

## Buying a Franchise – Internet Business Models

If you are considering buying a franchise, especially an internet business model, you should make yourself aware of the disadvantages of a franchise as well the advantages. There are many business models you can choose from, ranging from a traditional internet home business (if anything on the internet could be described as 'traditional') to a multi-level marketing scheme that many look down upon, but can be a genuine business opportunity that makes decent money.

Buying a Franchise is attractive to many who are starting their own business for the first time because the branding has already been achieved, and the marketing is frequently taken out of your hands. Much depends upon the type of franchise you take on, since some handle all of the marketing, while others operate more like an affiliateship rather than a franchise and leave you to carry out your own advertising.

The more famous franchises, such as McDonalds and Starbucks not only offer their famous products for you to market, but also advertise them nationally for you. You have no need for local advertising, and you are provided with all the training, product and stock control systems that you need to run your business. However, such offline franchises can cost over a million to set up, of which you will be expected to provide around 20 - 25%.

That is one reason why internet franchises are becoming more popular and also it is possible to start up your own business with very little initial outlay. With a franchise you are purchasing the right to trade under your principal's name and will generally be provided with all the training and support needed to run your business. If yours is an offline franchise, you will be assigned an area in which you can operate, which could or could not be an exclusive agreement for that area.

However, some internet franchises do not have such restrictions, and now is the time to become involved since it won't be long before the more popular businesses are over-subscribed. Such internet franchises are involved in a lot more than just providing PC services, but also include such businesses as video rental, share trading and Forex, and real estate. If you are web savvy, you can also become involved in internet and website consultancy on a franchise basis and sell equipment and web hosting services.

The advantages of choosing a franchise are:

- An established brand that is recognizable in its specialized area, so that customers are quickly attracted to the name without the need for excessive advertising.
- With some franchises you have the benefit of national advertising supplied for you – this is paid for from your fee or revenue-related payment to the franchisor.
- Support in start-up, and less risk due to a business model being available to you immediately.
- Product supply is guaranteed and you have little need to chase up suppliers.
- Start-up finance is generally easier to get than if yours was a non-franchise business.
- Traditionally, franchises have a higher success rate than normal online business start-ups.

These are pretty impressive advantages, but there is a downside to buying a franchise business that you must be aware of. Much depends on the individual, but these are the major problems that could be significant to you:

- The franchise fees to be paid before you start can be high. However, not as high as fast food chains that can charge up to \$500,000 or more for a start-up. The average is around \$20,000 - \$40,000 with a 'royalty' fee charged at a percentage of the takings.
- The franchise agreement might restrict your ingenuity with its strict rules on how the business should be operated.
- The more money you make, the higher your royalty fee.
- The national advertising might seem fantastic, but you will likely be charged for it in your marketing levy.

However, if you are cool with all of this, then there is no reason why you shouldn't go ahead. For a newcomer to the internet, buying a franchise could be a very good business model for entry into web marketing, and there are many online companies that operate franchises nationally and internationally.

An internet search using Google or one of the other major search engines should provide you with a good selection of options. It is not always easy to find a good online business model, but if you are really interested, try to find a website that can provide you with more detailed information on how to evaluate a franchise before you approach the companies themselves.

## About the Author

Naz Daud is the founder of CityLocal. If you are interested in buying a [Internet Franchise & Business Opportunity](#), especially a business model for your own online home business, check out his website [www.citylocal.co.uk](http://www.citylocal.co.uk) where you will find useful information on [Internet Business Franchises and UK Business](#) to help you get started.

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