

## **Exporting Lebanese fashion franchise brands**

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A major determinant in the success of the business relationship is building a trustful and trustworthy relationship between franchisee and franchisor where the franchisor has to provide a functional and profitable business model the franchisee has to have the ability to manage the franchise, operate it and sustain it.

What are the components of a (fashion) franchise and where do Lebanese fashion brands stand vis-à-vis franchising?

### ***Defining Franchising***

A business-format franchise is defined as a *“hybrid form of economic organization, whereby the franchisee and the franchisor operate under the hub of a shared brand name”*. Franchising occurs when one entity earns exclusive rights to local franchisees to conduct business in a prescribed manner, in a certain place and over a specified period of time.

Franchisors, concept-innovators, usually provide a range of services such as training, site selection, marketing support, quality programs and vendor certification; they also provide a demonstrated blueprint or process for operating the business. On the other hand, franchisees, concept-implementers, pay an up-front fee and a continuing sales percentage, and agree to follow dictated standards, functional routines as indicated in the written contract and operations manual. “Systems of trust” are honored with each established partnership.

The franchisee-franchiser relationship is established based on a set of codes, divided into four parts. The first, “associates’ guarantees”, is determined by the requirements demanded of franchisors to become members of franchise associations. The second looks at the “franchise relationship”. The third part

looks at the “commitment to stakeholders”, the desire to support a valuable long-term relationship between parties. Finally, the “codes of compliance”.

Winning franchise operations are based on a clear relationship binding both parties with obligations that need to be filled and fulfilled for the growth and sustainability of the business.

### ***The building blocks of a successful brand. Rethinking Lebanese fashion brand development***

Franchising is all about a win-win relationship between franchisee and franchisor. When developing the franchise, **there is an obligation that one party prepares an integral brand, identity/concept and a functional business model**. The interested partner will see the opportunity in the brand as it can be handled as a functional bundle, ready to operate and to generate profit.

A franchise, as any other business, has to have a unique and interesting concept that can be operated by a reproducible model in order to function across locations, territories or countries.

A brand has to have a clear concept, and with that a clear identity deriving from its core. The brand’s concept has to clearly state “what” the brand does, “why” it does it and to “who” it is addressing itself to. Therefore, the brand and **the target audience have to have “shared values”**: the brand creates value to the target audience, and the audience perceives that this exchange is relevant.

After having conceived the brand, it has to manifest into a clear physique. The brand’s visual identity translates personality and character into specific set of shapes, forms, textures, colors, smells, music, fonts and so on. At this point, the brand registers its name, its trademark. Then, develops an identifying logo an adequate look and feel and clear visual identity guidelines with which it will always represent. The **visual identity will be used for all brand communications**; the brand will also standardize its communications guidelines

in order to have uniformity across all channels representing it. The brand consolidates its graphics, its content and its style.

The brand's physical environment or virtual environment has to **conform to the standards of the brand** as well. Here, it not only respects the visual identity, but has to also think of the brand's positioning and the target audience. All points of contact have to study the extent to which the product (or service) is made accessible to the target audience, how it is presented, the stock levels in which it is made available, the layouts of the spaces, the extent to which the space is conceived to customers and consumers to have positive experiences.

What makes a brand successful is in relation to the process. Its business model should assure a smooth operation between departments, starting from product development to product availability at a retail level and finally the access of the product to the final consumer. With the development of retailing and presentation of different retail formats, **brands are invited to think of the integration of different retail formats (online and offline) in a way that makes the shopping experience easier**, and to assure that the **transition between all platforms is seamless and flawless**.

The brand sets up its product, production and deliveries planning based on a concise calendar that should be synchronized with buying, production, supply, deliveries, marketing and communications, in-store communications, windows, virtual store communications and so on. Every element within the brand's architecture should be clearly referenced and identified under IT systems keeping track of the product life and performances.

In an era driven by customers, brands become closer to their audiences and are driven by their customer's needs. Data is a major driver today. The **extent to which brands can read data and translate it into positive actions** will make brands more and more relevant to the target audience and will be able to create and deliver value: communicating better, offering product/collections that feel

more personalized, answering specific customer needs, looking at enhancing the environment, interfaces and access points...

Any brand, operating in any industry or at any industry level, **captures almost the same core elements that relate to its promise, personality, functions, associations and benefits**. There are many investments that a brand requires before it come legitimate and able to function properly. Along the way, other investments and enhancements are added to help the brand operate smoothly and generate positive returns.

The success of a (fashion) brand lies in the success of the performance linking together all departments, allowing managers to monitor them closely and to be able to apply amendments that would not negatively affect the system as a whole. Needless to imply that each department writes its clear and precise operations manual and links it to the entire brand's operations manual.

### ***Lebanese fashion brands; what are the new territories for Lebanese fashion franchises?***

To what extent Lebanese entrepreneurs are being able to develop their fashion brands and to what extent they are being able to franchise them? And why the Lebanese market exports less of fashion brands and more of brands in the restauration industry?

Many factors might be preventing Lebanese fashion brands from taking off properly as franchise models. We could relate to the first an important issue that the Lebanese fashion industry had witnessed during the past thirty years. Lebanon was an important production and manufacturing hub. It grew less and less important as the market went through many political difficulties and pitfalls. During this period, the investments related to esthetics became less important and a focus on short-term objectives, notably related to sales, prevailed. Moreover, it is during this period when the Lebanese market witnessed a flow of foreign franchised brands rooting and implanting their operations.

The competition with foreign fashion brands operating in Lebanon is tough. Brands wishing to find a place at the consumer's minds and hearts have to compete, on their territories, with foreign fashion brands.

To keep up with the competition, brands have to invest time, effort and know-how and considerable capital for building their brands. The question lies in whether there is sufficient knowledge and know-how, and if there are sufficient funds to take fashion businesses and their unique ideas; because in a way or another, the triad is rarely complete and taking off with one element missing, the brand would have less chances of taking-off.

We point out to the fact that foreign fashion franchises have incepted valuable knowledge to the Lebanese market. Moreover, many Lebanese talents have proved excellent managerial abilities with the operations of foreign brands in Lebanon. Certainly, the operated franchise is a school of its own. So, how many "students" have learned from these schools over the past 15 years!

We add up complications of the fashion environment. There are many factors pulling fashion businesses in Lebanon downwards. The major cause is consumer purchasing power, and the shrinking market. Then, there is the instability of the market as it is tightly related to all geo-political actions. Also, there are all the complications related to the fashion businesses' infrastructure: personnel, legal contracts, imports, exports, fluctuation of prices, primary material, production facilities, deliveries, customs, banks... if the business in itself had been developed to create an interesting model, the operation of the model might be jeopardized because of all the difficulties around it.

There is a great potential with Lebanese managers in terms of know-how and excellence of operating foreign fashion brands. When it comes to developing a Lebanese fashion brand, there is a discrepancy preventing the healthy take-off of the brand. A manager might be more savvy in operations but less informed in the fashion set-up of a brand. Fashion-savvy entrepreneurs can be less experienced in management. Fashion Entrepreneurs or fashion brand managers are invited to

deepen their knowledge and specialize in the fashion industry, in the know-how of the fashion business as well as in management and operations. As the brand sees the light and grows, putting together a team of informed personnel adds more value to the brand, therefore the franchise.

### ***A step forward***

Tired of the situation and of foreign competition and exhausted of putting effort to enhance what they have, Lebanese fashion brand managers are invited to revive their perspectives and thinking towards the development of local fashion businesses.

Under a franchising context, Lebanese fashion brands are invited to rethink their businesses and their business models. Knowing the difficulties and the market, managers have to assume information they lack, they are invited to specialize in matters concerning the fashion industry and to respect brand franchise codes so that they understand the level of development needed to develop viable and successful fashion brands.

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