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# THE ESSENCE OF FRANCHISING AND FEATURES OF DEVELOPMENT IN UKRAINE

In conditions of effective economic development of Ukraine, entrepreneurs in their business activities are increasingly using intellectual property. In recent decades, countries with developed economies have been widespread in the retreat of rights to certain types of intellectual property under franchising conditions.

The aim is to analyze the current state of Ukrainian market of franchising, study its structure, identifying problems and research trends in franchising development in Ukraine.

Franchising is recognized worldwide as the most advanced form of business. The terms that it offers are beneficial for entrepreneurs starting their business as they significantly reduce the risk of failure and loss of funds. For example, in the United States, only 5% of franchise firms fail in the first five years of existence, while 90% of other small businesses are bankrupt. The share of franchising in the retail trade turnover of the United States is 34%, in Europe - 12% and continues to grow. In general, in addition to the USA, the most popular franchise also acquired in France, Germany and Poland. [4]

For post-Soviet countries, including for Ukraine, franchising has begun since the 1980s, while international practice has shown the active use of this way of doing business for more than 150 years, initially in the following three industries of the United States such as automotive, beverage production and pharmaceutical business. Later, the leaders of the franchise market were fast food restaurants. [2]

Usually most profitable are the companies that implement the Ukrainian market foreign franchise. The reason for this is the high recognition of the brand, brand promotion, effective marketing policy, etc. Analysis of literary sources shows

that the average return on investment for the first 10 years of work for independent enterprises is about 300%, and for franchise recipients - more than 600%. [3, p.39]

Among the 100 most popular franchising companies in the world, McDonalds, KFC, Hertz, Groupe Auchan and Domino's Pizza are represented in Ukraine, indicating that the Ukrainian market still has great potential for further development.

However, one of the peculiarities of the Ukrainian franchising market is that it is dominated by networks of domestic origin (according to the results of the expert evaluation of the Association of Franchising of Ukraine). First of all, this is due to the fact that domestic enterprises require minimal adaptation to market conditions, which greatly simplifies the entrance to it. Another feature of the domestic franchising market is that in contrast to the European countries in Ukraine, franchising has become widespread in the field of trade. [2] Considering the structure of the franchising market in Ukraine, public catering - 30%, retail trade - 35%, the service segment - 22% and other industries 13%. In 2014, the number of franchises has reached more than 600, of which about 100 correspond to international standards. [5; 6] The Ukrainian franchise market is represented by such well-known brands as retail – «DiaWest. Computer World», «Coffee House»; Confectionery – «Roshen»; catering – «Pizza Celentano», «Mac Smack», «Blinko»; Service sector – «Gallop on Europe», «Unomomento» and others.

Every year the Ukrainian franchise market is replenished with new franchisors, both domestic and foreign. However, despite the general development of the Ukrainian market, it is necessary to note the existence of a number of problems that impede its development and require the resolution of legal, economic, organizational and socio-psychological issues. First of all these problems are related to [4; 1]:

- ignorance of domestic entrepreneurs with the main principles and peculiarities of doing business under franchising conditions;
  - non-compliance with international standards;

- absence of the Law of Ukraine on franchising;
- lack of practice testing business;
- lack of skilled personnel;
- lack of information on franchising as a method of doing business;
- high deductible cost compared to buyer's purchasing power;
- complex conditions and administrative barriers for business organization and business.

Thus, we can conclude that franchising is a relatively new form of doing business for Ukraine, which is based on the use of intellectual property objects. Therefore, the significant spread of franchising and its active use necessitates its use in order to overcome the investment crisis and create favorable conditions for the development of small and medium enterprises in Ukraine. Franchising creates certain benefits not only for business owners, but also for consumers. Franchising creates certain benefits not only for business owners, but also for consumers. They get access to domestic and imported goods and services of well-known brands whose quality is verified by experience and time. However, the active use of franchising in Ukraine requires, first of all, the reform of the legislative framework.

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### MODERN DEVELOPMENT OF RURAL TOURISM IN UKRAINE

From ancient times to the present day it is known that the wealth of Ukraine in its rich lands, in its beautiful nature, has always been the main treasure for its conquerors. Green tourism (rural) is an activity of the rural population, which is connected with the rural environment, rural home and occupation. The focus is on nature and man. Rural tourism does not have a harmful impact on the environment, unlike the mass, and at the same time makes a significant contribution to regional development. It allows you to use an existing housing stock and does not require significant investment costs. [1, p.95]