

**FRANCHISE, LICENSE &  
PARTNERSHIP:**

***CHALLENGE,  
OPPORTUNITY AND  
PROSPECT***

By

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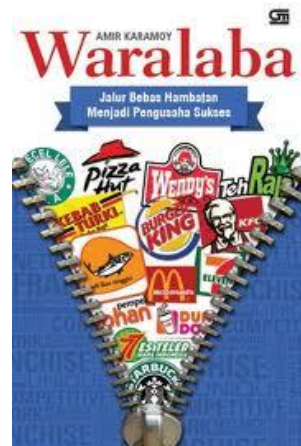
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The difference between franchising with (brand) licensing is only in definition/theory.  
However in practice there is a lot of similarity



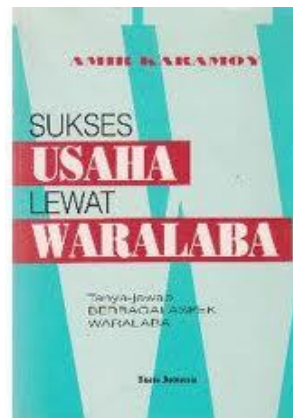
## What & Why Franchising ?

- ❖ Sharing success in business and profit
- ❖ Two sides of a coin: Creating entrepreneurs and employment opportunities
- ❖ Distribution system based on intellectual property



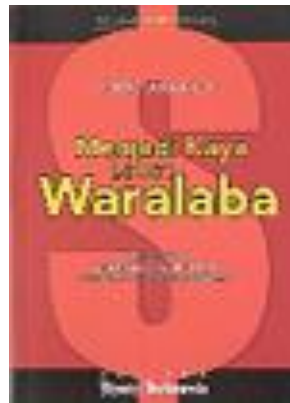
# ESTIMATED MARKET REALITIES

- OF TOTAL 1500 COMPANIES:  
FRANCHISORS (23%), LICENSORS (37%),  
PARTIES PROVIDE PARTNERSHIP SCHEME  
(40%)
- TURNOVER IDR 150 TRILLION
- CREATING 200.000 NEW ENTREPRENEURS
- LABOR ABSORBED: 2,3 MILLION MEN  
POWER



## Franchise Policy: Problems and Challenges

- 1) Franchise: Over regulated
- 2) Retail shops have to sell at least 80% of domestic products
- 3) Any restaurant franchisor or master franchise can only build 250 company owned restaurants/cafes
- 4) In a franchise retail shop, it is permitted to build 150 company owned shops
- 5) Company Owned Outlet & Equity Participation



## **Future Prospect**

- ✓ **Franchise and License offer profitability as well as “new life style”**
- ✓ **Middle Class is the main target group**
- ✓ **According to the ADB, the growth of Indonesian middle class: From 45 million in 1999 to 95 million in 2009**
- ✓ **The middle class person as having an expenditure of 2 to 20 USD per day/capita**
- ✓ **According to the World Bank, Indonesia is part of 10 countries that have a high purchasing power in the world**
- ✓ **The growth of wealthy Indonesian is the fastest on earth. It is projected the increase is 148% within the next decade (Knight Frank – Global Consultant)**

## Appendix

### **REGULATIONS RELATED TO FRANCHISE**

#### **LAWS**

- 1. Trade Law (UU no. 7 Tahun 2014)**
- 2. Micro, Small & Medium Businesses Law (UU no. 28 Tahun 2008)**
- 3. Anti Monopoly and Unfair Business Practices (UU no. 5 tahun 1999)**

#### **GOVERNMENT REGULATIONS**

- 1. PP No. 42 Tahun 2007**
- 2. PP No. 17 Tahun 2013**

#### **MINISTRY OF TRADE REGULATIONS**

- 1. Permendag no. 58/2014 (Amendment of Permendag no. 07/2013)**
- 2. Permendag no. 57/2014 (Amendment of Permendag no. 53/2012)**
- 3. Permendag no. 60/M-DAG/PER/9/2013**
- 4. Permendag no. 68/M-DAG/PER/9/2012**

#### **LOCAL GOVERNMENT REGULATIONS**

- 1. Jakarta, Bandung, Tangerang, *ETC***

#### **ANTI MONOPOLY COMMISSION REGULATIONS**

- 1. KPPU Regulation no. 6/2009**
- 2. KPPU Decision no. 57/2009**