Entry Modes for Franchise Expansion: The Case of Morocco

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Presented at the
Economics and Management of Networks Conference
(EMNet 2013)
(http://emnet.univie.ac.at/)

Robinson Hotel and University Ibn Zohr
Agadir, Morocco

November 21-23, 2013
**ABSTRACT**

Academic literature on international franchising focuses on market selection (Alon Shoham, 2010) and especially in emerging countries (Welsh, Alon, Falbe, 2006), entry modes (Alon, 1999) and standardization / adaptation concern (Kaufman, Eroglu, 1999).

The case of Morocco seemed particularly interesting to study both in terms of its attractiveness that it seems to exert on international franchisors and its franchise development modes.

The Franchise has been registered for fifteen years among alternatives of networking development of businesses on Moroccan territory and this in most sectors of trade and services.

This article illustrates, from existing literature, a contrast of franchising in Morocco and highlights a strong influence of the number of brands of foreign origin located mainly in master franchise but more often developed domestically through wholly-owned chains and a strong geographic, urbanite and capitalistic concentration.

This work focuses on the choice of implementation as well as the issue of local experimentation and adaptation of the concept of franchising through a series of semi-structured interviews conducted with seven brands of French origin located in Morocco with at least five units. The rewritten perceptions are those of the franchisors and tell the story of the implementation of their internationalization strategy concerning Morocco.

It also seemed appropriate in the context of this exploratory approach to deal specifically with AKSAL, a diversified Moroccan group that could be called a "multi-master franchisee", with a portfolio of 20 foreign brands in fashion, luxury, home furnishings, beauty, restaurants, department stores and specialty stores. From the interview with the director of the group's strategic alliances, this part of the article reports strategic options for the selection of brands and their mode of spatial development. The qualitative approach and case study were chosen for the wealth of their teachings (Perrigot, Basset, Cliquet, 2011).

The two approaches, one focusing on decision-making processes of international franchisors and the other on a local operator, a multi-master franchisee of different brands, suggest the existence of two types of franchise development prevailing in Morocco. A first group of networks would be a follower of an alliance based on a contract type master franchise agreement with a partner of a strong local stature, having already recorded a number of achievements with substantial development of franchise chains of foreign origin. Despite the qualification of master franchise, this does not involve the use of the franchise by the master franchisee which could develop its own units on a domestic level. Another group of networks might more conventionally close the master franchise contracts involving the implementation of a real local franchise chain.

The usual question of the limits of standardization or adaptation of the concept as well as the forms of distribution does not offer a radical response to the internationalization of a franchise concerning Morocco. The study refers to situations largely related to situational factors but the main lesson is a necessary re-testing prior to local development.
305 franchise networks or 24% of French origin brands listed in the territory are developing abroad. At the same time 220 franchise networks of foreign origin or 14.90% of retailers operating in the territory are developing in France (fff, 2011). These figures suggest that a certain performance of French brands outside borders lack an understanding of the decision-making process in the origin or success factors with overall value.

The choice of host countries, the decision-making option for internationalization, the determinants of implementation mode, arbitrations standardization / adaptation and the continuity of relationships are poorly understood. The literature on this subject focuses on typologies (clusters) of host countries of the franchise on the basis of economic, environmental, demographic, cultural and political (Alon Shoham, 2010), entry modes (Alon, 1999) (Duniack-Smith, 2003), (Negre, 2006) to the standardization / adaptation trade-off (Ryans, Lotz, 1997), related to managerial practices (Shane, 2005) and emerging markets (Allix-Desfauteaux, 2006) (Welsh, Alon, Falbe, 2006) (Chanut, Garbi, 2011).

This exploratory work attempts to shed light on the following questions:

- What is the attractiveness of Morocco for foreign brands?
- What is the importance of located foreign networks?
- With whom?
- Under what legal and financial terms?
- What is the decision-making process of the partners?
- Are the developed concepts suitable? In what proportions? Were they successful?

The first part is devoted to the study of literature and examples of brands to describe the different types of contractual relationships used by franchisors to develop their business overseas and the process of choosing a mode of internationalization.
The second part treats, after a reminder of the economic reality of the franchise on the Moroccan territory and its attractiveness factors and impeding, through an exploratory approach, the methods of implementation of seven brands of French franchise on Morocco. An interview excerpt with AKSAL, a Moroccan group diversified in equipment of the concepts of the person and of the house of foreign origins completes the understanding of the formation of an international franchise relationship through the point of view of a local partner.

1 - Modes of Internationalization of the Franchise

One of the dominant themes of the literature on the internationalization of franchise systems is the type of contractual relationship implemented by partners, franchisor and local players as well as the impact of this choice on the trade-off between standardization and adaptation the franchise concept.

The categorization of modes of internationalization of the franchise (Nègre, 2006) is generally based on criteria of transaction and agency costs, the will to control local operations and the acceptance of financial risk by the franchising entity (Alon, 1999).

1.1- Direct-unit franchising Agreement

This mode of internationalization implies a direct link between the entity and each franchising and franchise partners in the host country. There are as many contracts as there are franchisees. The franchisor also operates internationally as it would at a domestic level. This option involves naturally high transaction and agency costs proportional to the development of franchise abroad. It allows good control of operations subject to adequate structuring of human resources assigned to the function of supervision. The financial risk is low investment and operating costs shouldered by the franchisees as a domestic franchise. Direct franchise is usually a choice made by the French retailers looking to expand in neighboring francophone countries not requiring a third party relay.

1.2- Area Development Agreement
In this case the franchisor enters into a contract with a local developer who is committed to opening their own number of units in a country or geographical area. There are then as many franchise contracts as there are open units under the name in question. This is also called a "multi-franchise" year on a domestic level although it can be in an incremental or sequential form (Boulay, Caemmerer, Duniach, Evenschitsky, 2011).

Transaction and agency costs are reduced as long as the franchisor is still dealing with the same person. There was also no increase in costs for training and the transfer of know-how. The economic risk is low; the local developer sustains the whole site and human resource investment. The power to control the franchisor is very close to that obtained by direct unit franchise.

This option was chosen by the French group FLO, a commercial catering group, for establishing its brand Hippopotamus in China.

1.3- Area Representation Agreement

In this case the franchisor uses a third person, whose status is actually that of an agent, to solicit prospective franchisees and provide certain services on its behalf, such as training. This was the case with Pearl Vision Centers when the American chain attempted to set up in France in optics or ATHET'S FOOT chain in its European expansion. However, the representative does not contract with the franchisees, he prospects and builds on behalf of the remaining franchisor who signs the contracts. This option reduces transaction and agency costs in the sense that there is partial outsourcing of the responsibility of recruitment and supervision of the network through the proxy.

1.4 - Master franchise Agreement

The master franchise is a tripartite structure hinged on a master franchise contract involving the granting of exclusive rights by a franchisor to a master franchisee for the latter to own and operate units and sub-franchise ownership and unit operation to the franchises over an exclusive territory in exchange for direct or indirect compensation in the form of payment of an entrance fee (license fee) and surrender a portion of royalties received by the master franchisee to its franchise network. The master franchisee acts as a franchisor within the host
countries using the franchise model of the original franchise, while making managerial and concept adaptations through re-experimentation. It differs in this way from the development contract in that the master franchisee is autonomous in its territory and is the signatory of the franchise agreements it concludes in the host country in question.

Different meanings of the managerial master franchise can be proposed:

- A marketing sense: the creation of a short circuit contractual administered at three levels
- A strategic sense: the conclusion of an adaptive international alliance
- An organizational sense: the implementation of an organizational structure replication through a delegation of the franchise according to the master franchisee

The distinctive features of the master franchise system are:

- The delegation of the franchise function;
- The international transfer and adaptation of know-how, the subject of the franchise concept;
- The transfer of management skills of the franchise;
- The use of local managerial expertise;
- The lack of willingness to control operations;
- A monetary incentive based on the reduction of transaction and agency costs.

The ‘master franchise’ is described in general franchise literature as the most frequent mode of international presence, both in its monetary incentives for the franchisor as its appeal to the local investor in terms of spatial development strategy and territorial exclusivity of an entire country.

However, there is a multiform of the system related to the degree of commitment of the franchisor to take an entrepreneurial risk in an unknown country and the desire to control local operations.

Thus, if the vast majority of master franchise is built from a “bilateral” model excluding any form of direct or indirect involvement of the franchisor administered by the master franchisee network, some variations are observed both in the involvement of the franchisor's legal and
financial format used by operators. A triangular relationship between the franchisor, the master franchisee and the franchisees may indeed be an alternative. In this case, the franchisor takes the master franchisee / franchise contract and is involved in the management of its local partner network enabling it to strengthen its supervisory powers. This option was chosen by the ready-to-wear children’s brand JACADI at sites in Germany, Austria, Brazil, Canada, Mexico, the Middle East and Portugal.

Also, some brands, in a desire to share the entrepreneurial and financial risk of a company have established themselves as a joint venture of local law, under master franchise contract, whose founders are none other than the franchisor and the master franchisee. This format was implemented by the automotive repair company MIDAS during its French settlement.

1.5- The Franchising Subsidiary

This format combines legal and financial control of the local operation by holding commercial structures in the host country and the benefits of franchising.

The franchisor expands its franchise network in the host country from its assets dedicated to this function as it would at the domestic level.

This option is therefore assimilated to the direct franchise without a third party intervention, but with one notable difference: the previous or concomitant investment in local management structures.

This choice is part of a commitment to high network operations control, both in terms of compliance with the standards of know-how to make adjustments and to accept entrepreneurial risk-taking.

Major international brands have adopted this format: noteworthy in this regard in the fast food industry is McDonald's, after a Master franchise failure in France created a franchising subsidiary.

The most notable of these different modes of internationalization (Table 1), however, do not constitute an exhaustive categorization of options selected by franchise brands. Some hybrid formats resulting from the willingness of partners or requirements of local laws do not allow
classification under this limited categorization. They are commonly referred to as partnerships and do not necessarily fit into a known legal qualification.

Finally, there was a tendency to use a greater variety of modes of locations to monitor capital and entrepreneurial risk when the international experience of the franchisor increases (Alon, 1999) (Negre, 2006).

Tableau 1 - Criteria for selecting an internationalization mode of the franchise

<table>
<thead>
<tr>
<th></th>
<th>Direct Franchising*</th>
<th>Master franchise</th>
<th>Joint venture</th>
<th>Franchising subsidiary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial risk</strong></td>
<td>B (1)</td>
<td>T (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial risk</td>
<td>diluted and weak</td>
<td>very weak</td>
<td>existing risk</td>
<td>associate risk</td>
</tr>
<tr>
<td>Control capacity</td>
<td>contractual and unitary</td>
<td>weak</td>
<td>high</td>
<td>line management</td>
</tr>
<tr>
<td>Transaction and Agency costs</td>
<td>high and diluted</td>
<td>weak agency costs</td>
<td>weak and concentrated</td>
<td>line management and contractual</td>
</tr>
<tr>
<td>Development Speed</td>
<td>restricted by transaction costs</td>
<td>very high</td>
<td>very high</td>
<td>high</td>
</tr>
<tr>
<td>Local Adaptation</td>
<td>disparate</td>
<td>strong</td>
<td>strong</td>
<td>strong</td>
</tr>
</tbody>
</table>

* Direct Franchising : a category which groups together direct unit franchise, development agreement and the representation agreement (without the intervention of a third party to the contract and without local investment of the franchisor)

(1) B: Bilateral Format
(2) T: Tripartite Format
2 - The Modes of Implementation of International Franchise in Morocco

The objective of this paper is focused on understanding the process of choosing a method of implantation and development of foreign brands on Moroccan territory. It was agreed to limit the exploratory approach to French retailers, strongly represented in Morocco, to simplify collecting qualitative data. We will look at, prior to the qualitative approach through interviews of French franchisors located in Morocco, the attractiveness of the country for franchise development.

2.1- Is Morocco attractive for franchise implantation and development?

Academic research distinguishes the optional factors related to the history and internal diagnostics company wishing to internationalize the franchise (network size, experience in the franchise, differentiation of the franchisable concept, international culture of the franchisor) environmental factors specific to the target country of implementation (regulatory, financial, institutional, competitive ...) (Eroglu, 1992).

What are the distinguishing characteristics of the environment and practice of franchising in Morocco, the internal factors for foreign companies operating being then explored in the qualitative phase?

The statistics provided by the Moroccan Ministry of Commerce show that the franchise has been exercised in Morocco since 1990 and reflect an undeniable growth of franchisors from a dozen brands before 1990 to fifty in 1998, 150 in 2001, reaching 440 in 2010. The O & C firm confirms this growth with a figure of 462 franchise stores in 2010 to 3166 franchised outlets and medium-sized networks in Morocco, 7 franchisees. According to the two sources, the predominant industry pertains to clothing, fashion, perfume.

This steady growth of the franchise, which was very strong over the period 2000-2010, must be closer in number to the high proportion of foreign-born brands present on the Moroccan territory, including French. The Department estimates that the proportion of brands of Moroccan origin in excess of 15%, that of French origin 38%, American origin of 12%,
Italian origin of 11% and that of Spanish origin of 7%, the rest being distributed over a dozen nationalities.

Beyond these estimated figures balances franchise stores in Moroccan territory, the question of the economic performance of these networks has not yet been studied by academic research, particularly in terms of survival as is often the case in countries where the franchise has significantly practiced. (Lafontaine F., Shaw KL, 1998. Perrigot R., Ratchet G., 2004. Stanworth J.et al, 2000).

High profile international brands failed in their Moroccan establishment, while others met with real success, a sign that the local institutional environment cannot be considered as a single factor explaining the performance of networks. Thus, in the field of cosmetology, Yves Rocher has successfully developed and implemented in the Moroccan market. Similarly, the American fast food brand, McDonald's, located and adapted to the Moroccan market master franchise has become a model for the entire African continent.

However, the global leader in sandwiches, Subway, had to stop its activities in Morocco due to difficulties mainly for failing to adapt to the tastes and local culture (Alon I., Alami R., 2010). Similarly, the prestigious caterer, Lenotre Pastry, had to close its shop in the center of Casablanca opposite the flourishing Fauchon.

We also observe a much contrasted situation in the successes and failures of local brands. Marwa in women’s ready-to-wear, Mobilia in the distribution of home furnishings, the chain of 40 mini-markets of the Afriquia Minibrahim villages or the ice-cream café concept Venezia Ice which represent examples of successful franchise development of local origin in Morocco. The Hanouty brand that aspired to consolidate and modernize the small neighborhood grocers, has nonetheless failed, mainly due to logistical errors.

This nuanced view, despite an overall positive trend in the number of brands in the latest available statistics, does not allow a definitive conclusion of the appeal of the franchise in Morocco. Taking into the account environmental factors that may affect the performance of franchise systems seems necessary for a better understanding of this situation.
The RAWAJ plan, in part, is devoted to the franchise, reflecting a strong government commitment to the development and performance of trade and distribution in Morocco. In fact, the plan focuses on four commercial players: the large and medium distribution, independent business, e-commerce network and franchise as well as public spaces merchants. It has the following four objectives:

- to triple the current trade of the GDP (180 billion DH);
- to carry the contribution of trade of the GDP to 15%;
- to create more than 450,000 jobs;
- to carry the annual growth of the sector to 8%

And 22,500 businesses have benefited from modernization through comprehensive financial support of 564 million dirhams. 13 brands of a Moroccan global financing expertise of 15 million dirhams were received under the "National Champions" program. For the 2013-2017 period, an investment of 9.3 billion dirhams is expected.

In addition, there is relative freedom to transfer capital, particularly with regard to royalties for foreign franchises, a commitment of the banking sector in the financing of specific franchise projects, the absence of binding legislation for deductibles, and the holding of an annual franchise exhibition (Morocco Trade Expo in 2013).

It is also observed in retail planning, the recent establishment of large shopping centers (Morocco Mall; 350 stores including Galeries Lafayette and Fnac, Anfa place). The absence of a tenancy law in Morocco is a handicap where the most visible effect is reflected in the non-occupation of retail space (20% Casablanca).

Regarding these elements, one can note that the Moroccan environment encourages the creation and development of franchise networks and thus the establishment of foreign brands.
2.2- Methods of implantation of French brands in Morocco, the exploratory approach

2.2.1 Methodology

We chose a qualitative way to try to understand the decision-making process of the French brands franchisors in the choice of the country as well as the establishment mode. The qualitative study was to perform seven semi-structured interviews with international brands managers (Founder, CEO, Director of International Affairs ...), at the headquarters of the franchisor, in France, established in Morocco with at least five open units.

The face to face interviews ranged from 38 minutes to 57 minutes. Out of the seven interviews, six were recorded and transcribed and one was a manual record of responses. All transcripts were then analyzed for manual content. The interview guide (Appendix 1) was structured over three main themes:

- The reasons for choosing Morocco as a country of operation
- The mode of implementation chosen
- Re-experimentation and local adaptation of the concept

We chose to interview franchisors representing a maximum variety of industries and having completed at least one other international experience in the world. Table 2 presents the characteristics of brands interviewed.
Tableau 2- Breakdown of Retailers Interviewed

<table>
<thead>
<tr>
<th>Industry</th>
<th>Implantation countries</th>
<th>Number of Interviews</th>
<th>Interview Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile repair</td>
<td>8</td>
<td>1</td>
<td>38 minutes</td>
</tr>
<tr>
<td>Beauty cosmetology</td>
<td>10</td>
<td>1</td>
<td>41 minutes</td>
</tr>
<tr>
<td>Chocolate confectionary</td>
<td>7</td>
<td>1</td>
<td>48 minutes</td>
</tr>
<tr>
<td>Advertising signage</td>
<td>10</td>
<td>1</td>
<td>43 minutes</td>
</tr>
<tr>
<td>Hair stylist</td>
<td>45</td>
<td>1</td>
<td>57 minutes</td>
</tr>
<tr>
<td>French fast food</td>
<td>12</td>
<td>1</td>
<td>39 minutes</td>
</tr>
<tr>
<td>Children’s ready-to-wear</td>
<td>30</td>
<td>1</td>
<td>55 minutes</td>
</tr>
</tbody>
</table>

In order to complete this qualitative approach we thought it useful to hear the views of a major Moroccan operator of the franchise, the AKSAL Group, on the issue of implementation and adaptation of foreign franchise concepts in Morocco, and this through an interview with its director of strategic alliances (maintenance Guide in Appendix 2). This interview, not anonymous, in part shares the importance of this economic agent in Morocco on an issue close to the case study.

The dominant ideas from this interview are transcribed in paragraph 2.2.2.4.

2.2.2 - Content analysis

2.2.2.1 - The choice of Morocco
All franchisors had international experience (Table 2) and for some, are very diverse both in countries and in settlement patterns.

Most brands describe a very marked experience in Mediterranean countries, Tunisia, Algeria, Egypt, the Middle East, the Gulf Countries, Eastern Europe and generally in French-speaking countries. Two brands are still located on continents or geographical areas far from their base, particularly in Asia, Brazil and the United States.

They say they cannot establish a link between the mode of implementation and the country in question stating that the contractual format is often agreed upon based on recommendations or the wishes of their foreign partner. However, they suggest a growing variety of settlement patterns regarding their international maturity and confirming the work of Alon (1999) which concedes that the subsidiary activities were favored in culturally similar and environmentally stable countries and whereas the master franchise was implemented in more uncertain areas.

The decision to locate in Morocco is a strategic commitment for two brands, coupled with an active search for local partners, according to the criteria of size, reputation and experience of the franchise, either through a local network or a network of foreign origin. This option is part of a comprehensive strategy and accumulated on the level of expertise of international franchise contracts.

For other brands the decision to locate in Morocco is mainly thanks to a chance meeting with a potential partner (industry professional or investor), particularly in the context of the franchise trade fairs of Paris. The idea of internationalization in Morocco was neither a priority nor entered into a strategic plan, it would take shape if the opportunity arose.

Morocco is perceived by those franchisors interviewed as a natural destination for the cultural proximity (the French language in particular) as well as for the historic ties between the two countries. Brands with a strong reputation, particularly in the beauty and fashion industry, evoke the allure of French brands on a growing middle class who are ready to do some shopping. It is generally considered that the institutional environment of Morocco; public authorities incentives, ease of capital transfer... supports the establishment and development of foreign franchises.
However, the franchisors interviewed admit that it is mainly the right choice of partner which best explains their success even more than the legal and financial method of implantation and that it is not a Moroccan specificity.

They nevertheless cite as a factor impeding development of their network a legal deficiency with respect to the management of commercial leases with no tenancy law.

2.2.2.2- The determinants of the choice of implementation method

The mode of entry overwhelmingly used for the internationalization of their franchise in Morocco is that of the master franchise. This choice corresponds to the willingness shared by franchisor and the local partner. It is accompanied in both cases by the installation of a joint venture.

The Master Franchise option is described as the most appropriate for Morocco with its bilateral format, leaving both parties flexible in contractual relations, and good managerial flexibility in master franchisee and a limited risk to the franchisor.

Local partners are either manufacturers, distributors and service providers, often in search of diversification in their activity portfolio, or very large groups who specialize in exclusive “importation” of foreign franchise concepts to develop them nationally.

The franchisors interviewed acknowledge that they took an option, with the master franchise, to reduce their control power compared to other formats such as the franchising subsidiary or the creation of a joint venture of local law, but at the same time consider the use of local expertise through the Moroccan master franchisee is the best guarantee of optimum adaptation to the Moroccan market. They are unanimous in saying that the master franchise is also a very important source of reducing transaction and agency costs in a country where the culture of
negotiation is omnipresent. A franchisor says that the ideal is to first move into a direct franchise then continue by setting up a master franchisee to manage the existing network and develop that.

They point out that very often their master franchisee develops at the local branch level than in the franchise, therefore more slowly that it could do in franchising, given the costs of the equipment and human resources. It may, however, relativize this handicap by considering that the first objective of a partner’s spatial development in Morocco encompasses a dozen cities, the average size of a franchise network being 7 units.

One of the franchisors is particularly satisfied with benefiting from its partner sites of the three largest petrol networks in Morocco.

2.2.2.3- Re-experimentation and adapting the concept to the Moroccan market

Franchisors all evoke some effort to adapt the original concept through local experimentation before actually launching the network franchise or in the branch. This time of experimentation on at least one unit varies according to the brands but runs on average for 1 year and 3 months.

It is observed that the experimental time and scope of the adjustments required by the environmental characteristics of Morocco were all the more important as the method of implanting involved the franchisor in local operations, in other words, when the legal and financial relationship was within the framework of a joint venture. Franchisors say their master franchisees were eager to start their franchise once the contract was signed, especially for a certain number of brands, Moroccan applications received ex-ante by the franchisor encouraged to develop rapidly.

The main adjustments made to the franchise concept deal with prices and communication. For food brands, adaptations have sometimes focused on the product mix, accounting for local food habits thereby confirming the observations of Alon and Alami (2010) for McDonald's and Subway.

Adaptations have been decided on by common agreement, either spontaneously or after experimentation between the franchisor and master franchisee, this all the more easily if the
partners were associated in a joint venture. Contracts of master franchise brands in this study state that a change in the franchise concept and concomitant skills requires the formal approval of the franchisor and that the master franchisee makes his case for implementation by the network.

The assessment of franchisors on their level of success in the internationalization of their franchise in Morocco is quite convergent. One trend is to express an undeniable satisfaction while expressing a relative disappointment compared to their initial expectations. "We thought we would do better, but not being there would certainly have been a mistake ..." said one chocolate maker. We find again this convergence in terms of perception of growing future performance.

The fear involving socio-political events in this region is not mentioned spontaneously and we find again a convergence of opinion regarding a perceived growing future performance.

For those franchisors, the idea they have the level of satisfaction with their local partner is superior to their own satisfaction.

2.2.2.4- Interview with the director of strategic alliances AKSAL Group in Casablanca

The AKSAL group is a much diversified group of recent history, a distributor of personal equipment and home articles of foreign origin mainly Spanish, French, Italian and American brands, positioned mainly in fashion and luxury through international franchise contracts. The group also designs and markets malls in Morocco.

Excerpt from the interview with Mariam PAES 28/11/2012, Director Strategic Alliances Group AKSAL

"The mass retail market pole includes the leading brands globally with Zara, Massimo Dutti, GAP, Banana Republic, Bershka, Zara Home, New Look etc."
The luxury division comprises the brands Dior, Fendi, Gucci, Ralph Lauren, La Martina and MAC.

Galeries Lafayette, the first and largest department store in Morocco, and FNAC, a major cultural player, make up the department store of the group.

The strategic intent of the founding group originally created in Morocco offers quality and is aligned with the European competitive price, which was also made possible by the lowering of customs barriers. The variable prices and the judicious choice of the brand portfolio are considered as key factors in the genesis of the group and its development.

The group's strategy is to develop the portfolio of existing brands to capture all potential markets on a national and regional territory. Many foreign brands are also continuously being studied for future developments.

Most partnerships with the group are master franchise agreements or license agreement granting brand exclusivity for Morocco.

However, the brands are developed locally through wholly owned stores which is a guarantee for maintaining the homogeneity of the system.

Regarding the choice of the offer, the buyers select, within the franchisor range, the most suitable products for the Moroccan consumer (style, pricing)."

The nature of alliances and modes of development of brands in Morocco described by the Group AKSAL allow us to consider this major player as a "multi master franchisee" vis-à-vis its foreign partners, but as a wholly owned chain at the domestic level.
2.2.3 Discussion

This research on settlement patterns of networks of foreign origin in Morocco has allowed us to better understand the reasons for the choice of French franchisors for a legal and financial format among a variety of options ranging from one that is financially less engaging to the more involving one and offering a capacity of local control operations proportional to the entrepreneurial commitment.

We have seen that Morocco is becoming one of the favorite destinations for French franchisors where their brands also represent the largest proportion of franchise networks. Moroccan environmental factors are indeed currently quite favorable to the establishment and development of the franchise.

For most franchisors the decision was taken at a chance meeting with a potential partner and especially its ability to be able to implement, adapt and develop the brand nationally.

This enthusiasm is easily observable but not put into perspective with measures of performance or survival of networks being operated.

We were able to establish that the preference of franchisors in terms of implementation of their fashion brand in Morocco largely focuses on the Master franchise, this despite a wide range of possibilities of alternative formats, even if here and there we can observe a consolidation of the relationship by the establishment of local management structures (joint venture).

It is usually the estimated quality of the local partner that influences the decision to locate in Morocco than specific factors of the country’s appeal. This fact is illustrated by major retailers such as Galeries Lafayette and Fnac who test the franchise in Casablanca in the light of experience acquired by the AKSAL Group, especially with the successful introduction of Inditex brands in Morocco: Zara, Massimo Dutti ...

This concern is reflected in the security provided by the local partner, in the case of AKSAL of "master franchisee" is actually "wholly owned chain" at the national level and therefore does not franchise much to the satisfaction of the franchisor who sees this option as a better guarantee of its brand’s homogeneity.
The study did not, however, provide new elements specifically in Morocco on the issue of adaptation, seemingly vested, as is customary, with the master franchisee, a better expert than anyone to understand the local tastes and expectations, and to test and implement them, with the agreement of the franchisor.

So the establishment of foreign brands including the French in Morocco seems to structure itself in two main ways: the classical approach of the Master franchise partnering locally with say, a SME, side by side with a local organization; and the Master franchise associated with powerful and accomplished distribution groups which most often develop brands on its own domestically.

**Conclusion**

The franchise has grown in Morocco and is both a local entrepreneurial opportunity (70% of retailers present in Morocco Trade Expo 2013 were Moroccan) and an important source of diversification for industrial and commercial enterprises.

Foreign brands will find a way to internationalize their concepts in partnership with the local economic fabric of SMEs and investors or through very diverse distribution groups experienced in the implementation and development of networks.

This study helped to shed light on the choice of location for franchisors and the most common practices according to, in particular, the type of partner.

However, it suggests further research in two directions. It therefore seems appropriate to further pursue this analysis investigating the survival rate of franchise chains in Morocco in order to draw conclusions on the overall performance of the sector and type of distribution channel, on one hand. But it would be useful, using a quantitative approach, to analyze the contractual relationship characteristic of the relationship between foreign brands with their Moroccan partners. It could facilitate the decision-making process of practitioners as franchisors as well as potential partners in the ex-ante setting-up phase in Morocco.
References


- fff, Toute la franchise, 2011


- Shane S.A. (2005), From Ice Cream to Internet, Using Franchising to drive your Growth and Profits of your Company, Pearson Prentice Hall, New Jersey


Annex 1
FRANCHISOR ESTABLISHED IN MOROCCO GUIDE

Introduction

Thank you first of all, on behalf of the University, for kindly giving us your time. In short, our discussion examines a research project concerning the entry of foreign brands in Morocco and the choice of partnership agreements.

In fact, we are working on this issue for communication in the framework of an international conference to be held in Agadir in the fall of 2013 under the auspices of an academic community EmNet, which focuses on the management of individual forms of organized trade networking, franchising, master franchising, partnerships, trademark licensing, joint ventures, and strategic alliances .... on a theoretical and empirical level.

We would like to inform you that we will provide absolute anonymity on the results of the interview. We will be sure to inform you of the results of this study

Theme 1: Choice of Morocco to implement franchises (15 minutes)

What was your international experience before you were established in Morocco (establishment country, number of units, type of contractual relationship between countries)?

What was the context of your decision to be established in Morocco (in a more global strategic intent, circumstantial .....)

What do you consider the factors of attractiveness of Morocco to establish a franchise?

Looking back, what are your main factors hindering the development of your network in this territory?

Theme 2: ex-ante determinants of the choice of training implementation mode (20 minutes)

What legal and financial format did you choose to establish your business in Morocco (direct franchising, master franchising, franchising subsidiary, or other ...)?

What type of partner (entrepreneur, a small business, a diversified group, financial investor ....)?
What advantages do you find in this format? (Entrepreneurial and financial risk, control capability of local operations, profitability ....)

What are the limits of these advantages?

**Theme 3: International conventions ex-post features (10 minutes)**

Was it necessary for your local partner to re-experience your concept before developing it on the national level?

Did you have to adapt your franchise concept to the Moroccan market (if yes, what were the modification devices, and the core of the concept? )

How did you make the decisions for adapting and what control did you have ?

What kind of leeway do you have on this contract?

Overall, what is your level of satisfaction with the internationalization of your network in Morocco?

What do you estimate the satisfaction to be of your local partner?

Any document and or agreement that you could give us, and to substantiate our understanding, would be very appreciated in our work

THANK YOU
Annex 2

AKSAL Group Interview Guide

Introduction

Thank you first of all, on behalf of the University, for kindly giving us your time. In short, our discussion examines a research project concerning the entry of foreign brands in Morocco and the choice of partnership agreements.

In fact, we are working on this issue for communication in the framework of an international conference to be held in Agadir in the fall of 2013 under the auspices of an academic community EmNet, which focuses on the management of individual forms of organized trade networking, franchising, master franchising, partnerships, trademark licensing, joint ventures, and strategic alliances .... on a theoretical and empirical level.

We will be sure to inform you of the results of this study

Theme 1: Genesis of the group and the current economic model (15 minutes)

What was the initial activity of the company?

What strategic commitment guided the diversification of activities (retail, luxury, food, mall, property)?

Can you tell us about the managerial culture that characterizes the group?

Theme 2: ex-ante determinants of the formation of international partnerships (20 minutes)

What criteria should prevail in your choice of a foreign brand?

What legal and financial format do you prefer in terms of the type of an international partnership?

Are your international conventions strictly bilateral or tripartite?
What advantages do you find in these formats?

For instance, with the Inditex group?

With luxury brands (Dior, Fenzi, Gucci)?

**Theme 3: International conventions ex-post features (10 minutes)**

What legal and financial formats (subsidiaries, franchising, or other ....) do you use to develop the concepts of foreign origin on Moroccan territory?

How do you handle the issue of adapting these concepts?

What kind of leeway do you have on this contract?

Do you give fees back to your foreign partners?

Any document and or agreement you could give us, and to substantiate our understanding, would be very appreciated in our work

THANK YOU