



THE ROLE OF FRANCHISING IN HOTEL BUSINESS DEVELOPMENT

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Abstract

One of the priority areas of economic development in our country is the attraction of foreign investments and experiences. All conditions and measures for this are being created by the government of Uzbekistan. Franchising is an important way to attract foreign brands and investments. This article describes the advantages of using franchising in hotel business development.

Keywords

franchise, franchisee, franchisor, franchise, trademark, advertising and PR, marketing, license, know-how, insurance activity.

INTRODUCTION

At the current stage of development of the economy of Uzbekistan, special attention is paid to attracting foreign investments and implementing large projects. In this regard, in the "Uzbekistan-2030" strategy, further increase of investment attractiveness of Uzbekistan, absorption of 250 billion dollars of investments, including 110 billion dollars of foreign investments and 30 billion dollars of public-private partnerships, maintaining the investment rating of regions, every based on the possibilities of a region, it is determined to further increase its attractiveness for investors. Today, there are several forms of attracting foreign investment, including the establishment of joint ventures through the participation of shares, the establishment of foreign enterprises with 100% ownership of foreign investors, the establishment of subsidiaries and branches of large foreign companies and firms, concession and conclusion of leasing contracts, establishment of free zones, sale and purchase of financial assets. Franchising is the way to introduce a foreign brand, business, and ready-made business model. It is important to use this method, which has been tested in world experience and has its own advantages.

MAIN PART. Franchising is the sale or temporary use of a trademark or company technologies (organizational methods) to another entrepreneur. In the framework of franchising, two persons participate as subjects of relations. The owner of the trademark or technology is called the franchisor. The person who buys the right to use the rights belonging to the franchisor is called a franchisee. In this process, the set of rights provided by the franchisor to the franchisee is called a franchise. According to the current legislation of the Republic of Uzbekistan, only citizens registered as commercial organizations and business entities can be participants in the franchise agreement.

The meaning of franchising is to distribute a successful business by increasing it, that is, to master the image and technologies of an enterprise that has been thoroughly checked and is successfully operating. The franchisor gives the franchisee the right to use its name, work method, know-how, experience, knowledge, production and management technologies on a paid basis. In this case, the franchisor usually undertakes the duties of assisting in setting up the business, providing technical and consulting assistance.

A franchisee is known as a franchisor by its methods and methods of doing business, using its reputation in the market of goods and services, conducting its activities under the franchisor's trademark.

The franchisor is always the only one. There may be several franchisees working under franchise

agreements with a particular franchisor. Well-established franchisors have tens and hundreds of franchisees, and in special cases, the franchise network of one franchisor can include thousands of enterprises.

There are three types of payments in franchise relationships: introductory, royalties, and additional fees. An entry fee is made by the franchisee as an initial payment for the subsequent use of the name. The amount of payment depends on the field of business, the internal standards of the trademark owner and the wishes and desires of the franchisor. Royalties are monthly or quarterly periodic payments made by the franchisee to the franchisor for the use of the trademark and operating system. In most cases, the royalty is determined as a share of the franchisee's revenue, but sometimes the franchisor may assign a fixed fee that is independent of revenue. Additional contributions are not found in all contracts. Such a payment is made one-time or periodically, usually these funds are directed to advertising and PR, purchase of equipment (if the equipment is unique and expensive), purchase of goods from the franchisor, development of the franchise network. In addition, the franchisee must invest in its own development in order to meet the conditions set by the franchisor in the contract.

Franchising is a commercial network that operates according to a single method. For the successful operation of this network, the franchisor provides the franchisee with various forms of assistance and, in order to maintain its reputation in the market, uses the right to control and regulate the activity of the franchisee, without violating its legal and economic independence. In the case of the buyer, first of all, we are talking about control over the quality of technologies, goods and services entrusted by the franchisor.

Franchising is similar to other agreements entered into in the enterprise, including agency, distribution, license and know-how agreements. Franchising is a mutually beneficial exchange in which the franchisee has:

- will have the right to use the trademark or technology;
- business development and expansion;
- acquires information about the market, methods of production and working with customers, etc.

In turn, the franchisor will have:

- remuneration for the use of a trademark or technology;
- spread of franchisor business in different regions;
- information about local markets, variability based on customer demand.

The field of franchising is almost unlimited. This model of business organization is used in the sale of trademarked goods (from cosmetics to cars), in the field of providing services for the population and business (from gas stations to insurance services), and in the field of product development based on original technologies.

Areas where franchising is common include:

1. Trade. The franchisee sells the franchisor's company products (from basic necessities - from cosmetics, shoes and clothes to cars). In fact, here the franchisor (manufacturer or wholesaler) organizes a chain of company stores, or in other words, the franchisor - a commercial enterprise (for example, a supermarket or a ready-to-wear store) distributes its way of doing business. .

2. Services. The scope of such services is very wide, but the franchising system is well developed in the following areas:

- catering sector, primarily fast service enterprises;
- gas stations, car service, car rental;
- tourism services, hotel activities;
- office services, such as printing, copying and duplicating services, cartridge repair and refilling;
- services for hiring temporary and permanent employees;
- accounting and taxation services, including automatic accounting systems;
- insurance activity;
- construction;
- lease and sale of real estate;
- transport services;
- publishing activity;
- teaching and training, for example, driving training, kindergarten, teaching business, teaching how to use a computer;

- household services, for example, hairdressers, beauty salons, dry cleaning, laundries;
- services for the home, for example, cleaning, pest protection, installing window bars, security systems, sewing curtains, decorating the interior of the house;
- health, sports, recreation, entertainment;
- home delivery services.

3. Production. It is usually used in the fields of beverages, food products, medicine, cosmetics, optics, children's products, agriculture, chemical industry.

CONCLUSION. The franchising method can also be widely used in the development of the hotel business in Uzbekistan. Today, "Holiday Inn", "Hilton" and "Sheraton" hotels, which form hotel chains in the world, operate on the basis of the franchise system. These hotels have their branches in more than fifty countries of the world. Based on the use of franchising in the hotel business, local entrepreneurs will have the following opportunities:

- quick entry into the market of a business entity starting a business on the basis of the work experience of a hotel with foreign experience, the use of the hotel's work style and technology, and an increase in the overall efficiency of the activity, economic growth is achieved;

- a high result is achieved in booking rooms, selling hotel products and services. Because potential local and foreign guests will have a high degree of trust in the hotel operating under a brand familiar to them;

- creates an opportunity to start a private initiative (since the franchisee is the owner of the enterprise and has invested his personal funds in it. He does better work than a hired manager);

- improving staff qualifications, working in a new way, acquiring modern hotel business skills.

One of the important advantages of franchising is gaining competitiveness and increasing the competitiveness of the entire industry. This advantage is provided by:

- uniformity of development strategy and uniformity of activities of all participants;

- constant exchange of information (that is, the ability to be informed about innovative ideas and the true assessment of the market situation, which, in turn, increases the level of strategic planning and marketing);

- jointly conducted on the presentation of hotel products and services on the market (unified marketing strategy, general marketing activities, including centralized advertising costs) and determination of the terms of supply of resources (searching and finding suppliers, receiving discounts and other benefits from them) activity;

- improvement of hotel products and services, staff qualifications and the reputation of the entire network.

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