

Franchising in China

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T.G.I. Friday's ® in China

- JV in Beijing/Tianjin since 1994
- Franchise Restaurants in Hong Kong, Shanghai since 1998
- Area Development Agreement in Jiangsu and Zhejian Provinces with first Franchise opening in WuXi in May

Finding a Qualified Franchisee

- Financial Qualification generally not an issue
- Top contacts will speak English
- Candidates will generally understand the concept of franchising, though model their understanding on current state of franchising in China

Real Issues

- Understanding the Dynamics
 - Language and cultural differences within China
 - Local interpretation of laws and regulations
 - Market dynamics (real estate, trade dress...)
- Assessing the market
 - Assessing the competition both local and international
 - Consumer perception of your brand/product
“Western Food”

Real Issues

- Servicing a franchise
 - Materials
 - Training franchise employees (travel, language, cultural issues)
 - Developing a service culture
 - Finding and retaining employees

Recommendations

- Take a long term view
- Enter market with local partner “Guanxi”
- Test and adapt to market
- Develop dedicated team