, "who has a long-term view and is working to become the best hamburger chain in the world". (Official website of Max) Obviously, Max takes franchise taker in first place of their considerations.

Known from the fourth question of the interview, the focused customers of Max are aging between 18 to 38 and also families which are coincident to the age range of questionnaire. Besides, in the last question of the interviewee Mr. Biouki was also willing to know information about China's market like the most important issue to customers, such as taste, speed of service, value for money, kid's meals, design etc; and healthy options, etc. All these subjects were compiled into questionnaire.

1) Resulted from question 3 about the concerns of Nordic style, 25% of the consumers seemed to be very interested in the new restaurant with Nordic style, and 66% of them said they were willing to try. Then as the unique character for Max, green and Low-diet is obviously the major competitive advantage comparing to the rivals. To learn the attitude of potential consumers in China's market towards the concept of green and Low-diet, question 4 was asked to get the opinions. Resulting from Figure 6, 43% of the consumers said green and Low-diet was very important to them to choose the restaurant while 44% of them said it was less important than other elements such as price. Only 13% of the participants showed their attitude as "Never mind."

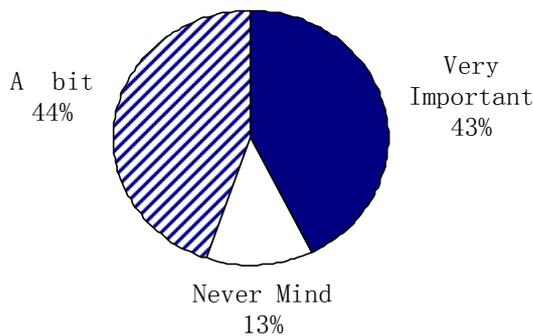


Figure 6 Concerns of “Green and Low-diet”

However, when asked to describe the concept of “Green and Low-diet” in question 5, 81% of them said they only knew that it was good for health and environment.

2) According to the basic concepts of franchising, the key element to success with using franchising seems to be a significant question. In question 6, from the consumers’ perspective, aspect which was considered to be the most important one had been chosen. In Figure 7, flavor of the production became the key element for Max to formulate its standard of franchising when it selected by 66 consumers out of 150. Besides, with 41 votes, price seems to be another sensitive element for consumer to choose the restaurant.

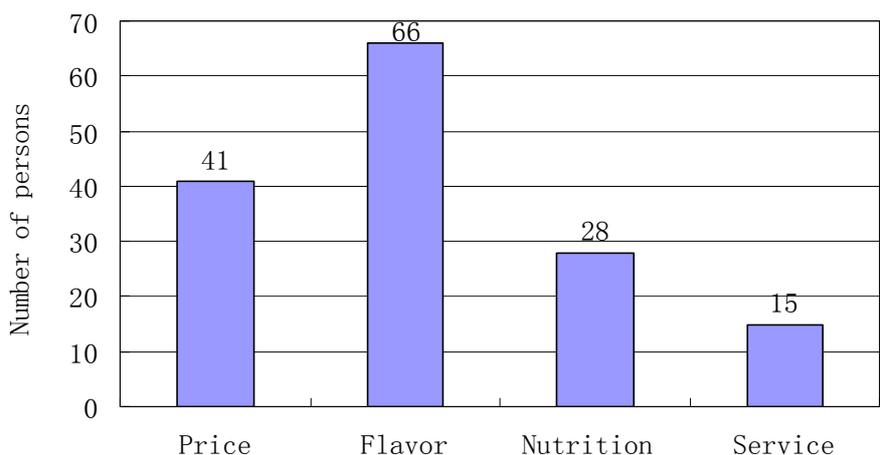


Figure 7 The Key Elements to Success.

3) Finally, to find out the most effective way of propaganda and advertising, question 7 was asking the consumers to choose the most attractive method for them to get the information of a newly concept for food and a restaurant. Consequently, more than half of the participants chose the way of coupon promotion.

4) Regards to the factor about sex, it does not exist any significant correlation between the answers of questionnaire with sex. Therefore, the sex about the consumer seems not to be a related factor for Max to be considered about when the firm makes decisions.

4.4. Summary of empirical data

Generally, from the interview Max got its own global expansion plan. And the company is going to adopt franchising as a new concept for future development. From Max's points of view from, choosing a right partner and developing a good relationship with franchisees are quite crucial in the process of franchising. This is also proved right by their experiences in Saudi Arabia. Besides, Max tries to keep localization to the biggest extent even during the global expansion.

In consider of China's market situation, comparative low costs of local factors, and huge demand are definitely good news for Max, plus the prosperity of related and supported industries even make China's fast-food industry more attractive.

On the other hand, the fierce competition from local traditional food and other foreign food became the biggest challenge for Max's entry. According to the survey of questionnaire, there is 48% of participants chose Chinese food over foreign hamburger. Besides that, the favorite hamburger brand after the survey is KFC with 71% votes. As for the characters of Max, almost 87% participants showed interests in "green and low-diet" food. But speaking to the most important factor, 66% participants thought "flavor" would be in the first priority.

5. ANALYSIS

According to the conceptual framework and the decision model of franchising, analysis of empirical data will be presented in this chapter. The theories will be connected to the real situation of Max and China's market here.

5.1. The plan of franchising in China's Market

In recent years, franchising grows rapidly in global market especially the American restaurants such as McDonald's and KFC. The reason for expansion is mainly the economic globalization. Others reasons contain technological advancement, popularity of travel and tourism, exposures for different food (Mahmood A. Khan, 1999) especially the younger generation and the increased preference of take-away and home-delivered meals.

When deciding to enter into a foreign country, the firm should choose a proper mode of entry such as franchising. As a service company like other fast food chains like McDonald's and KFC, franchising is a proper mode for Max to expand its business in global market. Furthermore, the plan of expanding the business chain into China's fast food industry market is confirmed by one of the top manager of Max according to the first question of the interview. Known from the second question of interview, as the same method as Max already used in its first international market Saudi Arabia, franchising seems to be the appropriate instrument to start up the business in China's market.

In addition, as to the type of franchising to be used in China's market, the proper type for Max is obviously the Business-format franchising since it needs an entire business concept and system to implement the plan. Then, based on this type of franchising the relationship between franchisor and franchisee becomes a crucial factor for Max to success. Besides, an integrated and rational business concept should also be formulated with the aim of expanding the business into China's fast food market.

5.2. Analysis of Diamond of China's Advantage

With the question of “Is China a really attractive market for Max”, the analysis of Diamond of China's advantage is crucial and visualized for the study. Besides, as the fundamental information for franchising, the outcome of the analyzing is indispensable for the study to support the issue of how to implement franchising in China's market.

5.2.1. Factor conditions

It is clear that costs of land, labor, and raw materials are cheaper in China than in Sweden. But business profit is not an absolute concept, which means lower costs may also lead to lower price. Besides, operating a hamburger store like Max would be definitely cost much more than a small local snacks booth. It also can be seen from Figure 7, Chinese consumers of fast food industry are price sensitive. Thus compare to hundreds of small local competitors, cost advantage of Max may not exist anymore.

5.2.2. Demand conditions

Hamburger is a kind of traditional western style food so that people have more strict and diversified needs on tastes, materials, and services. As for potential Chinese customers, with experiences in other foreign hamburger stores such as KFC and McDonald's they already had certain impression and expectation to similar food. The requirement of sophisticated consumers in both home and host countries are raising higher and higher to the company day by day. It challenges the update capability of changes and risks for hamburger chains. And the challenge also inspires fresh business ideas for the company.

5.2.3. Related and supporting industries

The rich categories of vegetable, meat, and grain could be seen in all different parts of China. It makes the market go to fair competition, but also lowers shifting costs for consumers. The comparatively strong base of agriculture brings along relevant industries forming agricultural chain and industry clusters. In specific, the manufacture of flour and bread; process of meat and vegetable; production of edible oil and so forth, these sections in productions chain

heavily rely on output of agricultural. As for a hamburger chain company, the supply chain is crucial. In China, most suppliers of raw agricultural material in the market are local farmers. They are small scales and not having strong bargaining power to big food company.

Besides, the development of modern logistics shortens distances between any two cities. Lots of international and local logistics companies are running business and providing door-to-door speed transportation services in China. The logistics industry is still growing to supply more professional and accurate services. In order to get the best quality vegetable and the freshest meat, long distance purchasing becomes an option even it might occur higher costs but also premium quality.

5.2.4. Firm strategy, structure, and rivalry

Max has strategic intention to franchise in China in long run, which needs guarantee from franchising operation in Scandinavia area. So when the firm goes to China, they should already have some knowledge and experiences about business model of franchising.

In consider of China's market, the fierce local competition may be the biggest challenge to Max. As Figure 4 shows, there is 48% of participants stick to Chinese food more than foreign styles of food. However, it could also boost innovation & differentiation. American hamburgers which are chosen by 18% of participants still have certain impact to Chinese people right now. Besides, it can be found from Figure 5 that KFC and McDonald's are the key rivals for Max in China's market with no doubt. But on the other hand, speaking to hamburgers, there is no other national option in China at present. From this point of view, with Nordic gene, Max may form its own style that totally different to traditional Chinese image. The Scandinavian landscapes; national flags; and language could be applied in the store furnishing and logo designing, and it could attract Chinese people especially for the potential customers. Besides, letting them realize the special taste and loyalty to this Swedish brand is helpful for max to expand its brand image in China's market as soon as possible.

To most of Chinese customers, all American hamburger brands have similar products & service; pricing; location; and even tastes. They are competing widely in most cities, but

innovation in all of them seems relative slowly. To compete with those rivals, Max should focus on differentiation rather than cost advantage. The green diet concept and low fat menu are a good start, afterward, more fresh ideas and continuous innovation will be needed all the time. Besides to meet customers' requirements, it is also important to create and stimulate new demands and expectation.

Furthermore, in terms of the data in chapter four, based on the political regulations issued in 2007, the foreign franchisors have already been protected well. Therefore, for max, the political environment is stable and favorable to run franchising system in China's market.

5.3. Key factors to successful franchising

5.3.1. Effective franchising relationship

How to become a successful franchising? As Morgan J. Arnold (2009) said in his article, we need great franchisees to grow a great franchise. Besides, on the basis of the interview from the chief manager of Max, it is proved that the most important element for Max to run the franchising in foreign market is exactly the right partner.

For Max, the significant aspect to build a great franchise is to seize the opportunity to attract right franchisees, and it is confirmed by the answer to third question from the interview. Good branding can help Max to present its attractive image to consumers. Moreover, a better image for consumer can attract the proper investors to become potential franchisees for Max in the long run. Max should manage its brand when entering into China's market and try to align it with the key point of selling. With the increased focus about eating healthy and green, Max's low-diet products are obviously the point of selling. Therefore, with the combination of its key points of selling, the image of Max will attract both of the proper franchisees and the consumers. In the case of Max, it said that "We are now looking for a company or person of strong financial standing who have the capital muscle to open a number of Max restaurants

within a short time frame. But above all, our franchise owners need to burn with enthusiasm for developing Max into the world's best hamburger chain.” (Official website of Max)

After choosing the proper franchisees, how to manage the relationship between franchisors and franchisees becomes another important element to success. To have a contractual relationship franchisors and franchisees should have commitments under certain contracts with agreements and constraints. Then, the effective structure of relationship should be set according to the aspects mentioned in section 3.4.1.

5.3.2. Business formulation of franchising

Being consist with the business concepts of franchising, for Max, it should run the business with strict rules in terms of *menu, layout and physical facilities, services, marketability, and management*. Here are some brief suggestions for the specific rules:

1) Menu:

The main menus and key products should as the same in Sweden (Delifresh box, Keyhole-marked pasta salad, Low Carb-burger, Bean-salad with low GI, Meal with low GI and so on). Then, as the key selling points with low fat and low Carb, the gradients and cooking methods should be strictly followed by a unified standard in order to ensure the quality of all the products. Since the Chinese consumers have shown their great attention for the product of green and low-diet in Figure 6, the main concepts for the menu should then focus on those concepts a lot.

For various regions in China, the franchisees should create some special menus according to the preference of consumers. On the grounds of the outcomes from Figure 7, the key element which the consumers consider about is the flavor so that the design of the menu should pay attention to how to cater to the flavor preference in different regions.

2) Layout and physical facilities:

All the franchisees should follow the same standard both of the storefront and decoration as Max. Resulted from question 3 of questionnaire, more than 50% of the participants in the focus group are interested in the newly Nordic style, so that design with distinctive and attractive characteristics of Nordic should be the point. Then, Max should set up specific and identified standards of the facilities in the contract which must be followed by all the franchisees. Besides, some fundamental facilities should be provided by Max such as uniforms and interphones.

3) Services:

Firstly, for consumers, the type of service should mainly the table service since the drive-in service does not seem realistic for the traffic situation in China. Secondly, for franchisees, the basic training of staffs should be offered by Max including the unified uniform and some fundamental devices like interphones. Then, in order to provide quality services for consumers from other countries, Max should offer English training for staffs in order to attract the foreign consumers in China. Furthermore, considering about the situation of population density of China, the speed of service is particularly crucial for the fast food restaurant. It is also mentioned by many consumers in the last question of questionnaire.

4) Marketability:

The target groups of consumers of Max are aging from 18 to 38 and also families, which are answered by Max's top manager in fourth question of interview and it is also proved by the outcome of questionnaire.

According to the data collected from questionnaire, the market share and opportunities for business are optimistic. The result of question 1 from questionnaire shows that the preference for foreign food does not concentrate on any particular one, and it is still available for Max to take part in the competition. Then, question 3 and 4 mean that the Nordic style of restaurant

and concept of green and diet are attractive to the target consumer in the market, and it is obviously the competitive advantages for Max.

5) Management:

At first, being the most important factor for franchise, choosing of location for franchisees should be submitted and agreed by the head office of Max. Different from the situation in Sweden, the location of stores should be in the very center of the city or at least nearing the big shopping center which has considerable footfalls. Max should at first choose one of the big cities in China such as Beijing and Shanghai to be the pilot project of franchising. This kind of market possesses relative plentifully potential consumers and opportunities which could help Max to present its brand image as soon as possible, although the competitive and risks are much higher and fiercer under that circumstance.

Secondly, to ensure the effective structure of relationships with franchisees, Max should formulate the contract in accordance with the key aspects mentioned in section 3.4.1. Besides, training and developing on operations for franchisees should be provided to support the relationship and the financial situation of franchisee should be able to evaluate by Max.

Last but not least, specific aspects of administration like the way of advertising and propaganda should be decided according to the actual information from market. Question 5 from questionnaire gives the hint of making the strategy of propaganda which should focus on the understandable explanation of green and low-diet, and question 7 shows the most attractive method of advertising is “Coupon promotion”.

6. CONCLUSIONS

For answering research questions “*Is China a really attractive market for Max? And how the expansion could be operated by franchising?*” an interview to Max’s business development manager and 150 copies of questionnaire to Chinese potential customers were carried out. According to the conceptual framework of *Decision-making model for Max entering China’s fast-food market*, all the primary data and plenty of secondary supporting information were analyzed. Hence, here the answers to the research questions are going to be concluded.

Generally, there are some advantages to develop food business in China’s market. Low costs and sufficient supply of business factors; diversified consumers’ demands; developed and steady supported and related industries; and so forth, all these are strong points for Max to develop business in China. On the other hand, fierce competition among local and other foreign brands in this industry, and accomplished image of American hamburger brand may raise difficulties for Max to entry. If Max could utilize the sophisticated customers’ demand as drive of innovation and unique image shaping, then China’s market would be quite attractive. It would be definitely one of the most important moves for Max to achieve the vision of being No.1 of global hamburger.

Based on the analyzing of the fundamental factors about China’s food market, Business-format franchising seems to be the proper and effective way for Max to expand business into China’s market. Besides, under the safety political environment with laws and regulations, Max will be protected after signing the franchising contract with franchisees. With using the Business-Format franchising, finding the right partner as franchisee becomes the key point to success of the franchising for Max. Then, the business formulation should be formulated catering to the preference of target consumers in order to achieve the ultimate victory. Actually, according to the feedbacks from the potential consumers Max will have large opportunities to set foot on fast food market of China if the factors mentioned above can be implemented strictly according to the business plan of international franchising.

7. FURTHER RESEARCH

As one of the largest potential market in the world, China is no doubt the potential target market for Max to become the No.1 hamburger brand. However, what is the proper time to enter into China's market and how to choose the proper partner or location for franchising are required to be researched in the future.

If there is more time for the study in the future, for questionnaire, the number of participants could be enlarged to several times or more in order to enhance the accuracy of the answers. Then, the range of target cities could be set in other sizes of regions to avoid the issue of discrepancies between different areas. Furthermore, more specific questions such design of menu could be asked to make the questionnaire more related to the business formulation about franchising.

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APPENDIX I INTERVIEW

1. Do you have intention to open franchising chain store in China's market?
If yes, could you tell about the plan? If no, why's not?
2. To choose Saudi Arabia as the first global franchising of Max, what factors did you consider most important?
3. What standard aspects of franchising are you focusing on, such as location, menu, uniform...?
4. Who is your first focus customer group in Sweden and globe?
5. We are going to use questionnaire to get information from the potential consumers in China's market, what kind of information you want to know from our study? Do you have any suggestion?

APPENDIX II QUESTIONNAIRE

1. Which style of fast food do you prefer, Western or Chinese style?

- A. Chinese B. American C. Japanese D. Korean E. Others

2. Which restaurant is your favorite one?

- A. McDonald's B. KFC C. Dicos D. Others

3. What do you think about a newly-minted Hamburg restaurant with Nordic style?

- A. Interested a lot B. Be willing to try C. No interest

4. What is the impact of healthy and low-diet on choosing the restaurant for you?

- A. Very important B. Not the most important one C. Never mind

5. How much do you know about the concept of Healthy food?

- A. I know it very much B. Just heard about it C. Never known

6. Which aspect do you mostly concern when you choose restaurant?

- A. Price B. Flavor C. Nutrition D. Service

7. Which kind of advertisement is most attractive to you?

- A. TV advertisement. B. Endorsement of a super star
C. On-line Propaganda D. Coupon promotion

8. What is your suggestion or expectation regarding to a new Swedish Hamburg Restaurant with green and low-diet products?