

Antonio Majocchi and Enrica Pavione

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INTERNATIONAL FRANCHISING IN ITALY: TRENDS AND PERSPECTIVES

Antonio Majocchi* and Enrica Pavione**

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Abstract

In Italy, the recent gradual liberalization of the retail market has led to an increase in competition and innovation. In this context, new and more flexible forms of organization have emerged, and franchising in particular has undergone a strong expansion.

The main purpose of this work is to present a complete framework of the Italian franchising and to analyse its role, structural characteristics, trend and development in the context of the European market.

1. Introduction

In recent years the gradual liberalization of Italian retail market has led to an increase in competition, forcing firms to search for innovative strategies to make their management more flexible and activate non-traditional distribution channels.

In this context of increasing competition and innovation, new and more flexible forms of organization have emerged. Among the most important changes under way is the spread of collaborative agreements that seek to permit entrepreneurs to attain objectives that would otherwise have been precluded to them as individuals. In particular, these agreements seek to promote access to productive, technological, business and managerial know-how and resources, which are of strategic importance for maintaining or increasing competitiveness in a market undergoing rapid transformation (Velo, 1996).

As regards commercial distribution in Italy, various types of collaboration agreement exist, among the most important and evident of which are: voluntary unions, consortiums, buying associations, and franchising agreements.

In recent years franchising in particular has undergone strong expansion in Italy. High flexibility, and the ability to reconcile the expectations and needs of the various groups concerned are the

• The paper is the result of the joint effort of the two authors who share the common responsibility for the results. Anyhow, paragraph 1, 2 and 3 can be attributed to Enrica Pavione, while paragraph 4 and 5 to Antonio Majocchi.

* Department of Economics, University of Insubria, via Ravasi, 2, 21110 Varese, Italy – e-mail address: amajocchi@eco.uninsubria.it

** Department of Economics, University of Pavia, via San Felice, 7, 27100 Pavia, Italy – e-mail address: epavione@unipv.it

main factors which explain the success of franchising (Fruscio, 1996; Amoroso, Bonani and Grassi, 2001).

With respect to the other forms of collaboration mentioned above, franchising is characterized by a high degree of interaction among the parties to the agreement. It is a strategic solution through which long-term collaboration agreements can be reached among independent firms on a legal as well as economic level that are able to achieve an innovative model of organizational development based on cooperation.

In Italy franchising began and developed mainly with distribution firms, which still today have considerable weight in the sector. Recently industrial and service franchising have also taken on growing importance, testifying to the high flexibility provided by this solution.

2. The normative context

The Italian juridical system does not at present provide for ad hoc legislative rules regarding the franchising contract. For this reason, it is included among the atypical contracts, in the sense that it is the parties to the contract who determine its content, the only limitation being the legality of the venture. By means of the contract the franchisor and franchisee can regulate their business relationship in absolute freedom, provided that the latter is not contrary to mandatory laws, the public order, and public morals. In the absence of a specific national legislation the franchising sector has generated its own contractual practice, above all through the process of assimilating foreign experience, in particular that of the U.S.

The opinion is widely shared that the greater flexibility from the absence of rigidly predetermined contractual schemes is one of the reasons that has allowed franchising to expand sharply as an operational technique. Despite such contractual elasticity there is nevertheless evidence of a greater margin of uncertainty deriving from individual negotiating formulations.

In Italy, despite the lack of predefined contractual schemes franchising contracts have several common features that can be summed up in approximate form in table 1.

Table 1: The contents of the franchising contract in Italy

<i>ELEMENTS OF THE CONTRACT</i>	<i>PREVAILING SOLUTION</i>	<i>PARTICULAR SOLUTIONS AND EXCEPTIONS</i>
Form	Written in most cases	
Brand	The use of the brand is called for in all systems	
Supply		In some cases an exclusive commitment is called for (with derogation). In others a percentage of the lot is fixed, and in others a minimum amount is agreed upon
Competition	All the contracts contain a non-competition clause between the franchisee and franchisor that generally recognizes a territorial exclusivity to the former	
Prices	Uniform throughout the entire distribution network, and decided on by the franchisor	Prices are agreed upon by the parties involved on a case by case basis based on local needs
Royalties	In general there are royalties paid to the franchisor, which can be a fixed percentage of revenue, of the amount of purchases, or a fixed annual rate	
Controls	Controls are normally carried out by means of visits by inspectors, and concern the running of the business and the respect of the agreements	The franchisees agree to periodically send to the central headquarters the economic results of the business
Length of the contract	This is almost always six years or less	
<i>SERVICES OFFERED BY THE FRANCHISOR</i>	<i>PREVALENT SOLUTION</i>	<i>PARTICULAR SOLUTIONS AND EXCEPTIONS</i>
Preliminary studies	The franchisor makes available to the franchisee market studies on the typical unit (solution adopted by large distribution concerns)	Some even draft a provisional profit and loss account regarding the first year of operations
Planning and equipment	The franchisor offers assistance for the planning and restructuring of the sales outlet according to standard schemes	There are also provisions to make the payments easier by spreading them out over time
Professional training	Almost all the relations provide for training over two stages: at pilot units preceding the opening of the franchise and subsequently through periodic refresher courses and meetings with experts	Some franchisors have come up with a program of peripheral training by means of video tapes
Advertising and promotion	This is a centralized marketing tool and is defined by the franchisor	The franchisee can carry out independent marketing campaigns as long as these are coherent with those of the franchisor

Source: Confesercenti, Vademecum legislativo, 2000

To understand how franchising agreements exist in practice, a useful reference point is the regulations adopted by the Italian Franchising Association (Assofranchising), which, with the

aim of supplying guidelines for the contractual relations of its members, has come up with a series of rules of conduct for the franchisor and the franchisee. Even if only formally binding on the members of the association, these regulations represent an important reference point for the interpretation of the franchising contract.

The definition proposed by Assofranchising views franchising as “a form of continuative collaboration for the distribution of goods and services between a franchisor and a franchisee, which are legally and economically independent and stipulate a contract through which:

- the franchisor grants the franchisee the use of its commercial formula, including the right to take advantage of its know-how and distinctive brands, together with other services and forms of assistance that will allow the franchisee to run its business with the same image as the franchisor business;
- the franchisee agrees to follow the same commercial policy and image of the franchisor for the mutual interest of both parties and of the final consumer, as well as to respect the conditions liberally agreed upon”.

This definition views franchising as a form of vertical and contractual inter-organizational integration between independent organizations which are functionally complementary.

The regulations dedicate particular attention to the business characteristics of those who intend to set up a franchising network. In fact in this regard it is provided that the franchisor must “have successfully tested on the market his business activity for a minimum of one year and have set up beforehand at least one pilot business”. Also set out are the preliminary obligations regarding the information the franchisor must supply to the franchisee, which involve the rights regarding the industrial hereditaments conferred, the brands, and the initial documentation to be given to the franchisee before the signing of the contract. Of some importance also are the regulations regarding the length and annulment of the contract. In particular, it is provided that the minimum length of the contract, which in any event cannot be less than three years, must be related to the amount of the investment required and carried out by the franchisee.

Several bills were presented in 2000 and 2001 concerning the rules for franchising contracts, all of which were inspired to a large extent by the Assofranchising regulations. In this regard the law approved by the permanent committee of the Senate on July 4, 2000, deserves mention. In terms of content this bill represents an important foundation for future regulatory work. It introduces a series of fundamental principles the franchising contract must adhere to: the written form, the obligation to conform to the EC regulations n. 2790/1999, and the minimum experience (two years) the franchisor must possess.

Finally, of particular interest are the provisions recently laid out in the financial law of 2002 (Article 52, part 77 of Law 488/2001), which, in the area of business incentives for the commercial sector, provide for financial incentives for “investment by firms which are part of business chains, even in the case of franchising”. In this context we can also place the incentives provided by the development firm Sviluppo Italia, a public owned financial firms, in favor of franchising projects by residents in southern Italy and in the economically depressed areas of the country. The aim of this policy is to favor the spread of franchising in areas where, as we shall see below, this practice is still today not very widespread.

3. The origins and development of franchising in Italy

Franchising was promoted at the start of the sixties by large distribution companies. The first franchising program in Italy was that of Standa, a well-known large-scale retail company. There were basically four conditions for affiliation: 1) the market potential of the area had to be sufficiently vast to sustain the sales of a department store; 2) the availability of a minimum surface area of 300/600 sq m; 3) the possession of authorization to carry out retail sales, or of a set of licenses that permit all the articles to be sold at a single price; 4) the availability of the capital necessary for the arrangement of the premises, the furnishings, and the initial restocking. In 1978, the year for which data is first available, the sector included 15 franchises. In 1985 there were 62 franchisors managing 3,338 sales outlets (Cesdit, 1985).

Franchising has continued to show a positive growth: the highest growth rate was from 1990-1995, when the networks increased by 89.6%. The last five years of the century witnessed a slowing down in this expansion, with an increase in networks of 28.9%. At the same time the number of franchisees increased by 76.7% from 1991-1996 and from 61.7% during the last five years.

Compared to the initial period in the expansion of franchising, the most recent phase involves a greater involvement of small and medium-sized firms, which have seen in franchising an important opportunity to grow rapidly (Michel, 2002) and to improve their efficiency and competitiveness. At the same time there has been a rapid spread of franchising in the industrial and service sectors.

In 2000, which includes the most recent data (Quadrante, 2002), the number of franchising franchisors in the service sector has for the first time in the history of Italian franchising exceeded the number of franchises in the distribution sector (table 2). As concerns instead the number of franchisees, distribution franchising continues to have the greatest weight in the sector, with 50% of the total.

Table 2: Business format franchising in Italy: distribution of franchisors and franchisees by franchising type

Typology	Franchisor		Franchisee	
	Number	%	Number	%
Distribution franchising	274	48.8	15,726	50.0
Service franchising	282	50.2	14,941	47.5
Industrial franchising	6	1.0	772	2.5
Total	562	100.0	31,439	100.0

Source: Rapporto Quadrante, 2002

The franchising sector in Italy is undergoing a strong expansion, led on the one hand by investments by business firms attempting to reposition themselves on the market through the use of franchising (Baroncelli and Manaresi 1997), and on the other by the entry of new ventures which see the franchisor as a suitable partner for entering into certain markets.

This expansion is confirmed by the positive performance in terms of overall turnover, employment in the sector, and the number of franchisors and franchisees.

In 2000, turnover in the franchising sector exceeded 11 billion euros (roughly the 0,9% of the Italian GDP), excluding the investment expenses linked to organizational planning and equipment. Non-specialized business is the sector that has contributed most to turnover in franchising, with 29.9% of the total.

At present 75,000 people are employed in franchising. The most interesting statistic concerns jobs created in this sector: in 2000, there were 10,928 jobs created, a year-on-year increase of 14.6%. The greatest increase was in the hotel and catering sector, with a rise of 131.4%, and the service sector, which in 1999-2000 had an increase of 13%.

The growth trend, in terms of the number of franchisors and franchisees, is confirmed by the statistics in the various yearbooks (Assofranchising and AIF, 2000), which reveal a constant growth in franchising chains in Italy. At present there are 562 franchisors in Italy, of which no more than 200 are well-entrenched. In fact, around 80% of the franchisors operating in Italy run less than 50 retail outlets, and the top 10 franchisors in terms of network extension manage 36% of the franchising outlets.

The data for the individual regional outlets show a marked concentration of franchisees in several regions. In particular, 36.4% of the total sales outlets are concentrated in Lombardy, followed by Veneto with over 11%, Piedmont with around 10%, and Emilia Romagna with 9.3%.

Data show that in Lombardy four franchisors (Il Fornaio, Tecnocasa, InSip and Buffetti) run 56% of the franchisee chains.

These statistics reveal the prevalent regional and/or interregional context of many franchising networks, as well as their marked territorial localism.

Table 3: Distribution of franchisors by region and geographical area

Region	Number	%	Geographical area	Number	%
Valle D' Aosta	0	0.0	Northwest	267	47.8
Piedmont	54	9.7			
Lombardy	203	36.4			
Liguria	10	1.8			
Friuli V.G.	11	2.0			
Trentino A.A.	2	0.4	Northeast	128	22.9
Veneto	63	11.3			
Emilia Romagna	52	9.3			
Tuscany	31	5.6			
Umbria	13	2.3	Centre	112	20.1
The Marches	7	1.3			
Lazio	51	9.1			
Abruzzo	10	1.8			
Campania	15	2.7			
Molise	1	0.2	South	32	5.7
Puglia	12	2.2			
Basilicata	0	0.0			
Calabria	4	0.7			
Sicily	14	2.5			
Sardegna	5	0.9	Islands	19	3.4
Italy	558				

Source: Rapporto Quadrante, 2002

The sector that has the largest number of franchisors is services, and in general articles for the individual (table 4).

As regards the service sector, it is of interest to note that its share of the Italian market is around 45%. Beginning in 2000 there has been a growth in new economy service franchises (activities connected to the Internet, telecommunications, and e-commerce).

The most dynamic sector after services is articles for the individual and the home. On the other hand, there is a more or less constant growth in tourist services, from hotels to catering/supply, to the organization of vacation packages.

Table 4: Number of franchisor by sector of activity

Sector of activity	1999		2000	
	number	%	number	%
Specialized food business	28	5.2	23	4.1
Non-specialized business	19	3.5	18	3.2
Articles for the individual	125	23.3	127	22.6
Articles for the home	36	6.7	37	6.6
Other specialized businesses	80	14.9	69	12.3
Services	211	39.4	251	44.7
Hotels and catering	31	5.8	31	5.5
Construction and maintenance	4	0.8	4	0.7
Industry	2	0.4	2	0.3
Total	536	100.0	562	100.0

Source: Rapporto Quadrante, 2002

The data on franchising reveal that there are more than 30,000 franchisees in Italy, with a positive growth trend in recent years. Here as well the service sector has the greatest number of franchisees (table 5).

Table 5: Number of franchisees by sector of activity

Sector of activity	1999		2000	
	number	%	number	%
Specialized food business	2,198	7.8	2.247	7,2
Non-specialized businesses	2,840	10.1	3.308	10,5
Articles for the individual	4,942	17.6	5.640	17,9
Articles for the home	897	3.2	1.103	3,5
Other specialized businesses	3,268	11.6	3.428	10,9
Services	12,579	44.7	13.960	44,4
Hotels and catering	756	2.7	981	3,1
Construction and maintenance	548	1.9	673	2,1
Industry	99	0.4	99	0,3
Total	28,127	100.0	31.439	100,0

Source: Rapporto Quadrante, 2002

A salient feature of the franchising system in Italy are the so-called “mixed networks”, which consist of the co-existence inside the same chain of franchising businesses and directly managed stores (Permanent observatory on franchising, 2000). In fact, 21% of Italian franchises own at least three sales outlets at the same time. These networks are particularly widespread in several northern Italian regions: Lombardy, Piedmont and Veneto. The sectors with the greatest number of mixed networks are services and articles for the individual. The reason for the spread of mixed networks is the desire of the franchisor to manage direct sales

outlets in order to improve performance and offer in a timely way to the franchisees suggestions and solutions for problems arising from the market.

Despite the positive performance of franchising in Italy, there are still some critical problems. In this regard the data on franchising reveal a high turnover of brands: dozens of franchisors abandon the market each year. Moreover, less than 5% of the chains exceed the threshold of 100 franchisees, which represents the optimal minimum level of national diffusion for most businesses. There are even fewer franchisors that stand out for their ability to consolidate their business and systematically utilize widespread communication networks. Finally, an additional critical factor is connected to the quality of the relationship between franchisor and franchisee, especially in terms of continual assistance and communication. In fact, in many cases the efforts of the franchisor are focused on the growth of the network and the start-up of franchisees, neglecting or underestimating the need for systematic dialogue and interaction between the two sides (Michel, 2002).

4. The development of franchising in Italy

As shown in the previous paragraphs the strong development of the franchising formula make the domestic market one of the most important in all of Europe. The following table shows how in Italy the size of this business format is now comparable in terms of franchisors, franchisees and turnover to such important European markets as the UK, France and Germany.

Table 6: Business format Franchising in Europe

Country	n. of franchisors	n. of franchisees	Average n. of franchisees per franchisor	n. of persons employed	Yearly turnover in billions of €
Austria	210	3,000	14	n.a.	1.6
Belgium	170	3,500	21	28,500	2.4
Denmark	98	2,000	20	40,000	1.0
Finland	76	1,464	19	14,000	1.2
France	517	28,851	56	320,000	9.2
Germany	530	22,000	42	230,000	14.6
UK	568	29,100	51	260,700	8.9
Italy	536	28,127	52	74,880	11.5
The Netherlands	345	11,910	35	100,000	9.2
Portugal	220	2,000	9	35,000	1.0
Spain	288	13,161	46	69,000	6.8
Sweden	230	9,150	40	71,000	5.7

Source: Amoroso, Bonani, Grassi, 2001

The constant and positive trend of this arrangement in Italy is only partially due to a favorable legal environment, which is a condition for its development but not the sole reason for the success of franchising. The regional development of franchising in Italy is highly unequal, with a large success of this formula in the northern regions, while the southern areas are lagging behind.

This different level of expansion proves that, together with the legal factors, other elements (Alon and McKee, 1999; Alon and Banai, 2000) must be present in order to assure the growth of this retailing instrument.

A first aspect is purely economic and concerns the attractiveness of the market. In terms of purchasing power Italy is one of the largest markets in Europe, with a population of 57.72 million people and a GNP per capita for the year 2000 (OECD, 2002) of 25,200 US \$ at PPP, against a Euro-zone average of 24,300. Italy remains a lucrative market, even if in the last 10 years the rate of growth of the economy has lagged beyond the European average.

In competitive terms it must be noted that Italy has one of the most fragmented retail sectors in Europe (Sternquist, 1998), with a large share of the retailing system still made up of single traditional retailers. The average number of employees for units in Italy is around 2 against a European average of 4. This situation opens the way to unparalleled growth opportunities for most advanced distribution systems, such as chain stores and franchising networks. Since the 1990s, the Italian market has been characterized by the decrease in the share of single retailers and the constant growth of modern distribution systems. The number of independent stores decreased from 871,700 in 1990 to 587,700 in 2001. Therefore the market passed through a consolidation process due to the growth of national chains (ISTAT, 2002). Even if this process has been going on since the beginning of the nineties, the Italian situation is still lagging behind the European average, and the recent liberalization of the distribution system leaves plenty of opportunity for international distributors to enter the market. Within this process the role of franchising networks has increased substantially: the number of stores affiliated to

franchising networks has grown from 1.3% of the total number of stores in 1990 to 6.1% in 2001.

It must be noted that a small size is still the characteristic of the distribution system even when the franchising instrument has been used. A large part of the Italian franchising network is small in size, with a majority that manages less than 50 stores. The same process of consolidation that is under way throughout the Italian distribution system is slowly going on within the franchising network, with large chains (more than 300 franchisees) increasing from 12 units in 1998 to 18 in 2002 (Assofranchising, 2001).

Even in terms of the social environment Italy seems an attractive location for franchisors. This is true especially in terms of Hofstede's four dimensions for evaluating cultural behavior. According to Hofstede (1980), Italy is ranked high in terms of individualist attitude, uncertainty avoidance and masculinity, with a medium score on the power index. This cultural attitude - together with other factors - can help to explain the success of the franchising formula in Italy. With regard to the attitude towards franchising, the individualist attitude and the uncertainty avoidance dimensions seem of particular interest. The high level of individualism is a motivating factor that encourages local entrepreneurs to take on the management of local stores, thereby increasing the number of potential franchisees, while the risk avoidance attitude increases the attractiveness of the franchising formula both for the franchisor (Combs and Castrogiovanni, 1994) and even for franchisees, who see the franchisor as a risk-sharing partner in business ventures (Baroncelli and Maresi 1997).

If we consider the franchise agreement as a co-operative agreement among entrepreneurs (Baucus Baucus and Human, 1996), the role of the franchisee becomes more important and the final success of the agreement can depend both on the management ability of the franchisor and on the co-operative behavior of the franchisee. This point has been mainly neglected in research theory concerning franchising networks. However, recent studies (Cifalindò, 2001; Shane and Hoy 1996) have shown the significance of this entrepreneurial perspective on the part of the franchisor as well as the franchisee. In this sense the probability of success of a franchising network depends on the effectiveness of the co-operative behavior of both sides. From this perspective the long and well-established tradition of cooperative network management in Italy (Lorenzoni and Baden-Fuller 1995; Lorenzoni and Lipparini 1999) seems one of the reasons that could explain the large success of the franchising formula in the country.

Finally, franchising has been increasingly chosen as a distribution device thanks to the fragmented structure of the Italian productive and distribution system (Traù, 1997).

A comparison of the Italian industrial and commercial system with the rest of Europe shows clearly the two main characteristics of the Italian business structure: a very large number of firms and the very small size of the majority of them. Italy has around one-fourth of the total number of the industrial firms in the European Union and roughly one-fifth (around 14 million units) of the total number of firms in the service sector. In terms of size, the average number of employees in the industrial sector is 8.7 against an average of 15 in the European Union, while for the commercial, transportation, financial and insurance sectors the average number of employees is, respectively, 2 for Italy against an European average of 4; 6 against 8.3; and 8 against more than 14.

The recent trend toward globalization and towards the development of direct relationships with final clients through the development of retailing chains has forced many Italian firms to grow rapidly downstream in order to build their own retail network. This move have been mostly motivated by the need to defend the domestic market from foreign expansion . The need for rapid growth coupled with the limited resource availability typical of the small and medium-sized enterprises have forced the latter to built a distribution and marketing system that relies on instruments like franchising that typically save on both financial and management resources (Caves and Murphy, 1976; Carney and Gedajlovic, 1991).

5. *International franchising in Italy*

Against this generally positive scenario for franchising, Italy shows some contrasting results when international franchising is taken into account. This is true both for the development of the Italian franchising network abroad and even to some extent for the development of the foreign network in the country.

With regard to internationalization a characteristic of the Italian system – in part also a consequence of the average small size of the Italian production and distribution units – is the low level of international expansion.

The low propensity to expand abroad is mirrored in the scarce weight the Italian franchising network has abroad. The number of franchisors with a significant international network is around 80 – roughly 13% of the total number of Italian franchisors – managing a network of 2,665 units. Most of this international network is made up of brands operating in the fashion business, a traditional sector where Italian firms in the world market are generally well placed.

Table 7: Italian networks outside the country with more than 3 franchisees

Sector of activity	n.	%
Specialized food business	3	3,8
Non-specialized businesses	0	0
Articles for the individual	41	51,3
Articles for the home	3	3,8
Other specialized businesses	5	6,3
Services	23	28,8
Hotels and catering	3	3,8
Construction and maintenance	1	1,3
Industry	1	1,3
Total	80	100,0

Source: Rapporto Quadrante 2002

Looking at the strengths of the Italian system, it is clear that there is room for a big increase in the Italian presence abroad. A large number of Italian firms hold intangible assets, such as brands and technical knowledge, that could be a vehicle for international expansion (Dunning, 1993) in many diverse businesses like shoes, apparel, food and restaurants. Italian firms that develop their international network through franchising, like Sergio Tacchini or Bulgari, have already succeeded in leveraging their internationally well-known brand name in order to build a significant and lucrative international presence.

In this respect, if the smaller size of Italian firms could prevent them from internationalizing through direct investment, then the size constraints should push them toward a more intense use of arrangements that, like franchising, allow them, in the face of less control over the foreign distribution system, to minimize risk and save on financial and managerial resources (Mutinelli and Piscitello, 1998; Majocchi, 2000). As it has been shown (Petersen and Welch, 2000), international franchising can be a useful instrument in order to start an international expansion process. In this respect international franchising can be seen as first step through which Italian firms can gain international experience which can lead to a more effective international development. The future of international expansion through franchising will therefore mainly depend on the ability of Italian firms to develop international capabilities (Fladmoe-Linquist, 1996), a capacity that seems critical for Italian firms in the future.

Concerning the presence of foreign networks in Italy similar observations can be made. The number of foreign franchisors is still limited, with a total of 69 brands operating mainly in the service sector: i.e., in those businesses where the competitive strengths of Italian firms are less developed but the market is growing faster.

Table 8: Foreign franchisors in Italy

Sector of activity	n.	%
Specialized food business	1	1,4
Non-specialized businesses	0	0,0
Articles for the individual	17	24,6
Articles for the home	4	5,8
Other specialized businesses	12	17,4
Services	22	31,9
Hotels and catering	11	15,9
Construction and maintenance	1	1,4
Industry	1	1,4
Total	69	100,0

Source: Rapporto Quadrante 2002

The conditions that assure a good expansion of this kind of arrangement in Italy – with the exception of the scarce resource motivation – still holds for potential new foreign entrants. Moreover, the strong specialization of Italian firms in traditional sectors like mechanics, fashion and furniture leave a lot of room for new entrants in new fast-growing businesses like internet services, new technologies and the like. The foreign franchisors that entered the market, initially American, French and English, have in part already taken advantage of this opportunity. For example, US firms, which are the main foreign investors in franchising (comprising 42% of all the foreign franchisors), operate primarily in the service sector. Around 50% of the American franchisors in Italy are in this sector, thereby taking advantage of the weak competitive position of Italian firms in the market.

However the fast-growing trend of franchising in the 1990s shows that these opportunities are going to be taken advantage of by a growing number of firms, and that these same opportunities will not be available for an indefinite period in the future.

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