Acceptance of a new concept of "healthy fast food" in Liège through a marketing research approach

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1. INTRUDUCTION

1.1 Background Description

After living in Belgium for some months now is when I start to understand the habits, way of life and work, etc. of Belgian people. Compared with Spain, it can be a little different. One of the most impressive differences that I have realized is about the eating patterns. In Spain, we have 5 different meals during the day; A little breakfast that is normally early in the morning before going to school or work called *desayuno*, another breakfast in the mid-morning during the break at school/office, a big lunch normally at home composed by to main dishes and dessert *almuerzo*. In the middle of the afternoon a little snack called *merienda* and at the end of the day, the dinner or *cena*.

On the contrary, here in the Wallonie Region of Belgium the eating habits are quite different: we find three main meals: *déjuner* as a breakfast, *dîner* as a little lunch at midday and *souper* in the evening as a dinner.

If you are in the middle of the street around 12.30 p.m you can notice people walking whether alone or in group eating different kinds of food to take away. For a Spaniard this habit is really shocking because in Spain the lunch is eaten at a table, never walking and it is around 14 p.m. Hence, the lunch in Spain use to be the most important meal of the day and here in Belgium is eaten as a ‘snack’ and normally use to be quick and unhealthy composed mainly for Fast Food as Sandwich, Frites, Pasta *pour emporter*, etc.

It was in this moment when I realize that there is almost no offer in Liège concerning healthy food within a Fast Food establishment concept (cheap and fast). Thus, it would be an interesting option for Liégeoises who want to eat healthy but do not have the required time or money for do it but they have to lunch out of home several days per week.

Mainly for these reasons I would like to know if Liégeoises would accept a new concept business focused on Healthy-Fast-food through a Spanish company called Nostrum.

1.2 Research Purpose

The purpose of this qualitative study is to explore the acceptance of Healthy Fast Food through the Spanish company Nostrum by the Liégeoises (Liège, Wallonia, Belgium). Thanks to the previous literature research about SMEs, internationalisation focused on franchising as an entry method and healthy food patterns it will be possible to analyse through a marketing research study if Nostrum (Home Meal Replacement, SA) would be a good candidate for establishing in Liège. As well as the best method of entry for Nostrum in Liège (Wallonia region).

1.3 Research Question

I want to know if the Liège market is attractive or not for Nostrum' concept as well as find out how the company have to enter to Liège market and on which segments Nostrum could be competitive. Thus, the principal research purpose is articulated as follows:

Is Liège market <u>attractive</u> or not for the company Nostrum?

Accordingly, the study can be further divided in another specific sub-problem. *If the Liège market is attractive, <u>how</u> Nostrum has to enter on it and on <u>which</u> segments could develop competitiveness?*

In short, we will study the attractiveness of Nostrum in the Liège market as well as the best entry method elected and the segment competitiveness.

1.4 Target Group

This study can be valuable for academic and business people and also the recommendations and conclusions provided can be useful for them. This research can help academics to understand SME internationalization and franchising, to help developing a marketing research strategy and also to know the concept of Nostrum. While business people can find ideas through the marketing research study or to know the profile of Liégeoises in this case, for example.

1.5 Delimitation

The principal delimitation is that in this study we only focus on SMEs and the franchise as an entry method. We exclude the MNEs (Multinational Enterprises) and also the other types of companies for entry into a new market. This is because it is convenient to focus only the study on the form of the company that I want to develop the Marketing Research: Home Meal Replacement, SA – Nostrum. Thus, Nostrum is a SME and uses the franchise mostly as a method to expand (national-international). Also the market is delimited as well. We use Liège Market in this study because I do not have the necessary resources to cover the whole Belgian Market. An

1.6 Thesis Structure

The thesis is divided into six major parts, they are: introduction; theoretical framework; research methodology; management problem and recommendations and conclusions.

The introduction part contains a background description of the topic, research purpose, research questions, target group and delimitations.

In the literature review part I will present the definitions and brief descriptions of some of the major terms that are important to remember in this study, followed by the description of the SMEs internationalization methods, the barriers and drivers to internationalization, etc. Then I will introduce and focus on the franchising and all the important characteristics. I will conclude this part with the presentation of the Spanish case and Nostrum.

In the research methodology part, I will explain the research approach and strategy and the research design formulation, the data collection and the data preparation.

Then, I will present the analysis of the gathered data after, I will present the findings and expose recommendations and a conclusion in brief as well as limitations and future analysis.

2. THEORETICAL FRAMEWORK

In this chapter I will begin with the presentation of some key definitions and then a brief explanation of the different SMEs basic concepts of internationalization and franchising as an entry method. Thereafter, I will focus on the Spanish franchise and the Belgian market in terms of the healthy and meal patterns. Concluding this chapter with the case of Nostrum and introducing the new concept of Healthy fast food. Before starting and according to Levy and Ellis (2006, 185)*, literature research "involves both the identification of high quality papers and the evaluation of their applicability to the study".*

2.1 Definitions

Company

First of all is good to remember which the meaning of a company is. According to Eduardo Bueno Campos a company is "a set of elements or human, technical and financial factors, located in one or several fisio-spatial units or centres of management and combined and arranged according to certain types of organizational structure" (Bueno Campos, E., 1995). And in common Law, a company is a "legal person or 'legal entity', separate from and capable of surviving beyond the lives of its members." (Salomon v. Salomon & Ltd; 1910). Over the years this concept has developed. The traditional concept focuses the company on the shareholders' property while the new one based on the socioeconomic thinking where the organization has responsibilities towards the community-.

Forms and types of business entities

A company can take many shapes and nowadays is difficult to classify properly due to the huge number of organizations, the different organizational structures, size, etc. Bueno Campos classifies the companies in different groups:

- Typology of the company:

Table 1. Typology of companies according to Bueno Campos

Size[1]	**Mico**: <10 employees
	Small: <50 employees
	Medium: <250 employees
	Large: >250 employees
Capital Ownership	**Private company**: is a company whose ownership is private (Estrin, 2002).
	Public company: is a company that has issued securities through an initial public offering (IPO) and is traded on at least one stock exchange or in the over the counter market[2].
	Mixed company: is a company which capital concerns partly to a public administration and partly to persons or private companies.
Geographical scope	**Local company**: is a company that develops his activity in a geographical area below the national.
	National company: is a company that exercise his activity in the whole national territory or State.
	International company: is a company where the geographical area of his activity overcomes the national borders.
Economic sector	**Primary**: the principal activity relates to the extraction of raw material.
	Secondary: the principal activity is the transformation of raw materials.
	Tertiary: the principal activity centres on the provision of services.
	Quaternary: it based on knowledge (Tor Selstad, 1990) which involves intellectual services such as research and development and information (Peter Busch, 1967).
Number of goods produced or services provided	**Single-product**: this type of companies produces a unique good or service.
	Multi-product: this type of companies produces more than one good or service.
Delegation level in the decision-making	**Decentralised**: the companies that concentrate the decision-making in one or some organs.
	Centralised: the companies that distribute the decision-making capacity among diverse organs of different hierarchic levels.

Source: Own elaboration (Bueno Campos, 1995)

[1] In order to classify companies by size we also can combine different approaches such as number of employees, turnover and/or balance sheet total.
[2] Retrieved from Investopedia (http://www.investopedia.com/)

- Legal form of the company:

Table 2. Legal form of the company according to Bueno Campos

Natural person	**Sole proprietorship**: business owned and usually operated by one person who is responsible for all of its debts (Ebert, & Griffin, 2000).
	Joint ownership: community formed by two or more natural persons who put jointly their goods or their work to carry out a managerial activity.
	Partnership: it is based on a contract for which two or more persons bind to put jointly money, goods or industry, with the aim of distributing between them the benefits.
Legal person	**Limited Liability Company**: combines the personal management of the business with the limited responsibility of the partners. The capital, which will be divided in social participations, will join for the contributions of all the partners, who will not answer personally of the social debts. For its constitution it is required the minimum capital of 3.005,06 €. Its abbreviation is <<S.R.L>> or << S.L>> (Real Decreto Legislativo 1/2010, de 2 de julio; Article 1.1.2).
	Public Limited Company: The capital, which will be divided in shares, will join for the contributions of all the partners, who will not answer personally of the social debts. The minimal capital has to be of 60.101,21 €. Its abbreviation is <<S.A>> (Real Decreto Legislativo 1564/1989, de 22 de diciembre, Article 1.1.3).
	New Enterprise Limited Company: is a type of limited liability company having certain unique characteristics. It can have 5 partners as maximum, its responsibility is limited to the capital contributed and the capital has to be between 3.000€ and 120.000€[3].
	Worker-Owned Company: is a company in which at least, fifty one per cent of the share capital belongs to the workers who give in it their services rewarded in direct, personal form and in indefinite time[4].
	General Partnership: assume that profits, liability and management duties are divided equally among partners. If you opt for an unequal distribution, the percentages assigned to each partner must be documented in the partnership agreement[5].
	Limited Partnership: formed by two or more people, with at least one person acting as the general partner who has management authority and personal liability, and at least one person in the role of limited partner who is a passive investor with no management authority[6].
	Cooperative: constituted by persons who associate, in regime of free adhesion and voluntary redundancy, to realize managerial activities, directed to satisfying their needs and economic and social aspirations, with structure and democratic functioning[7].

Source: Own elaboration. Retrieved from Bueno Campos, E. 1995 and other sources

[3] Retrieved from CIRCE -Centro de Información y Red de Creación de Empresas (www.portal.circe.es)
[4] Retrieved from Ministerio de Empleo y Seguridad Social (www.empleo.gob.es)
[5] Retrieved from U.S. Small Business Administration (SBA) (www.sba.gov)
[6] Retrieved from California Governor's office of Business and Economic Development (www.business.ca.gov)
[7] Retrieved from Ministerio de Empleo y Seguridad Social (www.empleo.gob.es)

SMEs

Small and Medium size Enterprises (SMEs) have an essential role in the private sector of each country (Wong & Aspinwall, 2004). According to Reider (2008: 17) "the main reasons for the existence of SME firms are: to provide goods and services to satisfy customers' needs in a manner that they will continue to use and recommend the firms' goods and service and to create desired goods and services so that the investment in the firm is converted to cash as quickly as possible" (Khan & Khalique, 2014).

The European Commission defined SMEs in the EU as "enterprises with fewer than 250 employees, provided that they are independent (of other enterprises) and do not have sales that exceed EUR 50 million or an annual balance sheet that exceeds EUR 43 million" (Eurostat, 2011).

2.2 Internationalization (SMEs)

"The internationalization of the company is an economic phenomenon that, from different perspectives has spawned the interest of a great number of researchers. We understand internationalization as the set of operations that facilitate the establishment of links –stable or not- between the company and the international markets, along a process of increasing implication and international projection (Root, 1994; Rialp, 1999)" (Trujillo, Rodríguez, Guzmán & Becerra, 2006).

Internationalization is also the result of the adoption of a series of strategies in those who consider both the resources and capabilities of the company and threats and opportunities of the environment. This resources and specific advantages of the propriety are the important factors of the internationalization process of a company (Gaur, Kumar & Singh, 2014).

This strategy is used in many occasions in order to reach the advanced development of an economy -local, regional, national or international- because it enlarge the markets in those who operate the companies forcing them to acquire a major scale more efficient and competitive (Instituto Español de Comercio Exterior (ICEX), 2010: 6).

When talking about internationalization we have to bear in mind those barriers –internal and external- and drivers are also present. It is convenient to carry out a brief explanation.

Drivers of internationalization

The motivations that lead companies to go abroad range from the vocation and the need to ensure their survival. Hotzinger (2014) consider that enterprises can do it through their own resources or sharing risks. The aim of companies is intend to maximize their benefits by minimizing costs or maximizing the output of value creation process. Thus, "the primary objective of going international in this sense of shareholder value centered perspective finally is expansion resulting in profit growth (Witte, 2007:51, Rapport, 1998: 35)". The OECD also report in their 2009 study that the other motivations for internationalization are:

- Growth motives
- Knowledge-related motives
- Network/social ties and supply chain links
- Domestic/regional market drivers

According to Onkelinx, J., & Sleuwaegen, L. (2008) we can also consider other several reasons for internationalization:

1. To gain access to new customers/markets for existing products or services.
2. To gain access to valuable factors of production.
3. To develop and leverage core competencies.
4. To manage corporate risk.

In some cases, the idea of internationalization flows from the own enterprise. In other cases it is an answer from a collective decision with other companies –nationals or internationals-. Also, it can be the result of a carry-over effect from other companies and same nationality.

As reported by Flash Eurobarometer 421 there are some measures that would help SMEs internationalize; the three main ones according to the undertaken survey are: grants, subsidies or low interest loans (30%), tax incentives (28%) and support for finding business partners and networking (27%).

According to European Commission (2010), there are a direct relation between the level of internationalization and the size of the company, "the larger the company, the more it tends to internationalize".

Barriers of internationalization

Nowadays the number of entry barriers to international markets has been decreased due to the communication and technological development. Indeed, this progress facilitates the interaction with the international partners. Also, the development of a global business culture has diminished cultural barriers. But firms still have to deal with some numerous obstacles when they want to internationalize their activity. According to the 2009 OECD study mentioned before, there are still some present barriers. These include:

- Shortage of working capital to finance exports
- Limited information to locate/analyse markets
- Inability to contact potential overseas customers
- Lack of managerial time, skills and knowledge.

Messina, L. (2015) in her research about *Drivers and barriers to SME foreign expansion* divide the barriers of internationalization into two different categories: internal and external factors.

- <u>Internal factors</u> are those that we can link with the corporate environment of the firm. For example, resource poverty or limited managerial skills and knowledge.
- <u>External factors</u> are those that are linked with macro-environmental factors affecting the firm. This is the case of limited foreign market data and lack of cross-boundary relationships, lack of home government support or host-country characteristics.

There is also the tendency to highlight in recent studies a number of additional barriers to SME internationalization as: administrative and technical difficulties, exchange rate, documentation and payment problems and foreign market competition OECD (2009).

Strategies for internationalization

As previously stated, internationalization is seen as "the process of increasing involvement in international operations" (Welch & Luostarinen, 1988).

Nowadays there is broad literature that has researched the international growth of SMEs (Etemad, 2004; Kuada, 2006). According to Al-Hyari, Al-Weshah & Alnsour, (2012) "most internationalization studies focus on the outward processes that are associated with exporting, licensing, franchising and foreign direct investment, with exporting being the main mode of internationalization for SMEs (Eusebio et al., 2007; Westhead, 2008)."

For a company, growing outside its own country is more interesting than growing nationally only (Manolova, Brush, Edelman & Greene, 2002). A relevant aspect to consider when a company wants to internationalize is the form through it is going to enter into the new country. Thus, it is the most important decision that a company has to face when designs the international expansion project (Mitra & Golder, 2001).

According to ICEX, companies use to follow different modalities or strategies to commercialize their goods and services in other foreign markets. The options for commercialize the goods and services abroad are many, but the company itself can follow different strategies according to the characteristics of the market, client and its business opportunity. Sharma & Erramilli (2004) defined an entry mode as "a structural arrangement that allows a firm to implement its product market strategy in a host country either by carrying out only the marketing operations (e. g. via export modes), or both production and marketing operations thereby itself or in partnership with others (contractual modes, joint ventures, wholly owned operations)". And for Root (1994) the international market entry mode is seen as "an institutional arrangement that makes possible the entry of a company's products, technology, human skills, management, or other resources into a foreign country".

"One of the most significant issues in order to enter in a new market is the selection of the optimal way to enter (Young, Hamill, Wheeler, & Davies, 1989 cited in Peinado et al 2007)" (Sharma & Erramilli, 2004: 8). The international entry mode research is important because chosen entry mode has significant implications for performance according to Brouthers & Hennart (2007). Thus, there are several factors that might affect when choosing the mode of entering: transport costs, trade barriers, political risks, economic risks, costs and firm strategy. The ideal mode varies by situation and what makes sense for one company might not make sense for another (Hill, 2014).

A company has in mind different manners when have to decide to enter in a new market, these are mainly based on the level of control, resource commitment, and risk involvement. There are five main choices to consider of entry mode: exporting, licensing, franchising, entering into a joint venture with a host country company, and setting up a wholly owned subsidiary in the host country (Miller & Cardinal, 1994).

Exporting: means simply to "send or carry abroad, especially for trade or sale" (Baker, 2013: 611). Is a simple model and is used for those companies who want to start with internationalization. Exporting has two main advantages: "it avoids the cost of establishing manufacturing operations in the host country and it helps to achieve experience curve and location economies" (Hill, & Jones, 2007: 286). Trough Export, the products are manufactured in the domestic market or third country, and then transferred to the host market (Driscoll and Paliwoda, 1997: 61)[8]. Furthermore, according to Kotabe and Helsen (2010: 299) "companies that plan to engage in exporting have a choice between three broad options: indirect exporting (the firm uses a middleman based in its home market to handle the exporting), cooperative exporting (the firm enters into an agreement with another company –local or foreign- where the partner will use its distribution network to sell the exporter's goods) and direct exporting (the company sets up its own export organization and relies on a middleman based in a foreign market)".

Licensing: according to Mottner & Johnson (2000: 173), licensing is "the transfer of patented information and trademarks, information and knowhow, including specifications, written documents, computer programs, and so forth, as well as information needed to sell a product or service, with respect to a physical territory (Kotabe et al., 1996; Capon, 1987; Contractor, 1985)". In licensing the company –the licensor- offers some proprietary assets to foreign company –the licensee- in exchange for royalty fees (Durmaz & Taşdemir 2014: 49). Thanks to licensing the company does not have to face development costs neither the risks associated with internationalization. Thus, it offers more control than exporting and therefore can be very attractive if a

[8] Cited in: Durmaz, Y., & Taşdemir, A. (2014). A Theoretical Approach to the Methods Introduction to International Markets. International Journal of Business and Social Science, 5(6(1)).

company has a lack on the capital to develop operations overseas (Hill & Jones, 2007: 287).

Franchising: “a franchise agreement is a contractual arrangement between two independent firms, whereby the franchisee pays the franchisor for the right to sell the franchisor’s product and/or the right to use the franchisor’s trademark at a given place and for a certain period of time” (Lafontaine, 1993: 257). Franchising is similar to licensing because it does not have to bear the development costs and risks of internationalization neither because normally is the franchisee who assumes those costs nor risks. Hence, firms also can quickly build a global presence. “Franchisors typically offer managerial assistance –for example, site selection, training programs, standard operating procedures, design of physical layout, and advertising- to the franchisee and the franchisee agrees to run the business according to the franchisor’s stipulations” (Norton, 1988: 199).

Joint Venture: “are business agreements where by two or more owners create a separate entity. The joint venture (JV) can be a partnership or a closely held corporation, or can issue corporate securities in its own right” (Harrigan, 1988: 149). It also means the shared ownership of two partners of which one located in the home nation and the other located in the host nation (Johnson & Tellis, 2008: 17). International Joint Ventures (IJVs) is a form of strategic alliance and it have been implemented with increasing frequency as an important means of international expansion (Lu & Beamish, 2006: 462). Entering in a new market through IJV reduces the investment risk because of the elimination of certain entry barriers such as: lack of access to distribution and supply channels, government policies that protect certain industries from foreign capital, elevated need for capital and lack of knowledge on conditions and characteristics of industry in the new context (Martínez & López, 2009: 53). Therefore, the mix of skills and resources which will be available to the venture and thus the IJV’s ability to achieve its strategic objectives (Geringer, 1991: 42).

Wholly owned subsidiary: according to Brouthers & Hennart (2007) a wholly owned subsidiary (WOS) “allows a company with a transitional strategy to use profits generated in one market to improve its competitive position in another market”. WOS is a more integrated entry mode, this mean greater control but also require major commitment in terms of resources and imply both greater risk and less flexibility (Hill, Hwang & Kim, 1990: 119). "A wholly owned subsidiary can be established in a foreign market in two ways: set up a new operation in that country; or acquire an established firm" (Ling, William Ibbs & Cuervo, 2005: 513). Álvarez, M. (2003) summarize that a firm may prefer to invest through a WOS in the following conditions: it possesses very specific assets, or assets with a great potential for generating profits or it possesses tactic assets related to the firm internally and its organization, which cannot be easily transmitted to an external partner.

All in all, McDougall, Oviatt, Shrader (2003) say that there is no single best entry mode for SMEs. It has to be adapted to each country and its specific requirements and environment. According to Hill, (2010), on the one hand, when a firm's competitive advantage is based on proprietary technological know-how, the firm should avoid licensing and joint venture arrangements unless it believes its technological advantage is only transitory, or that it can establish its technology as the dominant design in the industry. On the other hand, when a firm's competitive advantage is based on management know-how, the risk of losing control over the management skills is not high, and the benefits from getting greater use of brand names is significant.

This study focuses on franchising activities as well as their drivers and barriers on franchising performance for Spanish SMEs.

2.3 Franchising

Concept

Is said that the concept of *franchise* or *franchising* comes from the French word *franc* that means 'free' and *le franc* referring a granted privilege in ancient French was a granted privilege (Bessis, 1990). Therefore, the term is of French origin and dates back to the 16th century. It can be understood as a distribution system but also as a format of business.

As mentioned previously, a franchise is a concession of a license to the franchisees for a predetermined financial return from a franchisor, yielding them the complete use of the business and including training, support and corporate name. This way enables to the franchisees to operate on their own business with the standards and the format of other units of the franchisor chain (Doherty & Quinn, 1999). As reported by Zekiri and Angelova (2011: 572), franchising is a similar entry mode to licensing. "By the payment of a royalty fee, the franchisee will obtain the major business know-how via an agreement with the franchiser. The know-how also includes such intangible properties as patents, trademarks and so on. The difference from the licensing mode of entry is that the franchisee must obey certain rules given by franchiser".

The European Franchise Federation (EFF)[9] define franchise as a "system of marketing goods and/or services and/or technology, which is based upon a close and ongoing collaboration between legally and financially separate and independent undertakings, the Franchisor and its individual Franchisees, whereby the Franchisor grants its individual Franchisee the right, and imposes the obligation, to conduct a business in accordance with the Franchisor's concept".

Another definition is given by the International Franchise Association (IFA) that provides the following meaning of franchising: A franchise is the agreement or license between two legally independent parties which gives:

- *A person or group of people (franchisee) the right to market a product or service using the trademark or trade name of another business (franchisor)*
- *the franchisee the right to market a product or service using the operating methods of the franchisor*
- *the franchisee the obligation to pay the franchisor fees for these rights*

[9] European Franchise Federation (EFF) http://www.eff-franchise.com/

- *the franchisor the obligation to provide rights and support to franchisees*

Furthermore, according to Mendelsohn, M. (1993), "The franchisor's 'business format franchise' necessarily comprises the following 5 essential elements:

1. A brand name (registered as a brand name and/or a trademark, etc.)
2. A license to the use the brand, granted to the franchisee by the franchisor,
3. A business system – a business concept formatted into a duplicable value "package" founded on the franchisor's tested *Know-How*[10] and his continued assistance during the term of the agreement,
4. Payment by the franchisee of a financial consideration, either in a direct form, such as an entrance fee and/or a continuing fee ("royalty"), and/or an indirect form such as a mark-up on supplied goods,
5. The investment in, and ownership of, the assets of the franchised business by the franchisee".

According to Fladmoe-Lindquist (1996), "the use of franchising as a mode of international growth for many consumer services continues to increase". Also, franchising is considered as an important and stable governance choice for international growth expansion. In the international business literature franchising is often limited to an intermediate contractual alternative (Root, 1994).

Motivations for choosing franchising

There are different reasons for opting to develop or join a franchise business. According to EFF (European Franchise Federation) Franchisor and Franchisee have different motivations as we can see in the table below:

Table 3. Motivations for choosing franchising

Franchisor	Franchisee
- To develop and roll out a business format/system which will be sold for a regular fee to independent operators - To develop the business with the added input of franchisee capital which increases the possibilities for the franchiser of rapid expansion of the	- To be able to start a business without having to start from scratch alone while being an independent entrepreneur; being in the business "for yourself but not by yourself" - To buy into a system which, in principle, has been tested; proven successful in the

[10] **Know-how**: according to Fried, Vance & Elango (1997) is a set of technical and practical knowledge acquired by a franchisee, based on the experience and verified by the franchisor.

system - To develop the business in locations beyond the franchiser's natural boundaries of business (new and international markets) - To develop a business in which the franchiser has his specific duties and obligations and the franchisees their own	given circumstances; - To gain immediate access to a market via the right to use the franchiser's brand or trademark and to benefit from customers attracted to the brand - To benefit from the transfer of know-how and assistance during the term of the contract - Buying into an existing and branded business can enhance the survivability of a new franchised business in the first crucial years after start-up.

Source: European Franchise Federation

Advantages and Drawbacks

Ayup & Cavazos (2015) in their book *La franquicia en Iberoamérica. Estado y tendencias* developed the advantages and drawbacks for the Franchisor and franchisee point of view. These are the following:

Table 4. Advantages and Drawbacks for the Franchisor point of view

Advantages	Drawbacks
- Brand strengthening and preservation. - Low investment in the expansion of the business. - Major operative efficiency in the new units directly operated and supervised. - Increase in the coverage and development of markets. - With the collection of the initial quota the medium term realised investment is recovered in the development of the system of franchise. - Collection of monthly royalties.	- Risk of improper use of the brand. - Strong initial investment in the development of the franchise system. - Risk of low indexes of profitability. - Risk of franchisees resistance to expiring punctually with their monthly royalties. - Possibility of breach of the team spirit, loyalty and confidence. - Risk of pressure on the part of the franchisees to alter the methods of operation. - Possibility of incompetent and not ethical franchisees.

Table 5. Advantages and Drawbacks for the Franchisee point of view

Advantages	Drawbacks
- Reduction of risks and uncertainties when investing in a proven business. - Permanent innovation in the aspects of methodology and technology. - Technical permanent assistance in the	- Risk of improper use of the brand. - Reduction of the possibility of innovating and acting autonomous. - Total attachment to the manuals in the operation of the franchised business.

operation of the franchised business. - Training documented with the manuals of operation. - Access to administrative systems of control and evaluation. - Training in productive processes of goods or services. - Sense of permanency in a franchise consolidated network. - Access to programs of promotion and advertising. - Increase in their personal prestige on interfering in a concept of business.	- Development of a mechanism of rejection to the systems of supervision. - Risk of not have been selected the most related franchise to their personal aspirations. - Possibility of an incompetent or not ethical franchisor. - The first thing that must be done when a franchise is going to be acquired is to weigh the advantages and disadvantages that before we have indicated to effect of determining with all clarity if the franchise is the type of business that becomes attached to the conditions and characteristics for that we look, remembering that it is not the unique business format, there are equally valid others.

Source: Ayup & Cavazos, (2015) retrieved from Tormo Asociados, Consultores en franquicia, Resumen de actualidad, 2011.

Types of franchising

Nowadays, a vast amount of different types of franchise exist. Gasset (1992) distinguishes various types according to the commercial activity, sector and other specific characteristics of the company. This classification from Gasset is detailed down below:

A. According to their nature

The nature of the activity can be divided into 4 types, as explained below:

a. Industrial franchise

The franchisee elaborates products under the brand and with the *know-how* of the franchisor. The first one yields the second one the right of manufacture, the technology, the commercialization of the products, the brand, the administrative and management procedures and the selling skills.

b. Production franchise

It is the own franchisor who manufacture the products that the franchisees sell. This type of franchise allows the manufacturer franchisor to ensure one part of the sale of their production, since the franchisors obligation to buy their products in sole right.

c. Distribution franchise

In this case the franchisor is not the manufacturer. He acts as distributor or reseller of his products made by other companies. In fact, his activity is as a purchase center, since the real distribution will take place across a franchisees network.

d. Service franchise

The aim is a service or a set of services that the franchisee commercializes under a certain methodology given by the franchisor. In this type of franchise the transmission of a specific and proven know-how is the most important. The franchisor must have major control to guarantee an appropriate quality of the service rendered and to avoid problems that might harm the brand or his set (Gasset, 1992).

B. According to their dimension

Two options are possible, according to the organization of the franchisee establishment:

a. Standard or global franchise

In this case, the whole establishment meets occupied by the activity of the franchise. This choice allows a major homogeneity of the points of sale (or offices) that devote themselves exclusively to the franchised activity. Is the most conventional and widespread form due to the fact that many contracts include a clause of exclusive activity.

b. "Corner" franchise

It is established inside an establishment that already operates, placing in a corner of this one. Almost always it is related to the activity that the franchised establishment develops. We can find a modality of corner franchise that would be 'Shop in Shop' where there is highlighted the decoration and the environment of any other establishment integrated to the chain (Gasset, 1992).

C. According to their corporate form

There are three types according the financial contribution of the franchised partner:

a. Standard franchise

The totality of the necessary capital for the establishment of the franchise is contributed by the franchised subject. In this case, the same person (franchised) realizes generally the tasks of management of the company.

b. Associative franchise

As the name implies, the associative franchise is characterized by an association. Two possible cases: the first one consists of the franchisor's participation in the franchisee's capital and the second one, upside-down, implies that the franchisee possesses a part of the capital of the franchisor's company.

c. Financial franchise

Generally characterized by a great contribution of capital, this type of franchise exists in determined sectors as the industrial, hotel sector or banks where the establishment of the franchisee implies a very strong investment (Gasset, 1992).

D. According to the components that form the franchise

The contract of a franchise is an agreement among a franchisor company and a one or more franchised company. Three possibilities are accepted:

a. Bipolar franchise

The franchisor only has a franchisee. This initial condition of the development of the whole franchise chain can be revealed lasting in case of industrial franchise.

b. Multipolar franchise

The multipolar franchise is the most classic case and is characterized by an organization through a network, allowing the geographical expansion of the franchisor across the franchised establishments with a few expenses and minimized risks (Oxenfeldt & Kelly, 1969; Minkler, 1990; Shane, 1996).

c. Double-level franchise

i. Differentiation of the trusting missions

Particular case principally present in the service sector does not constitute a network of franchises in strict sense but it organizes the activity following a distribution of the task between two categories of franchisees. Gasset (1992), distinguish two categories:

Some of them receive the plenitude of the know-how and the mission of realizing the most delicate interventions in a certain zones. Inside this zone, several franchisees realize he current task and do not benefit from a part of the franchised system.

ii. Master franchise

The 'master franchise' is the form that is growing the most in recent years (Sashi & Karuppur, 2002) and it is based on a contract of franchise between the franchisor and a principal franchisee. This system allows the franchisor to grant the right to develop exclusively his franchise in a certain territory, assuming the charge of establishing and/or franchising new establishments (Burton, Cross & Rhodes, 2000). As counterpart to granted exclusivity, the franchisee offers to the franchisor a double advantage:

At financial level, the entry canon paid for this exclusivity, as well as the economies realized with the saving of the organizational relations with the franchisees.

At the level of the franchise model exportation, the 'franchised master' adapts the system to the territory and realizes experiences and pilot operations with the purposed of implant his network (translations of manuals, adequacy to the market, to the culture, etc.).

As we said, there are different forms to identify a franchise. Another one was identified by Arthur Andersen (1992) where franchisors are classified either as *a product or tradename* or as *business format franchisors*. "In 'product' or 'tradename' franchising, franchisees are granted rights to distribute a manufacturer's product in a specified territory or location (Chan, 1994)" (Manrai & Meadow, 2015). Regarding Business format franchising is designed to have the franchisee replicate, in different locations, the entire franchisor's business concept including the marketing strategy plan, the operating manuals and standards, and quality control (Preble & Hoffman, 1995: 80).

Franchising: a vector for economic growth

According to Alon (2004), "the economic impacts of franchising include output and job creation, an increase in the tax base, economic modernization, balance of payments' adjustments, small and medium enterprise (SME) and entrepreneurship development, and the acquisition of dynamic capabilities and skills (Dwivedy, 2002)".

Franchising is a strategy that in most of cases occurs because of the saturation of the domestic market or territory. It arises mostly in large and –well- established franchise brands that are looking for unexploited markets and potential growth across borders.

As described in the *European Franchise Report* (2014), there are different vectors of economic growth as defined below:

- "Franchise promotes the creation of enterprises: each new company has its own potential of a new franchise network.
- Franchising promotes the creation of employment, both direct and indirect. Direct employment is created at different levels in franchised business –at the level of the franchisor or the franchised units-. Regarding the indirect employment, franchised business operates within the context of the global economy and contributes to employment in enterprises.
- Franchising generates turnover: organization and professionalism helps the franchise network to generate revenue.
- Franchising contributes to a middle-level economic platform: encourage global players and also adopt franchising as one of their development strategies.

Franchising, with its development at SME level, contributes to enhance competition and promote the market diversity.

- Franchising preserves and transforms traditional: contributes to modernizing their operations and image and appeal to customers.
- Franchising promotes the learning and spirit of entrepreneurship: it enhances professionalism and it can turn a non-entrepreneur into an entrepreneur.
- Franchising is a formidable vector for cross-border trade and export: to increase the chances of success in expansion and export, it is vital for a franchise system to be first piloted by the head company in the relevant target market in order to test the adaptability of the system to the market.
- The transfer of franchising knowhow as a means of "technology transfer" to developing markets."

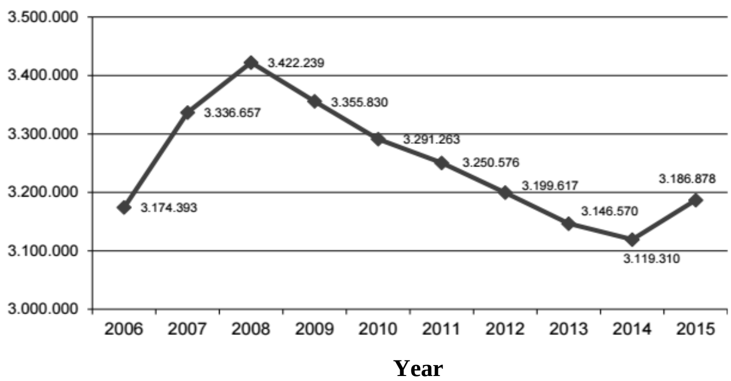
2.4 Case of Spain

Spanish SMEs

Small and medium enterprises are considered as the backbone of the Spanish economy. According to Directorio Central de Empresas (DIRCE)[11] on 1st January 2015 there were in Spain 3.182.321 companies, which 3.178.408 (99,88%) were SMEs (Dirección general de industria y de la pequeña y mediana empresa, 2015).

As can be appreciated on the graphic below, 2015 is the first increase in the number of active companies after six consecutive years going down. In terms of percentage, this means an increase of 2,2% during the year 2014 (INE, 2015).

Figure 1. Company's population evolution (2006-2015)



Source: INE-DIRCE (2015)

[11] DIRCE: in English, "Central Directory of Companies".

If we analyze data from European Commission (2010) we can realize that SMEs are the most prevalent type of firm in Europe too. Furthermore, the Commission states that the impact – measured in terms of employment and turnover growth – of SMEs with international activity is highly superior to those without international activity.

According to the study "Retrato de las PYME" (2015), in comparison with the European Union, microenterprises (less than 9 employees) in Spain suppose 95,8% if the total of companies that means 3,4 points over the estimation for the set of the EU in 2013 (92,4%). There are also a significant difference in the representation of the Spanish small companies (3,5%), 2,9 points below the estimation for the UE28 (6,4%).

As seen before, is obvious that SMEs are important in any economy and most of the countries around the world place a special emphasis on supporting SMEs by offering a variety of support programs and institutions. Thus, the development of SMEs is crucial for the economic progress of a country. In terms of numbers, "in the EU, SMEs comprise 99% of all firms and about 60% of total output in the business enterprise sector" (European Commission, 2014).

Focusing again on the Spanish SMEs, during 2014 they were important because of their contribution to the generation of managerial employment, occupying 66% of the total workers. Furthermore, microenterprises and small enterprises represent respectively 32,6% and 18,6% of the total employment (Centro de Publicaciones, 2015).

In the case of the Spanish SMEs it is necessary to emphasize that on the 1st of January 2014, the natural person (self-employed) was the predominant in the constitution of a company. The second place was for the limited liability company, the community of goods took the third place and the public limited company the fourth place. This information makes sense with what had been said before because nowadays SMEs are the backbone of the economy. Thus, it does not make sense to create a big company. SMEs are increasingly building strength. This can be captured on the table below:

Table 6. Spanish companies' distribution according to its juridical condition, percentage on the total and rate of annual growth, 2013

	Natural person	Public Limited Company	Limited Liability Company	Joint-ownership	Cooperative association	Other legal person forms	Total
N. companies	1.574.005	91.993	1.135.198	111.567	20.657	180.891	3.114.361
%	50,5%	3,0%	36,5%	3,6%	0,7%	5,8%	100%
% annual variation	-2,8%	-4,2%	1,1%	-1,8%	-4,7%	0,0%	-1,3%

Source: INE, DIRCE (2014)

Early in 2013 we could start seeing this decrease of the legal form of big companies. Focusing on the table, we can see the number of companies for each legal form and its percentage. The natural person acquired a 50,5% and the rest were the other legal forms. What is interesting is the fact that in all the cases the annual variation is negative (Centro De Publicaciones, 2015).

In addition, international activities help the companies to be competitive, to grow and survive in the long term. Nevertheless, a study realized in 2010 showed that 25% of the Spanish SMEs (PYMEs) established in the UE had realized exports (inside and outside of Europe) during the three previous years (Dupouy, Sacks, & Popov, 2014).

Internationalization of Spanish SMEs

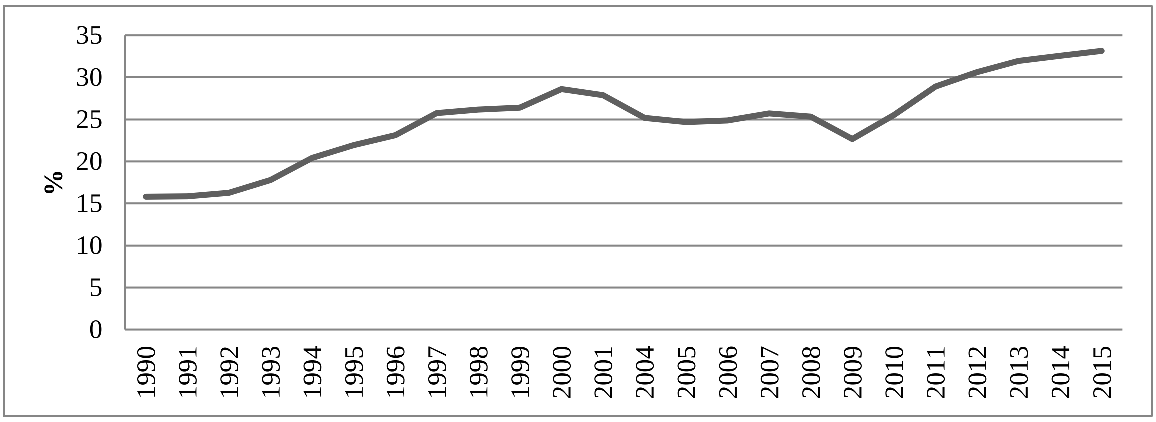
Correa-López & Doménech (2012) stated that the Spanish economy was in a complex and intense process of adjustment and structural changes in which the path of internationalization of the national companies is crucial for several reasons. For example, while this adjustment process lasts the internal demand will not be able to be the growth driver of the Spanish economy. Or another case in point, the Spanish economy has accumulated a high gross foreign debt (169,7% of the GDP in the second quarter of 2012) and a negative Net International Investment Position (NIIP) which has managed to overcome 90% of the GDP.

Until the late 90s, Spanish companies focused on their national market and put aside the international reputation and projection. In less than a decade all has changed. They became international with record speed by increasing their size (Santiso, 2007). Between 1998 and 2004 the number of international companies increased and gained an active role in different sectors. This group of companies was called the "Invencible Armada" (Camisón & de Lucio, 2010).

Fortunately, the Spanish economy had already companies with a proven aptitude to compete on international markets and, therefore, prepared to lead this process of reassignment of factors to the sectors and companies with major growth potential. Spain has suffered since 2007 due to the financial and economic crisis and companies, in order to survive, they carried out their activities in other countries; this displacement of the company activities was also a response to a growing rivalry.

According to The World Bank database, just before the beginning of the economic crisis, the exports of goods and services supposed 25,7% of the GDP, lightly over 26,4% of 1999. After the intense fall of the world trade in 2009, the Spanish exports have grown to rates very superior to those GDP. Nowadays (2015) represents the 33,15% of the GDP. This means that internationalization was and still crucial for the survival and emerge of the crisis situation for a company as well as the development of the country.

Figure 2. Exports of goods and services (% of GDP)



Source: Database: World Development Indicators

The case of the Spanish SME expansion in the last years has a special transcendence in the recent development of the economy. The expansion is characterized for the implementation of the different types of managerial strategies that reflect, on the one hand a rich business network, and on the other hand, the wealth in the area of national SME management (Buisán & Aceña, 2007).

The globalization processes, in which have intervened a significant number of companies and organizations throughout the years, were not oblivious to SME companies, which have used the internationalization as an instrument of expansion and growth (Claver, Rienda & Quer, 2006). Also, Spanish companies understood that internationalization should be strategic, planned by objectives and acquiring in the process the necessary knowledge and competences to be present in the international markets in the long term making the global presence a key business characteristic.

The Spanish franchise

The franchise system represents nowadays one of the most used managerial expansion system in developed and modern economies, especially in certain sectors, such as retail or hotel and restoration industry. Thus, any company that has a suitable positioning in his performance setting and relies on certain perspectives of growth, cannot stop seeing in the Franchise method one of the most profitable and effective alternatives for the attainment of objectives relative to the coverage towards new markets (Michael, 2003).

Concerning the Spanish case, the Franchise system experienced an enormous evolution in the 20th century. But it was in the decade of the 80 when Franchise starts his take-off in Spain (Rondán, Navarro & Díez de Castro, 2007). Nowadays, this system continues registering in Spain an increasing trend on its levels of turnover.

According to Tormo Franquicias Consulting (2016)[12] the Franchise has been evidenced as the better system that allows a company to grow from the base of a SME. Also, franchises are companies that they have could adapt to the demands of the consumers as well as know which are the needs of the clients contributing flexibility, modernity and innovation.

The AEF (Asociación Española de Franquiciadores)[13] in collaboration with Grupo Cooperativo Cajamar[14] elaborated a study named “La franquicia en España” (2016) thanks to the statistics corresponding to the situation of the Spanish franchise

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[12] Tormo Franquicias Consulting: is a consultancy specialized in Franchises and managerial growth created by the principal protagonists of the consultancy in Franchise in Spain (retrieved from: www.tormofranquicias.es).

[13] Spanish Franchisers Association (AEF): http://www.franquiciadores.com/

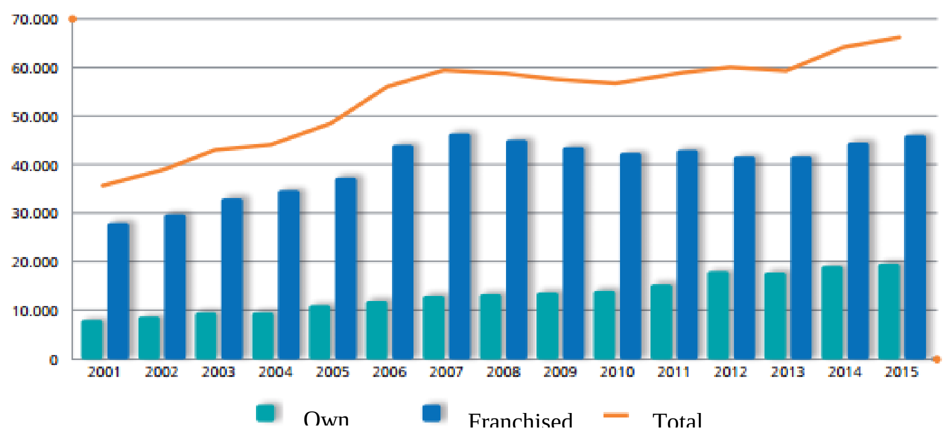
[14] Grupo Cooperativo Cajamar is a Spanish cooperative bank. https://www.cajamar.es

over the last years. Thus, we can highlight that the Spanish franchising system is composed in 2015 by a total of 1.232 franchises, which 1.014 are of national origin (82,3%) and the 218 remaining ones (17,7%) come from a total of 28 countries, headed by France (47 brands), Italy (37) and The United States (36). According data from Asociación Española de Franquiciadores (2016) the Spanish franchise was present in 137 countries in 2016 (with an increase of 3,78% over the previous year) and has 20.891 establishments in foreign markets (with an increase of 5,12% over the previous year).

We also have to bear in mind that thanks to the statistical database the number of franchises increased year after year. The system has grown well above any other sectors in the set 2008-2015. Furthermore, the current expectations have an exponential growth that will overcome any other indexes (Tormo Franquicias Consulting, 2016). This number has been growing from 2008 until 2015 with a total of 357 firms (875 in 2008 and 1.232 in 2015). In percentage terms, this means a global growth of franchises in Spain of 40,8%, with an average pace of 5,1% per year. Therefore, this information says a lot on the capacity of the franchise to overcome a difficult period (due to the financial crisis).

Regarding to the number of operative establishments in Spain there were a total of 65.810 at year end, of which 19.685 were own individual character and the 46.125 remaining ones, franchisees. This means an increase of 3% with respect the previous year. This increase is due to the economic recovery of last years and the return –still slow but supported- of the bank companies.

Figure 3. Franchises in Spain. Establishments



Source: retrieved from AEF (2015)

In terms of turnover obtained by the franchises at year end (2015) was 26.482 million Euros, and 25.879,5 million Euros for the preceding year (2014), which means an increase of 2,3%.

Nowadays, the number of countries with presence of Spanish franchises still growing, reaching as mentioned before 137 at the end of the year 2015, with a net growth of 5 –equivalent to 3,78% on the previous year-. The first three places correspond to: Fashion, which is kept in the first position with presence in 121 countries; Hotel/Restoration industry with establishments in 75 different countries; and Furniture/Home textiles with presence in 72 countries.

The Fashion sector is mainly represented by different brands of Inditex Group (Zara, Bershka, Pull & Bear, Massimo Dutti, Stradivarius, Zara Home, Oysho, Uterqüe and Kiddy's Class), Cortefiel Group (Springfield, Women's secret, Cortefiel and Pedro del Hierro) and Mango. They have presence in multiple countries and they are the authentic standard-bearers. For example, Mango is present in 97 countries, Zara in 90 and Bershka in 68 different countries (Sanmartín, P., 2016)

As can be seen in the Figure 4, the country with more presence of Spanish franchises is Europe with 212 brands. Followed by America (124 brands), Asia (52), the zone of Middle East (51 brands), Africa (43 brands) and Oceania (6 brands). Europe is also the leader in number of establishments with a total of 12.193 establishments by year 2015.

Figure 4. Number of Spanish franchised brands and establishments (2015)

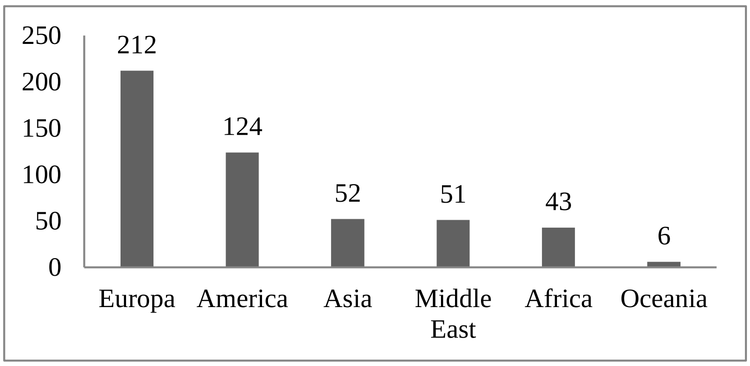


Table 7. Number of franchises units

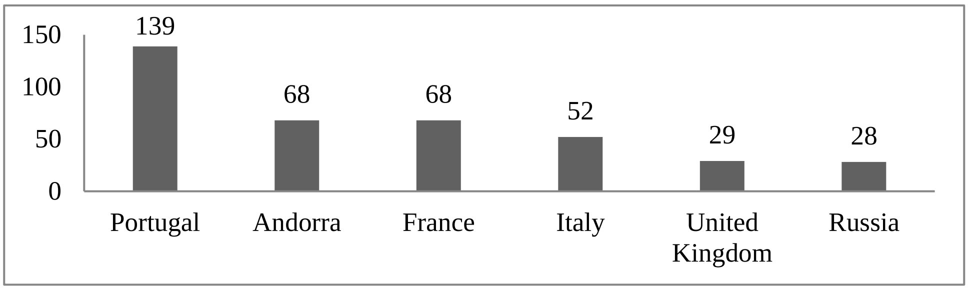
	Units
Europe	12.193
America	4.731
Asia	1.757
Middle East	765
Africa	276
Oceania	34

Source: Tormo Franquicias Consulting

If we break down Europe by countries, Sanmartín (2016) states that Portugal relies on 139 franchised brands; Andorra, France and Italy are also countries where there is obvious an increase of the Spanish presence. Nevertheless, the approximation of the brands is demonstrated towards countries as Cyprus, Bulgaria or Greece. Thus, as we can see in the Figure 5 below Portugal has 139 brands, followed by Andorra and France with 68 brands each one, Italy (52 brands), United Kingdom (29) and Russia (28 brands).

In this case the factor that clearly plays in favor is the proximity. The countries with more presence of Spanish franchises are those who are near the Spanish territory.

Figure 5. The Spanish franchise in Europe (2015)



Source: Tormo Franquicias Consulting

According to AEF (2016) Catalonia with 103 brands (representing the 34,11% of the total), Madrid with 92 brands (30,46%), Andalucía with 29 brands (9,61%) and Valencian Community with 29 brands (9,61%) are the communities with more presence of franchise networks. Also, each franchise creates 6 employments on average. Thus, the franchise system created 341.966 employments on 2015. This number grows a 1,8% with regard to previous years but it slow down. Nowadays Retail (181.102), Services (88.673) and Restoration (72.191) are the main drivers of new employment creation (Tormo Franquicias Consulting, 2015).

Table 8. Restoration Sector analysis

	Franchises	**Establishments**	**Turnover (million €)**	**Investment (million €)**	**Employment**
Restoration	184	7.010	1.730	3.805	72.465
% of the total	16,5%	12,4%	25,2%	20,4%	21,0%

Source: Tormo Franquicias Consulting (2015).

The above table shows an overview of the Restoration Sector and the related percentage over the total of the Spanish sectors. The analyzed sectors are decomposed to multiple sectors. The objective should be to obtain a global vision of the behavior of the franchise in general terms.

In this way, according to AEF (2016), one of the most distinguished conclusions from the report of the AEF is that franchises continue generating employment in Spain. Thus, at the end of 2015 the System was providing work to 253.913 persons (2% more than in 2014). Of that amount, 91.732 were employed in own establishments (2,9% more than in 2014) and the 162.181 remaining ones in franchised establishments (1,4% more than in 2014).

In addition, if a Spanish company has to internationalize, the principal modes of entry in a foreign country are: master franchising, area development, direct franchising, con subsidiary and joint venture (listed by order of preference).
In addition, the forms of entry in new markets more used for Spanish franchises are direct franchise and master franchise which suppose more than 80% of the realized income abroad. Far behind, are located the direct investment (10%) and the joint venture (7%) (Graciá & Fernández, 2009).

Alberto Muñoz, executive consultant recommended the master franchise as alternative of investment. In this system, the franchisee assumes also the functions of principal franchisor in a certain territory (province, region, country). He said that “it is an interesting topic when this market is not totally known for the head office, when the profile of the local franchisee is powerful and when the possibilities of expansion in this territory are massive” (Colegio de Economistas, 2013).

Hotel/Restoration sector

According Romo, M. (2016), in 2015 this sector was comprised by 148 Spanish franchised brands, totaling 148 business units, turning into a very powerful sector and with a stronger role into franchise. Restoration is the franchise sector par excellence and his offer is very wide.

Meanwhile, it constantly appears new trends, new types of offer or business format in the market. The trend indicates a general supported growth being more moderated in those franchises that required a high initial investment without being excessively recognized brands.

This is a powerful and solid sector that intensifies his importance in the franchise. Taken together, the sector presented on 2015, 148 Spanish franchised brands that added 5.524 business units. The turnover for that year was 3.014 million Euros, with an accumulated investment of 1.269 million Euros. Also, the sector generated an employment of 52.192 persons.

This sector is divided in different categories depending on the offer that they present. The principal ones, and in order of importance are the following: Fast food, Breweries and Tapas, Restaurants, Cafeterias and Ice-cream parlors. In each category different formats of business are classified. We focus on the group “Fast food” because Nostrum franchises are gathered within this category.

The **Fast food** is the subsector within the Hotel/Restoration sector with major growth and representation and the one that concentrates the major competitive network –and with more competition-.

This subsector groups together more than thirty franchised brands, a total of 2.491 establishments. In addition, is the subsector with major turnover (1.786 million Euros) and the one with major creation of employment, with a current number of 26.715 person being employed. Fast food franchises are those that knew how to ride out the crisis and it has been the segment that benefited the most in hard times and the one that grown during the recession.

This joins the increasing trend of the taste for the Fast Food, but gourmet. That means food been served as rapid form but with high quality products and a gourmet touch. Nowadays, 7 out of 10 Spaniards perceive the hamburger as a gourmet meal.

As we see in the Table 9 attached below, translates into the top franchises established in Spain including their total number of establishments and their required investment by the year 2015. As shown, there are three Spanish franchises on the top of the list: Telepizza with 627 establishments, Pans and Company with 177 and Nostrum with 126. The others are obviously, the “fat-cats” of the fast food industry: Burger King, Mc Donald’s and Pizza Hut.

Table 9. Franchise brands more expanded in Spain, number of establishments and their required investment (2015)

Franchise	Total of establishments in Spain	Investment
Telepizza	627	180.000-300.000€
Burger King	440	600.000€
Mc Donald's	354	45.000€
Pans and Company	177	325.000€
Pizza Hut	134	350.000€
Nostrum	126	68.000€ + Civil engineering

Source: franquiciashoy.es

All in all, the Hotel/Restoration sector is a segment within the Franchise that has could adapt to this new times and new lifestyles, especially the new consumption patterns. Thus, even the traditional restaurants with years of experience have had to continue innovating and not getting accommodate with customers. The evidence of it is that every time we can find major and more varied offer. This sector has the capacity of adaptation and for this reason it knew how to overcome the crisis. Also, it is one of the most powerful franchise sectors.

2.5 Case of Home Meal Replacement, SA

Nostrum is the trade name within the company Home Meal Replacement (HMR). HMR is a Spanish medium (SME) company and therefore has less than 250 workers, its turnover does not overcome 50 million Euros and its current Balance Sheet does not overcome 43 million Euros. Nostrum has the Public Limited company (S.A.) denomination as a legal form and it was founded in Barcelona on 1994 by Mr. Marcelo Salomó González and Mr. Enrique Hernández Gajante. Nowadays, the company is headed by Mr. Quirze Salomó González together with other shareholders.

HMR opened their first Nostrum shop located in Roger de Llúria Street, Barcelona in 1999. At the end of the year they already had 3 own establishments in the city. From the beginning, the idea was the same as the current one but with the time they have been improving and perfecting it.

Its economic activity is, according to CNAE 2009[15] (10.86) "*Elaboración de otros productos alimentarios n.c.o.p*" (Elaboration of other food products not included in other parts). We can say that Nostrum is specialized in replacement home-cooked meals to take away. Hence, HMR produces, distributes and commercializes ready meals that follows the Mediterranean diet which are characterized for being homemade, naturals, without additives or preservatives and with a high quality. All the prepared dishes are elaborated in their kitchen in Sant Vicenç de Castellet (Barcelona) where the HMR headquarter is located.

There are balanced menus and the meals are packed individually, designed to be taken to the office or home but also there are the possibility to taste them in the establishment. Nowadays we can find Nostrum in the main Spanish capitals, Andorra and France.

In 2014, the company published a report (Home Meal Replacement, 2014) about the corporation where all the information below is retrieved.

[15] CNAE 2009: Clasificación Nacional de Actividades Económicas (National Classification of Economic Activities). The objective is to establish an organized and hierarchical set of economic activities in order to be able to do statistics or to classify according to economic activity (Spain).

- <u>Concept</u>

Mission: offering quality, balanced and 100% natural homemade products at an affordable price.

Vision: turning into a national and international benchmark in the prepared homemade food area.

Segmentation: men and women between 16 and 65 years old, belonging to middle or upper-middle class; especially students, workers and/or retired people.

Targeting: people within the segmentation who have to eat out of home and do not have time or desire to cook. Also people with this characteristics who wants to eat healthy and varied.

Positioning: healthy and fast food with an affordable price.

Product: the product portfolio is elaborated by HMR. Most of the products are following the Mediterranean diet and are homemade and natural as before stated. They are presented with an individual package, ready to take away and consume it immediately. We can classify the products in two main groups: line of refrigerated (salads, soups, vegetables, legumes, meats, fish, etc.) with more than 70 articles and line of frozen (ice creams, gratins and breaded fried food) with more than 12 articles. The entire range of products can be found in the website of nostrum (http://www.nostrum.eu/en/dishes/). In addition, in the establishments we also can find dry products as snacks, soft drinks, wine, pastries, coffee and milky products. The products are sent to the establishments from 3 to 6 times per week, depending on the affluence of customers. For the establishments located in Catalonia, HMR have their own transport company. The rest of establishments with a longest distance from the Headquarter –in a radius of more than 200Km- the shipment is occurred thanks to an external transport company.

Establishments: all the HMR's network shops are based on a modern concept, with a unified design and brand. The establishments have Mediterranean colors, warm and natural materials as wood, and also they have cozy zones for making the clients feeling like home. We can also distinguish other much differentiated areas: exhibitor's zone or refrigerators, cash area and degustation zone (except for the take away establishments).

The establishments are supervised normally by one or two employees – according the size of the shop-.

The HMR growth strategy of last years has been based on the franchise model. It relies on different possible establishment formats in franchise regime that each one needs different type of place and investment.

- Take away establishment: surface area needed around 40-60m2, an estimate investment of 61.000€ + VAT, machinery and furniture.
- Establishment with a degustation zone: surface area needed around 70-150m2, an estimate investment of 75.000€ + VAT, machinery and furniture.

In both cases, the establishment must be located in a commercial street or in a shopping. It is not necessary a release of smoke in the shop because a kitchen is not needed.

For being a franchised of HMR and join the Nostrum network it is necessary to pay a membership canon of 28.000€ + VAT.

Competitors: nostrum has a wide segmentation; HMR's competence is represented by a wide and diverse range of food companies with different size and typology that develop their activity through: fast food or daily menus restaurants, food delivery services to domiciles or supermarkets and alimentation shops with prepared food. Focusing on the specific segment of precooked homemade food to consume in the establishment and/or to take away, HMR would be the national leader of this market named *fast good* since the second operator in Spain does not overcome 30 shops and the rest of companies own less than 10 shops.

Competitive advantage: HMR is present in a segment market still without maturating, with a high potential of growth.

- Variety and quality of products with attractive prices: in 2014 they launched a campaign called "The quality has a price: 1, 2, 3€" where all the price of all the products with the Fan's Club loyalty card cost 1, 2 or 3€.
- Good branding and wide customer database: Nostrum establishments are seen by customers as a brand that sell quality, healthy food in a cozy and modern environment. The loyalty program 'Fan's Club' was created in 2006 and at the end of 2014 it already had 400.000 members.
- Constant innovation in products and services: is distinguished for its constant innovation and evolution launching new products and services based on technological developments that helps to ameliorate the purchase process.

- More than 15 years of experience in the sector: HMR accumulates know-how of more than 15 years in a market segment that still without maturing and with a high growth potential.

- <u>National presence</u>

The commercialization of the Nostrum precooked meals are realized across the network of establishments. Yet already in 2015, HMR relies on a total of 126 establishment split up between all the Spanish territories. In addition, from the year 2014, HMR started offering the possibility of installing vending machines within a range up to 21 different dishes.

In 2014, Nostrum had 106 HMR establishments located in Catalonia (88), Aragón (1), Castilla y León (1), Valencia Community (1), Balear Islands (1), Madrid (10) and Basque Country (4). Five of this establishments are coordinated directly by HMR (own companies) this ones are located in Barcelona (4) and in Sant Cugat del Vallès (1), the rest are franchises.

Figure 6. Number of Nostrum establishments and its location (2015)

Source: retrieved from www.nostrum.eu

We can notice that the way Nostrum expand its business is mostly through franchise. As we can see in the illustration above in 2015 Nostrum had a total of 126 establishments spread throughout the Spanish territory. Thus, in national territory it is possible to expand in format of franchises or even with an own establishment.

- International presence

At the end of 2014, Nostrum has two establishments outside Spain. These are placed in Andorra (1) and France (1). One year after, in 2015, Nostrum continues growing and it already has a total of 4 franchises, the one in Andorra and three in Provence-Côte d'Azur (France). The forecast for 2016 is continuing growing through France.

The international growth strategy of HMR is planned to be developed in Europe through a Master Franchise contract, within a radius of 2.500Km from the Headquarter in Barcelona.

2.6 Healthy fast food concept

Healthy fast food is a concept surged few years ago. Thus, it is not very developed. Nowadays there is the growing tendency of eating healthy but sometimes is difficult because of work or lessons, for example. Healthy Fast Food mainly works during the lunch time because it is the meal that can be most affected due to day to day habits. People need to eat **fast** due to they have a predetermined time to eat; **healthy** because most of them have to eat away home more than once in a week and also, as **cheap** as possible.

Due to the lack of establishments related to this concept, people who have to eat out tend to go to Fast Food chains because of the fact of being fast and cheap. The problem is that is not healthy at all eating several days this kind of food. For these reason, the Healthy Fast Food concept fits perfectly with the nowadays situation.

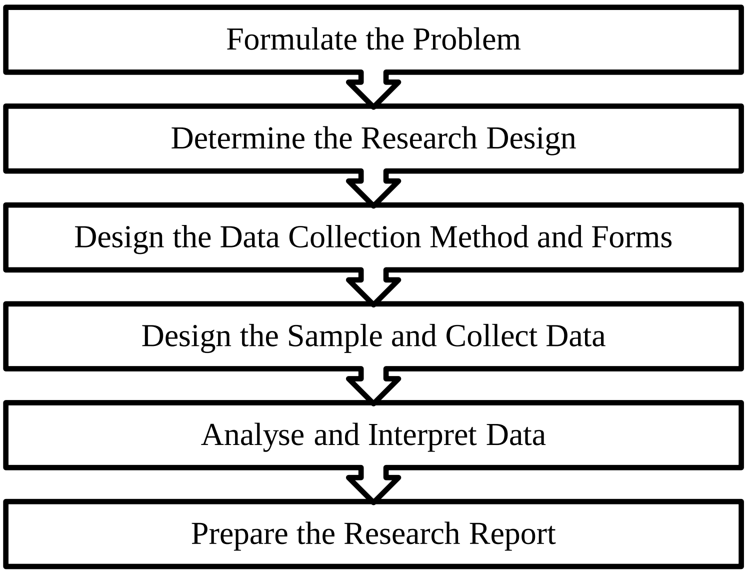
This type of establishments offers tasty fresh crafted food that is easy to go. There are emerging lately especially in Canada or even in the United States. Some examples can be Evos (http://www.evos.com/), Noodles and Company (http://www.noodles.com/) and Janson's Deli (http://www.jasonsdeli.com/). Here in Europe there are establishments that can fit in this concept too as Exki (www.exki.be) or Nostrum (www.nostrum.eu). We find interesting the business concept of nostrum because it is the only establishment that contains the three characteristics on it: healthy, fast and cheap. Also it is varied, there are options for veggie people, it is easy to take away or it can be eaten in the establishment as well. It is relatively easy to find establishments that offer healthy food but most of them present a high price and it is not affordable if you have to go more than once a week.

All in all, it is a concept with a high potential within the current scope due to society cares more about alimentation and healthy life. For this reason could be interesting to develop it as much as possible in order to succeed.

3. RESEARCH METHODOLOGY

In this chapter I will develop the marketing research strategy for Nostrum in order to prove the acceptance of this Spanish company in the city of Liège. To do it, I will follow the stages of a Market Research Process:

Figure 7. Relationship among the Stages in the Research Process



Source: own elaboration. Retrieved from Churchill & Iacobucci (2004)

3.1 Research Approach development

The theoretical framework of reference for the present study is presented in Chapter 2, on Internationalization of SMEs, Franchising mainly. However, a general theoretical guideline on the Healthy food patterns topic had also been analyzed before starting the Research methodology.

As we stated before, this study can be classified as a **qualitative** research where the phenomenon under investigation is not manipulated but observed. Also in this study is approached with the combination of both qualitative and quantitative methods. Qualitative through the interviews and Quantitative through observation and survey since it allows us to statistically measure.

3.2 Research Strategy development

According to Yin (2003), there are five major research strategies: experiments, surveys, archival analysis, history and case studies.

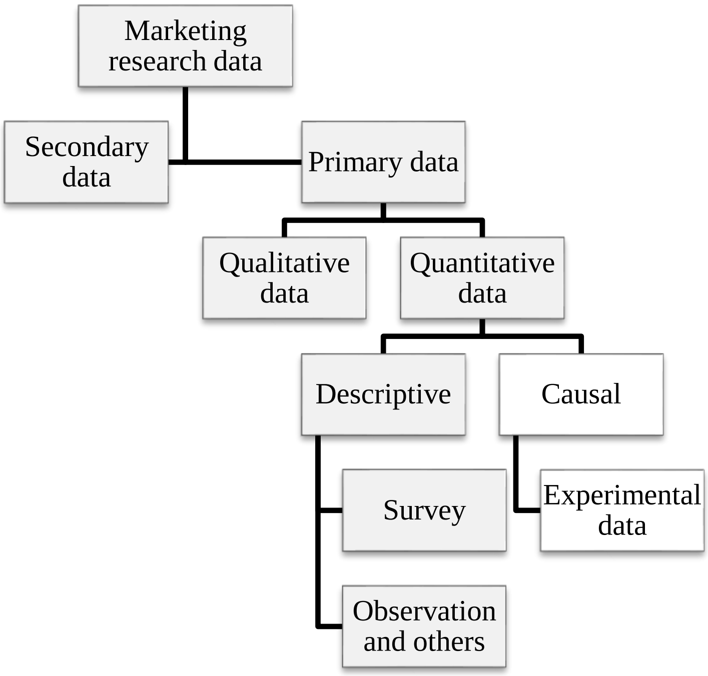
In this case, knowing the aim of the project the research strategy that fits better could be Survey due to the marketing research study and Case study since the moment that we use Nostrum as a reference. Hence, we find survey to be the most appropriate strategy for this research for after, apply it in the Nostrum case study.

3.3 Research Design formulation

In the following chapter, the different techniques used will be explained and detailed as well as the analysis and the processing of information conducted. Hence, according to Malhotra (2007) the research design adopted has to be specified, either if it is exploratory, descriptive or causal.

In the Figure displayed below it is highlighted the framework chosen for this study. Each part will be described hereafter.

Figure 8. Marketing research data classification



Source: Own elaboration. Based on Malhotra (2007).

Hence, in this study it has been performed a literature research (secondary data) related to the study topic as well as a creation of primary data. The character of this primary data can be qualitative (through in-depth and expert interviews) or quantitative – descriptive data (through observation and survey). Consequently, thanks to the analysis and the data mining we will be able to formulate the relevant conclusions.

3.3.1 Secondary data

Shukla, 2008 says that secondary data "involves collection of data that already exists". "Secondary data mostly involve desk or library research and can serve managers' needs for information on their markets, competitors, customers and overall environment".

In this case, a literature research had been chosen in order to provide information about the study topic. In this case, two types of secondary data collection were selected: the one exhibited above about SMEs, Internationalization and Franchising related to Nostrum Company and the other, exposed on the *Appendix 3. Healthy fast food* related to healthy food, eating patterns and Belgian lunch patterns for providing the necessary information and being able to design the marketing research study. Once the review is done and we can consider that we know about the study topic we can start collecting primary data.

3.3.2 Primary data

Primary data is the information that the researcher brings together with the specific purpose of solving a specific problem (Malhotra, 2007: 143). It may be qualitative or quantitative in nature.

Table 10. Qualitative and Quantitative research

	Qualitative research	**Quantitative research**
Objective	To achieve a qualitative understanding of the underlying reasons and motivations	To quantify the information and to generalize the results of the sample to the population of interest
Sample	Small number of not representative cases	Big number of representative cases

Data collection	Non-structured data	Structured data
Data analysis	Non-statistical data	Statistical data
Result	To establish an initial comprehension.	To recommend a course of final action.

Source: retrieved from Malhotra, 2007: p. 144

3.3.2.1 Qualitative research

"Qualitative research has come to refer to selected research methods used in exploratory research designs. This technique focuses on the collection of data from a relatively small number of respondents by asking questions and observing behavior. In qualitative research most questions are open-ended in nature." (Shukla, 2008: 29)

Once devoted a time researching about healthy food culture and the lunch patterns in Belgium we can start elaborating the quantitative research. The goal of the qualitative research "consists of having deciphered, examined and to interpret patterns or significant topics arisen from data" (Malhotra, 2007).

In this case, it is better to use a direct qualitative research procedure and therefore, a non-conceal method. Within this category, we can find group sessions and in-depth interviews. Thanks to the available resources and according to the characteristics of each method, it brings more value in this study to select in-depth interviews. Normally, in this type of interviews a script is designed to be followed during the interview. The pattern can from be, for example, from the most generic to the most specific questions. The idea is to try to feel the interviewed comfortable in order to open his mind and be more confident and explaining in a more detailed way. Thanks to this calm environment unplanned conclusions can come. But in this specific case plays in against one of the most important factors for interviews: the language. The fact of having Spanish and Catalan as a mother language and therefore, having only a basic level of French, forced to rethink the concept of these in-depth interviews. If it were not taken into account the language problem we would have got lost a lot of information and a lot of incoherencies and misunderstandings could appear. The proposed solution is to conduct the interviews throughout an online platform and try to reduce the barriers. Hence, the method used is as follows:

First of all, thanks to previous knowledge about the topic and the literature research realized we could elaborate a draft of possible questions for the interview. One thing is clear from the beginning: it has to be as similar as possible to a conventional in-depth interview. Thus, the questions must be open-ended. This enables the opportunity to the interviewed to explain as much as he sees fit. Once the draft is done in French, the possible mistakes and incoherencies are corrected. When is drafted, the questions are uploaded into the online platform, in this case Google Forms[16] and tested in order to confirm that the visualization and the order are proper.

Finally, the potential respondents are contacted and informed about the unusual interview situation. If they agree to the conditions and to provide the most detailed information possible they will be able to answer the interview. There is not any stipulated number of respondents but it will be done when the saturation point is achieved. Thus, until the answers obtained are similar to each other. The only requirement for being a respondent is to be at least 16 years old and being a student, worker or have a direct relation to the city of Liège. The answers obtained through the in-depth interview will help to build the questions on the survey and to start also designing the more interesting possible target to study. The following explanations are based on the documents listed in the *Appendix 4. Interviews*.

Biographical record: is done to provide the necessary information about every respondent. Personal data is required in order to be able later to classify the respondents into similar profiles. In this case it is required: name and surname, address, e-mail, current situation (student, worker, unemployed, etc.) and they have to answer two generic questions as an overview.

Interview sample: the procedure of the interview model is the same as previously detailed. The objective of the interview is to analyze the respondents' opinion –who live, study, work in Liège- through inquiring on their tastes and preferences towards the study topic: lunch patterns. Therefore, the technique used is questions with hidden topic and the method used is planned and structured interview because it will be answered through Internet and the questions are already pre-established. "The interview is structured and in this case the questions go from the most generic to the most specific and the interview character is individual and direct" Acevedo & López (1990).

The interview form is always sent in French since the mother tongue of all the respondents is this one. Thus, they can feel more comfortable answering it. In the interview, we can distinguish the information in 4 different blocks explained below:

[16] Google Forms: https://www.google.es/intl/es/forms/about/

- First block: it is the most generic one. It is composed of 6 classification questions with a personal character. The aim is to classify into profiles the different respondents according their answers. The most interesting fact here is to know their profession –students or workers- in order to start introducing the health and eating theme through questions like "Pratiquez-vous du sport?" "Aimez-vous cuisine?".
- Second block: the interview theme is already introduced but in a broad way. This block is made up of 8 questions and starts with generic questions but into the study topic previously mentioned. Questions are related to the number of meals during the day; what is de food usually eaten; healthy diet, which are the facts that prevent to eating healthy, etc. Thanks to these questions we can start building the profiles mentioned above and know if the respondents are following or at least are interested in a healthy and balanced diet.
- Third block: It is here where we start concreting more the topics. In this part all the questions are related to the lunch. The aim is to verify what habits and patterns have the Liégeoises for lunch. Thus, create a correct and truthful questionnaire. The interviewed is requested to describe how is his lunch, what food tends to eat, how many time devote to eat, if it eat at home or out, which is his favorite meal, etc. The block is composed of a total of 18 questions and it is possible to see clearly that the questions every time are more concrete. We start wondering for food in general and finishing with questions directly related to personal lunch patterns.
- Fourth block: It is the last block and is the most specific one. It is formed by a total of 5 questions. These are the most interesting ones because are related to the ideal lunch establishment for every respondent. Which would be the principal characteristics of these establishments, which would be the menu, the price –that is not the same price for eating *sur place* and *pour emporter*- and which would be the additional services. Thanks to these questions, we can glimpse if Liégeoises would feel attracted to the concept purposed on the study and if they would accept Nostrum as one of the main establishments bearing in mind for going to eat lunch.

Once explained the interview blocks and questions and their why, we can expose the principal conclusions that have been obtained. The results can be found in the *Appendix 4. Interviews*:

Overall, 12 interviews were realized. Of these 12; 3 are men (25%) and 9 (75%) are women. The ages of the respondents range between 21 and 63 years old and we can consider that the age on average of the interviewers is 30.5 years old. As described below, all the respondents are directly related to Liège, whether for education, work or place of residence. We can consider that the sample is based on 41.67% students, 41.67% workers, 8.33% unemployed and 8.33% are homme/femme au foyer.

Table 11. In-depth interview respondents' information.

Respondents	Age	Code Postal	Actual Situation	Institution
GHILAIN Elsa	24	4020	Sans emploi	HEC Liège
BREVERY Célia	23	4000	Étudiant	HEC Liège
BAUGNIET Aline	31	4020	Travailleur	École de Wandre
LÈCLERE Louise	24	4000	Étudiant	ULg
GILLET Anne	36	4020	Travailleur	HEC Liège
MARLIÈRE Sarah	23	4910	Étudiant	HEC Liège
HARDY Marc	63	4020	Travailleur	Indépendant
BOU Thierry	21	4020	Étudiant	Université de Liège
BLOCH Marc	28	4031	Travailleur	Université de Liège
LAVERDEUR Sophie	32	4000	Femme au foyer	-
HOFFELINCK Sophie	36	4000	Travailleur	Interventus
HARDY Lolita	25	4020	Étudiant	Uli

Source: own elaborated

In order to start treating the information it is convenient to divide the answers per groups of age in order to start designing standards of behavior among people with similar age.

GROUP 1. 20-29 years old: they all coincide saying that eating healthy is "very important". They think that a good and balanced diet has to be present every day because if not is easier to be prone to diseases or overweight problems. Regarding the meals, a 29% of them is used to eat at home during the working days whereas the 71% remaining eats the lunch out –office, university or sur place-. Within this last group, 60% of them brings their food from home while the rest (40%) is buying their food in the university/office cafeteria or in nearby establishments. Concerning the practice of sport, the 71% is active and their principal goals are losing weight, consumption of energy and as says the proverb "un esprit sain dans un corps sain". The remaining 29% practice sport too but they are not enjoying. They have a lack of motivation, perseverance and effort. All of them affirms that –like it or not- practice sport; mainly they go running but also bodybuilding exercises, Zumba, swimming, etc. They also agree that they are keen on cooking and even if they have enough time they like cooking elaborated meals.

Regarding the food habits, their answers are very similar too. All of them eat a total of 3 meals plus eventual snacks. The 57% believe that Lunch is the most important meal of the day, followed by dinner with a 29% and breakfast with a 14%. As said above, eating healthy for them it is important but not always possible. The main obstacles are the lack of time, the outings with friends, eating between meals and money.

Most of the young people complain about the short time to eating lunch and sometimes it is difficult to prepare elaborated healthy meals. Therefore, the idea of buying prepared and economic dishes is a very attractive and common. The rest of people, try to eat a warm, complete and varied meal. The respondents tell us that they use to eat mainly Sandwiches but also pasta, rice, meat, vegetables, etc. and they tend to eat around noon and 12.30h during the week and between 13 and 14h on weekends. Mainly during the week, their schedules tend to change the lunchtime in some concrete days due to lessons. Turning to the question of bringing the food from home or buying it, they say that if they are in a hurry, if they are going to eat with friends or if they are slothful they use to buy the food. However, if they live near their faculty, office or they have enough time they tend to bring the lunch from home or even they go to eat at home. Evidently, if they eat out, it is more complicated to follow a healthy diet due to the small range of healthy cheap food. They also explained that students use to eat with friends whereas the one that is a worker have to eat alone because of the schedule. During lunchtime, all of them prefer sitting and eating inside the establishment, even if they do not have a lot of time. Assuming that in the establishment there is no place for eating, they prefer to eat in the university or office; never while walking. They told us that they are going at maximum once per week into a fast food establishment, even there are some of them that never go into this kind of establishments. They consider sandwich as the best meal if they have to eat out because according to them it is quick, cheap and varied. In spite of Chinese food, salads or pasta *pour emporter* are also considered. When asked about the establishments that they use to go for lunch they don't have any preference but we can highlight: Exki, City Sushi, Messieurs or The Soup. In addition, they do not have a favorite establishment either, they prefer keeping changing.

Concerning the ideal establishment, they explain to us that it would have to have a zone with tables in order to be able to eat *sur place*, a good quality/price relation, and fast service with a wide range of healthy and balanced food. They emphasize that the price would have to be adapted to the student pockets and would be around 3 and 8€. Finally, it would have to have additional services as the possibility to order *pour emporter*, cooking workshops and coffee to go.

GROUP 2. 30-65 years old: in this group 4 of them are employed and the person that remains is a *femme du foyer*. All of them coincide that a healthy and balance diet is "important" for our lives but at the same time it is difficult to follow it due to working. The 40% of the sample affirms that they do not practice sport; mostly for the lack of time. The rest (60%) practice sport to relax and to keep fit. Most of the time they are going running or cycling. In addition, all of them coincide with the fact of being keen on cooking if they have enough time. Concerning the eating habits, all of them eats 3 meals a day on average and it use to be varied: a consistent breakfast, something quick if they are working and a warm and light meal for dinner. They all think that it is very important to eat fruits, vegetables and legumes. Therefore, it is basic for their diet. When they are asked about which meal is more important for them each one have their own opinion but they all agree on the fact that eating lunch good sometimes is difficult due to schedules and work. They also consider that it is not easy to follow a healthy diet because there are some factors that play against it; for example the lack of time, motivation, temptations or the desire to eat fast food. When we ask them to describe their lunch they do it as follows: "balanced, fast and simple" composed principally of bread, sausages, pasta, meat and fish, soups, chicken, fruits and vegetables. During the week they normally eat lunch around 12.30-13.30h and work does not interfere with their routine thus, it is not necessary to change the habits. On the weekend, they use to eat later, between 13 and 14h and all of them eat at home. If during the week they can eat out they last around 1 hour eating and the respondents who eats out during the week represents the 80% while the 20% remaining who eats at home. If they have to eat out, all of them buy it somewhere; there is no one who is bringing the meal from home. Also, 50% of the respondents try to eat a healthy meal while the other half does not care about it. No one goes to have lunch alone, which means that they tend to eat with the family, couple or friends. In order to change of scene they prefer eating inside the establishment and if there is no space they buy the lunch for take away and go to eat in the squares, especially when the weather is good. Any of them likes to eat while they are walking either. They also consider as not usual to go eating in fast food restaurants. The principal difference that we see between the workers in this group and the housewife is that she has much time to prepare meals and is directly affected on healthy eating habits while the others have a limited time to eat and some of them had to adapt their habits to the job. Also the time intended to do sport.

Regarding to the ideal lunch meal, most of them answer the Sandwich because it is "facile à manger, varié, simple et équilibré". The first establishments that first come into their minds are basically: *friteries*, sandwicheries, Exki, McDonald's or Brasserie Sauvenière. Lastly, we ask them for their ideal establishment; they consider that it has to be agreeable and a comfortable environment for eating calmly, nearby and varied; accessibly for the children, not too expensive and with a reasonable quality. Thus, the Menu has to be varied and balanced with the possibility of eating vegetarian. Concerning the price, we can distinguish two different lines of opinions: the youngest respondents' beliefs that as cheaper as better (around 10€ as much) and the oldest ones consider that between 10 and 20€ it would be correct. Finally, they consider that the establishment has to have a zone for eating but also have the possibility to take away the meals. They are also interested in arranging a zone for children.

Once the differentiation per ages is done and we have analyzed the each profile with similar opinions, we can extract some general conclusions:

- The youngest respondents –components of the first group- give a higher importance of eating healthy. We see a clear awareness and rising tendency of eating vegetarian food. The members of the second group also consider important eating healthy but they have more impediments due to their schedules and available time.
- Both groups practice sport. However, the most significant difference is that the members of the second group have an important lack of motivation. Meanwhile,

the youngest respondents do it for pleasure and many of them actively participate in sports by swimming, dancing, etc. All of them confirm that they are often going running and cycling.

- Concerning the principal factors that prevent from following a healthy diet is the lack of time, the temptations of eating between hours and the outgoings with friends.
- All of them eat around 12 and 13.30h during the week. Worker have a more marked routine since the schedule does not change meanwhile, the lunchtime for students is affected sometimes because of the lessons schedule.
- There are more respondents who eat out during the week. The members of the first group tend to go mainly to sandwicheries because of the low price and variety; also they prefer eating *sur place* or ordering *pour emporter* if they want to eat in the University. Regarding the members of the second group, we can find some people who prefer eating in 'fast establishments' –as sandwicheries- but also, if it is possible, going to eat in restaurants –sur place-.
- The fact of eating out obliges us to change the diet because the main factor is to eat cheap, varied and as fast as possible. The members of the first group usually destine around 30 minutes for lunch while the members of the second group destine 1 hour. Hence, both groups consider that Sandwich fits well to their lunch habits during the working days.
- Both groups try to not to go more than one time per week in fast food establishments.
- Concerning the ideal establishment, all of them coincide that there would be interesting to be able to eat *sur place* in a cozy zone; also have the possibility to order the meal *pour emporter*. The establishment would have to have a calmed environment with an agreeable staff. Regarding the Menu, it has to be varied, balanced, with a good quality/price relation and an available option for vegetarian people. The price must be coherent and reasonable: around 10€ for the menu.

Apart from interviewing potential customers, it was interesting to spoke in an informal way with different people in charge of Nostrum establishments in order to contrast opinions about the franchise, their experience, etc. We can classify it as Expert interviews.

The interview, as we see in the table below, is based on informal conversations. Thus, not structured and direct with an informative character in different Nostrum establishments placed in Reus and Tarragona (Spain) and the other in Aix-Les Milles (Aix-en-Provence) in France.

Table 12. Overview of interviews and data collection method

Respondents	Charge	Type	Length
Mercè Solana	Owner of Nostrum Reus	Face to face	20 min.
Xavier Dalmau	Owner of Nostrum Tarragona	Face to face	20 min.
Marc-Frederic Bitoun	Manager in Nostrum Aix-Les Milles	Skype	20 min.

Source: Own elaborated

Thanks to the proximity factor, the interview to Nostrum Reus and Nostrum Tarragona was face to face with an approximately 20 minutes of duration. They were carried out in Catalan and without following any script because the aim was to let the interviewed talk about the topics according their own criterion and emphasizing what they think is more interesting.

Concerning the interview with the Manager of Nostrum Aix-Les Milles, the procedure was a little bit different. In this case a script was previously prepared in order to not forget any important point. It was prepared it in French because it was the language during the interview through Skype. It had a duration of 20 minutes approximately.

Thanks to these conversations with the different Nostrum representatives, we can distinguish several important information and characteristics to bear in mind described as follows:

Nostrum Reus: the establishment is located in one of the main and central streets in the city of Reus. The owner explained to us that at the beginning the people did not know very well the concept of Nostrum but little by little people started to trust and like the idea and started to consume on it. They considered the idea as convenient and with a reasonable price. The idea of not cooking and not waste time was very attractive and nowadays Nostrum Reus is full of people every midday. She also explained to us that in this case there is not a much defined *target* but it is easy to distinguish workers during its pause for eating. She said that they prefer eating to her establishment in order to prepare every day the meal at home.

Nostrum Tarragona: even the proximity between the previous city with Tarragona we can notice some differences and we can relate it to the location of the establishments. In this case, Nostrum is located near the Rovira I Virgili University (Tarragona) and therefore, most of the clients are students. The owner told us that since the beginning the customer profile was young people, mainly students of the university. The opening of the establishment was perfect for them because Nostrum products are varied, with good quality and cheap. In addition, most of them come from other regions and have to live alone and sometimes is difficult eating well as if their mother or grandmother were cooking. Thus, this was a good solution for them and nowadays still full of students during noontime for eating *sur place* or *pour emporter*.

Nostrum Aix-Les Milles: it was opened a short while ago (November 2015) and from the first moment the opening had been positive. Mainly adults or workers are frequenting the establishment because according to the owner it fits better eating during the week at Nostrum (around 15€/week) instead of preparing and bringing the food from home. He also explained to us that he did a powerful promotion campaign across Social Networks and also through traditional methods (distributing brochures). He is very motivated and happy with how the things are going in his establishment; and he also told us that this is only the beginning and the future perspective looks so good too. "*For notice that Nostrum is running great is only necessary to enter in the Facebook page and read the comments that customers write, all are happy!*". His implication is considerable and it gives an added value to the business He also launched additional services as a delivery service, possibility of ordering online or even the creation of a different Menu every day.

All in all, they explain us that their experience with Nostrum is very positive and they have some ideas to develop in the future, as the delivery service. In the case of France, the positivism and the passion are reflected in the recent number of new Nostrum establishments opening.

3.3.2.2 Quantitative research

"Quantitative research methods, seek to quantify the data and typically apply some statistical analysis. They put heavy emphasize on using formalized standard questions and predetermined response options in questionnaires or surveys administered to a large number of respondents". Quantitative research designs are come directly related to descriptive and causal designs. "The main objective is to provide specific facts which can help decision maker take an informed decision. Furthermore, it provides insights relating to relationships between phenomena." (Shukla, 2008: 30)

In this case, it has been desirable to use two Descriptive techniques as mentioned below: Observation and Survey.

A. *Descriptive research*

OBSERVATION

"In observation studies, the researcher observes the behavior of consumers in real-life settings" (Shukla, 2008). "The observation studies are extremely useful in collecting behavioral data as oppose to attitudinal data. This technique allows marketers to collect data on what people actually do, rather than what they say they will do" (Underhill, 2004).

This study is based on observation in order to find out and understand the lunch habits of the Liégeoises. It is based on observation from a fixed point since the objective is not interfering with the behavior of the people. Thus, the method of observation used is: directness of approach and disguised observation[17]. This exercise will help us by providing evidence to design the right questions of the survey so in this way we are able to delimit well the characteristics of the sample and finish profiling the questions that have to appear on it.

The study has been carried out in one of the most centric and crowded points in the city of Liège: Place de la Cathédrale. Also, it is one of the streets that there is more gastronomic offer as cafeterias, bars, friteries, sandwicheries, restaurants and even Chinese food. Therefore, from this point is relatively easy to observe what people are consuming.

The observation was focused on observing two of the principal establishments that might be competence (because of the location and gastronomic offer) of Nostrum

[17] Disguised observation: the respondent is unaware that s/he is being observed. The reason for disguised observation is that respondents tend to behave differently when they know they are being observed.

besides observing the behavior of the wayfarers on the street. The study took place two hours per day in three different days in order to be more realistic.

Hence, the elected days were: Monday (18/04/2016), Wednesday (20/04/2016) and Friday (22/04/2016) during the lunchtime, from 12 to 14h. In order to be able to observe as maximum as possible the observation was divided as follows:

- 18/04/2016: Pollux (12-13h), Exki (13-14h) and Street (12-14h)
- 20/04/2016: Exki (12-13h), Pollux (13-14h) and Street (12-14h)
- 22/04/2016: Pollux (12-13h), Exki (13-14h) and Street (12-14h)

Concerning the methodology, data sheet was designed previously in order to fulfill during the observation (*Appendix 5. Observation*). In this template we can distinguish two principal charts because a division of ages is necessary. Thanks to the interviews we could see that the principal Nostrum customers are students and workers. Thus, in order to delimit the observation we deem advisable to separate the sample in two different groups: young people from 16 to 25 years old (mostly students) and adults aged over 25 years old since the eating patterns can be different.

The observation was done by stages of one hour each: from 12 to 13h and from 13 to 14h for establishment. Meanwhile the observation of the establishment was done a data sheet corresponding to the wayfarers was also fulfilled. Thus, the observer had to fulfill the data sheet with the number of customers served, the type of meal, the time on average of the service and the price on average of the order; for each buyer (if the observation was in the establishment) or customer (if the observation was in the Street) was marked with a stick into the correct chart of the data sheet. As time goes, the data sheet had been adapted in order to make it more functional.

Pollux: they sell two main products: waffles and sandwich (with a wide range of *crudités*). In this way, on the data sheet only these two boxes have been used. For each client it has been taken into account the order type: *pour emporter* or to *consume sur place* as well as the time and price on average of the order. Furthermore, the drink orders had been considered too.

Exki: the procedure in this establishment is a little bit different because it is difficult to observe all the parts of the shop from the outside. Thus, it was difficult to guess what was ordered for each customer also because there are a wide range of products to choose. Therefore, the differentiation was made by ages and by type of order; and also the time and expense on average per order.

Street: in this case the form is adapted. Here the boxes 'pour emporter', 'sur place' and time/price on average are unable. The procedure in this case is much simple: we only take into account the type of meal that the wayfarer is eating and if it is prepared at home or bought.

Once the methodology is explained, we can exhibit the results per day and per hour observed ending with generic conclusions and habits extracted from the observation. We also can find detailed information about the results and the related tables and graphics attached in the *Appendix 5. Observation*.

18/04/2016

Pollux (12-13h): the group includes both groups mentioned before. Regarding the first group (16-25 years old) we can see in general that customers asked more sandwiches than waffles. All the orders were to take away so, there was no one who preferred to eat *sur place*. The time on average per order is lower, around 5 minutes from starting the queue till the order is delivered. We have to bear in mind that the time on average may change depending on whether it is the case of a peak time or not. Any order contained beverage. Thus, bearing in mind the price table of the establishment, the expense on average was 3.9€ per order (*pour emporter*).

During this period of time, we observed some people belonging to the second group (>25) who is staying at the establishment for lunch. They are only a few (6) but we have to bear in mind that Pollux has a small local with only a few tables. For the customers that prefer to take away the food we can observe that the situation is similar to above: there are a higher consumption of Sandwiches (38) than waffles (3); the expenditure is a little bit superior (5.2€/order) due to the ones that ordered a beverage too. Concerning the time on average is around 5 minutes each –depending on the hour of the order and the number of staff working-. The time and the expense on average of the people who prefer having lunch in the establishment are a little bit higher, around 15 min/order and 7.9€/order. Some orders also include beverage or/and coffee.

In general, as we can see in the Figure 12, the young people eat more waffles than the second group of the sample. Concerning the sandwich, both groups consume a similar number but it is convenient to emphasize the increasing number of workers (i.e. Hairdressers) observed entering in the establishment and ordering sandwiches *pour emporter* and to be eaten at the work place. About the expense, we can deduce that is higher in the second group. It may be related to the income. During this hour, there have been a total of 86 annotations concerning the orders of both groups.

Exki (13-14h): during this hour there are a small number of the first group components (16-25 years old) since the majority finishes school/university earlier. But the ones that we can see entering in Exki buy a sandwich instead of buying the whole menu (dish/sandwich, beverage and dessert). However, there are 18 people who ordered *pour emporter* and 7 *sur* place corresponding to the oldest people from the first group.

Concerning the other group (>25), a sample of 41 persons (as seen in Table 17) ordered the lunch *pour emporter* and most of them in Menu format. The rest (77 persons) ate *sur place*. Regarding the order time *pour emporter* is between 10-15 minutes on average. It is higher than in Pollux because in Exki you have to choose your meal and also you have more variety. The people who eat in the establishment they last longer than in Pollux. In this case, 30 minutes on average. The expenditure on average is around 5€/order and 8.5€/order depending if it is a sandwich or a whole menu.

An important number of people who take the food *pour emporter* –probably at the office- are seen in this hour too. Thus, there is a clear prevalence of the second group (>25 years old). The members of the first group (16-25 years old) present during this period of time use to be university students or master students. This information is seen in Graphic 2 of the Annex mentioned above. Also, for the way that Exki customers dress we can guess that they are from an upper-middle social class. In addition, we can see that this group prefers eating within the establishment. The graphic also reflects the little affluence of first group members (16-25 years old) mostly is *pour emporter*.

Street: between 12 and 13h young people are more present in the street. They are easy to identify because of the way of dress or their complements (bag, computer, etc.). There are an important number that eats while they eat or sitting at the square while taking benefit from the good weather. It is difficult to establish a standard meal or a profile about their lunch because it is very varied: sandwich –the majority-, Chinese, kebab, salad, etc. The people who bought the lunch are almost always *pour emporter* although there are some cases –related with the youngest ones- that bring the meal from home. This can be directly related to the low level of income of this group. We also can notice that the oldest people from the first group, with a higher income, tend to go to Exki.

Regarding the second group (>25 years old), we can see that no one brigs the lunch from home. Thus, they have bought it in some nearby establishment. Most of them also eat a sandwich and in some occasions they buy a drink too. During this first hour we can see an abundance of students, mainly from the university. As stated before, there are several people who prefer to buy their lunch and eat it outdoors. This group destines approximately 10-15 minutes on average for eating but we also can find people who are eating while walks.

Between 13 and 14h, there was also a major presence of the group from 16 to 25 years old, especially during the first half hour. This might be due to the fact that components of the second group (>25) use to go eating in establishments or at the office. In relation to the meal composition, sandwich is the most favorite food again in both groups as is shown in Figure 14. It is necessary to emphasize the presence of Chinese food among young people. Hence, we can also underline the strong presence of food *pour emporter*.

20/04/2016

Exki (12-13h): during the first hour, we can notice different results from the ones obtained the first day of observation owed probably because it is another time range. In this case, we can underline that the first group (16-25 years old) prefer to buy *pour emporter*. Regarding the second group (>25), they are the principal customers of Exki and they are more or less the same people who order *pour emporter* and *sur place*. Here, the time of being served and the total expenditure on average is the same as the first day of observation. As we can see in Table 19, during this hour a total of 125 orders were served.

Pollux (13-14h): the most significant difference with the first observation in Pollux is that between 13-14h the number of consumers served grew to reach the total of 90, as seen in Table 20. Over the three days of observation, this is the one that has the highest customer peak. Figure 16 also allow us to see that the number of clients served is similar in both groups of ages. Sandwich is again the food most consumed but in this case it is normal due to Pollux is a *Sandwicherie*; the second group consumes more this meal than the first one. Concerning the time and the expenditure on average it is also the same.

Street: during the first hour of observation we can emphasize that there are more people from the first group (16-25 years old) than from the second one (<25) on the street as well as the number of sandwiches, *frites* and pasta is also superior in the first group. Regarding the second group, the consumption of waffles is higher (5 persons) in comparison with the first group as we can see in Table 21. We can observe again that in the first group are more people who decide to bring the lunch from home to eat in the street, in squares for example always accompanied by friends. All in all, street is again plenty of young people during this hour.

Concerning the second hour of observation (between 13 and 14h) the situation is similar to the previous one. We can notice more people belonging to the first group (16-25) specially eating sandwich in spite of the small difference with the second group of who eats it; 27 and 23 people eating sandwich respectively. We have to take into account the 2 persons –one from each group- observed who brought the food from home too.

Lastly, within the two hours of observation thanks to Table 21 we can notice more affluence from people of the second group than in the first one, 72 and 50 people respectively. We can guess that this fact is due to young people use to order *pour emporter*. Also, Figure 17 shows us that sandwich is again the category par excellence.

22/04/2016

Pollux (12-13h): during this hour we can notice more people corresponding to the second group and both groups have similar pattern. People buy more sandwiches than waffles as we can see in Table 22 and Figure 18. At noon, the street and the establishment are quite empty but little by little starts to fill up mainly of students. This fact is due to most of the students finish class at 12h. The moment of maxim attendance in Pollux is around 12.30h and even the queue goes out to the street. After 12.30h, the number of students decreases and the number of members of the second group increase. Within this group, there are 10 persons who prefer eating at the establishment some of them buys also a beverage. Thus, we can conclude that if someone orders a drink is because s/he have the intention of eating *sur place*. It is interesting to underline that young people are always with a group of friends or the couple. Regarding the time and expenditure on average we continue with the same numbers since it is an approximation.

Exki (13-14h): the peak of affluence here is at 12.30h and is made mainly by members of the second group. In this establishment the time and expenditure on average remains the same because it is an approximation too. Overall, the total of people served is 153 where 98 of them prefer eating *sur place* maybe because it is a Friday –almost weekend- and people feel the desire of going and eating out.

Street: like the two last days of observation, during the first hour (12-13h) there is a clear predominance of the first group members (16-25 years old) and especially eating sandwich. We find a remarkable number of people who is eating Chinese food, Snacks and kebab. During this hour we can see some young people within the second group (>25) who prefers bringing the food from home and eat it outdoors. Usually, we can notice people around 25 years old or more in Place de la Cathédrale eating with their friends and enjoying the good weather as far as possible.

During the second hour (13-14h) we observed 57 persons within the first group and 27 within the second one who bought the lunch *pour emporter*. It is also interesting to emphasize –apart from Sandwiches- the growing presence of pizza (5), Chinese (4) and Snacks (3). At 13h is when we start seeing people wearing uniform (workers) and after 13.30h the street starts being empty of people eating. We could notice the low number of people eating from Fast Food establishments (as McDonald's or Quick). It might be because of the long distance of these establishments with the place of observation.

General Conclusions

- After three days of observation, we counted a total of 259 customers in Pollux, whereof 207 ordered Sandwich and 52 Waffle. In addition, the principal group of consumers was the second one (>25) with 141 customers followed by the first one (16-25) with 118 customers. This information is detailed in Table 25 and Figure 21.
- Concerning the case of Exki, the total customers counted is 421 persons whereof 233 consumed *sur place* and 188 *pour emporter*. Here, there are again more adults (>25) consuming from Exki (322 people) while the rest, 99 persons corresponds to the first group (16-25). This fact is due to that Exki have a little bit higher prices than other similar establishments. We can see the whole information attached in Table 26 and Figure 22).
- Regarding the time on average among Pollux and Exki, we can affirm that clients stay longer eating in Exki than in Pollux (15min of difference). In the case of *pour emproter* the situation is the same; customers stay longer (5 minutes more) in Exki due to the wide range of available food to choose.

- Concerning the people who are crossing and eating in the Street, we can see that Sandwich is the lunch par excellence with 234 observations done followed by Others (59), Frites (38) and Chinese (34) as we can see in Table 27. A clear prevalence of people from 16 to 25 years old is seen eating while walking due the possibility of buying their lunch in establishments near the High School or University. Also there are an important group of people that prefer preparing the lunch at home. We can conclude saying that there are two principal patterns: the ones who are eating while walking and the ones who prefer eating outdoors but sitting somewhere. They tend to be young people who prefer saving money by bringing the food from home or buying a cheap meal.
- We can emphasize that most of the young people have lunch together with friends, couple, etc. As they become older they prefer eating alone, with the family or the work colleagues.
- Concerning the wayfarers, we could observe an important number of meals bought in other type of establishments as *Friteries*, Chinese, Pasta *pour emporter*, Snacks, food from home, fruit, salad or even kebab.
- We observed an important affluence peak between 12.30h and 13.30h in general. Concerning the group 16-25 years old this peak is during 12-12.30h and from 12.30h to 13h we start seeing workers; we can recognize them because of the uniform or suit.
- Most of the workers of commercial establishments order Sandwich (Pollux) or menu (Exki) *pour emporter* and they use to eat it in the shop/office.
- We have to underline the poor presence of people between 45-50 years old or more. Thus, we have to keep it in mind in order to delimit the sample of the survey. This sample, to make it as representative as possible would have to include the ages from 16 to 45 years old.
- Liégeoises loves to eat outdoors when the weather is favorable. Thus, when it is possible they go to sit and eat in Place de la Cathédrale.
- Only a few group of population buy a drink with their order and the number of beverages is higher if the order is for eating in the establishment. Also, most of them use to order dessert and coffee too.
- A total of 1088 annotations had been held during the 6h within three days of observation, as we can see in Table 28 and Figure 24. The best day for Pollux was the 20^{th} April and for Exki the 22th April. Thus, we have to bear in mind that the

three days the number of orders served is similar same as occurs in the Street observations. Concerning the division per days, we can see that on Friday (22th April) is when the number of people observed is higher.

- Finally, thanks to the observation we are able to design some different establishment **profiles** according the responses obtained:

Pollux: middle-aged man/woman, student or employee in a commercial establishment that desires to eat a Sandwich due to is a meal easy and fast to consume if you are in a hurry or you do not have much time to eat. Thus, it is ordered mostly *pour emporter*. Usually the order is composed of a single sandwich/waffle and rarely a drink as well. The time per order is 5 minutes *pour emporter* or 15 minutes *sur place* on average for both groups of ages. Therefore, the expenditure per order is around 4€ for the group of 16-25 years old (pour emporter) and 5€ on average for the group of more than 25 years old due to the ordered sandwiches use to be more elaborated. The ones who prefer eating at the establishment the expenditure on average is 8€ per order.

Exki: the profile is a little bit different. Most of them are men/woman of adult age that work and therefore have income. Also there are some master students that go to eat occasionally. The number of *pour emporter* and *sur place* orders is similar. Older people tend to eat in the establishment while younger people might prefer order to take away and go to eat outdoors when the weather is good. This fact is directly related with the time per order. The orders *pour emporter* last 10 minutes on average and the ones *sur place* around 30 minutes. It is convenient to emphasize that the time is higher than Sandwicheries because in this case there are a wide range of products to select and people assign much time deciding. Regarding the price, it is around 5€ (pour emporter) and 8.5€ on average (sur place) since the menu is much complete (main dish, dessert, drink, coffee).

Street: this is the easiest group to identify. We might say that the youngest people are included in this profile as we can see in both observation periods but mainly between 12-13h. This might occur because is when they finish classes and they have to go home. Most of them buy the lunch near the school and in order to use the time are eating while walking always surrounded by a group of friends. The older-young people (mostly degree-master students) instead of walking and eating prefer sitting in an outdoor place as Squares for eating; this group uses to buy the food *pour emporter*.

SURVEY

Thanks to the conducted literature research, in-depth interviews and to experts and finally the observation we can start designing the survey questionnaire.

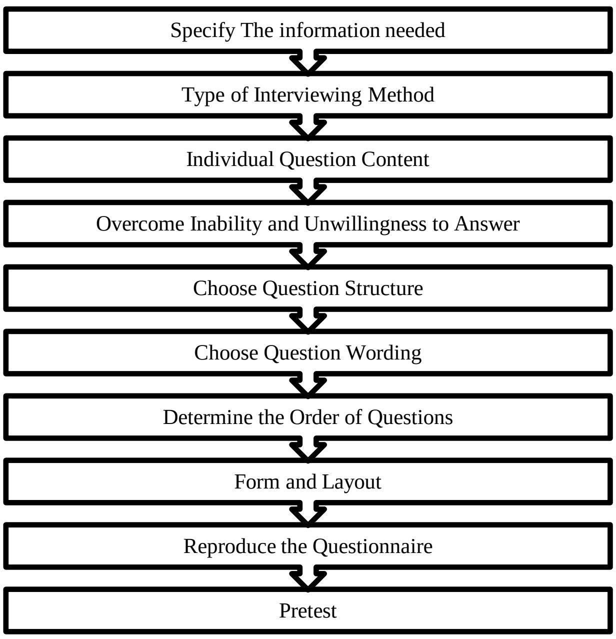
In this Chapter a questionnaire design and the sampling will be detailed in order to be able to conduct the survey and in this way be capable to collect and prepare the data in order to prepare the Report with the main conclusions per question and the principal characteristics of each segment.

1. Questionnaire design

"A questionnaire is a set of formalized questions in order to obtain information of the respondents. Any questionnaire has three specific objectives: transfer the information needed in a set of specific questions that the respondents could answer, motivating and encouraging questionnaire in order to obtain a major response and a questionnaire must minimize the response error" (Malhotra, 2007, 300).

The following explanations are based on the final Questionnaire Sample enclosed in Appendix 6. Survey Sample. The questionnaire design procedure can be divided into 10 steps, as shown below:

Figure 9. Questionnaire Design Checklist



Source: own elaborated. Retrieved from Malhotra (2007).

Specify the information needed: through the questionnaire we have to know the healthy lunch habits of Liégeoises in order to know if they are interested in the 'Healthy Fat Food' business concept of Nostrum. Thus, knowing how would be the ideal establishment in order to go to have lunch during working days.

Type of interviewing method: is about a questionnaire through internet. In this case it was launched with Google Forms platform. Thanks to online questionnaires it easy to add concrete patrons or even shuffle questions in order to eliminate order bias. For this questionnaire shuffle questions weren't necessary due to the delimited structure of the questionnaire –that requires order-.

Overcome Inability and Unwillingness to answer: we have to consider that in some cases questions are answered by respondents about a concrete topic but they are not informed enough. We have to try to avoid it through question that the respondents can remember. The inability to answer can bring omission, abbreviation and creation errors. In addition, the respondents can also deny striving for giving information. Thus, we have to minimize the effort required.

In this case questions do not require excessive memory –as the case of Q13 and Q19-. In addition, in order to not make an effort most of the responses asked are in a tick box as seen in Q8. The sensitive topic are disposed at the end of the questionnaire because the initial mistrust is gone and overpassed, gaining empathy.

Choose Question structure: in the questionnaire it has been used non-structured or free response questions. Thus, the respondents can answer using their own words and opinions as we can see in Q26 and Q29. We also can find structured responses where the set of answers is specified, it is only need it to choose the one that fits better. This type of responses can be:

- Multiple choice: where the respondent has to choose one or more given alternatives and they can be mutually exclusive. If in the same questionnaire there is more than one question of this type, is convenient to use always the same scale for not creating confusion. Example: Q12.
- Dichotomous: the question has two alternative responses: 'yes' or 'no'; 'agree' 'disagree', etc. A good example can be Q15.

- Scale: in this case it is been used Likert scale within classification per item scale. This scale has normally between 5 and 9 categories and is balanced with an equal number of favorable and unfavorable answers plus the neutral or impartial one. It is convenient to remember each number value with a brief explanation below the question statement. We can find Likert in Q7, Q7, Q20, 23, Q28 and Q30.

Choose question Wording: respondents have to comprehend clearly and simply the survey questions. When formulating questions, common words, avoiding ambiguity, avoiding the use of positive or negative statements, generalization, etc. have to be in consideration. This point had been one of the most difficult in this Chapter because French is not the mother tongue and therefore it is easy to make mistakes.

Determine the order of the questions: the questionnaire must have a specific order. In this case, it has been easy to take care of the design and functionality due to it is an online survey through a platform. It has been used the funnel approach, thus it is a strategy that go from the general to the specific. The order of questions used is logic and differentiated with different question blocs with a brief explanation in each transition before starting. This is used in order to help respondents when they have to change their train of thought. We can find three types of questions:

- Identification questions: where the information asked is basic about the respondent (sex, age, professional situation and postal code): Q1-Q4.
- Information questions: the different questions within the different blocs. All related to the questionnaire aim. Q5-Q29.
- Classification questions: related to the respondent as well: Q30-Q33.

Form and Layout: the question format, spacing and location can have a significant effect on the results. Thus, the questionnaire has different blocs as we mentioned before:

I. Presentation. Survey intentions are disposed through a brief explanation.
II. Identification questions will help us to distinguish different response profiles (Q1-Q4).
III. Food patterns: the questions in this bloc are related to the food patterns in general (Q5-Q8).

IV. Lunch patterns-working days: questions are becoming more specific increasingly. (Q9-Q12).

V. Lunch out of home bloc: here questions are based on the supposition of where the respondent prefers to go for lunch if s/he have to eat away home (Q13-Q18). If the respondent answer in Q13 saying that s/he never goes to eat out during the working days the next question will be Q22. If s/he in Q13 responds one of the other responses will continue the standard order. Depending on the response in Q18, respondent will go in one or another block: (a) Pour emporter [Q19a-Q21a] or (b) Sur place [Q19b-Q21b]. Once finished a or b (exclusive) bloc the survey will continue in the regular order: Q22 next question.

VI. Establishment: questions are related to fast food establishments (Q22-Q24).

VII. Ideal establishment bloc: thanks questions related to ideal establishment we are able to know which aspects are considered as important as well as price, competence,…We can know how has to be an establishment if Nostrum decides go to Liège (Q25-26).

VIII. The project: characteristics (covert way) of Nostrum are provided and respondents have to give their opinion. Thanks to these questions we will notice if Liégeoises accept or not this type of concept (Q28-Q29).

IX. Classification block: actual situation, study level, income range, etc. are asked in order to complete the classification (Q30-Q33).

X. Last bloc is devoted to thanks the participation to all the respondents. The time is given all the time in other to know when the survey will be done.

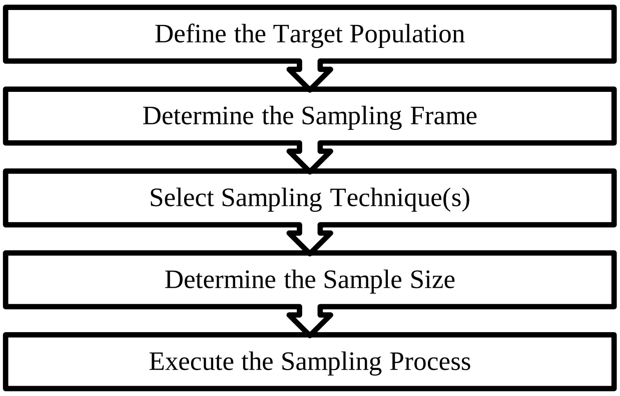
Reproduce the Questionnaire: in doing so through Google Forms, all the items related to influence respondents are given. All the questions are in bold, mandatory questions are indicated with a red asterisk, lines and boxes for multiple choice responses are distinguished, etc. In order to make it more attractive we also can add pictures or change the background color (in this case we used green and purple since the Nostrum corporate colors are these ones). The required explanations for questions are in light cursive grey. The questionnaire has to be reproduced in order to be simple to read and answer.

Pretest: a test of the questionnaire in a little sample it is necessary before launching the survey in order to identify and eliminate potential problems. This serves to ameliorate the survey, knowing the opinion of potential respondents and also for adding or remove possible ambiguous questions. This edition involves the correction of the identified problems in pilot test and once finished another test have to be done with this corrected questionnaire since it is accepted for potential respondents and therefore there are no more errors. In the ANNEX X it is disposed the definitive Sample Survey. This will be the one that respondents will fulfill.

2. Sampling

The sample is a subset of the population selected to take part in the study. The simple definition is based on 5 stages displayed below:

Figure 10. The Sampling design process



Source: Own elaborated. Retrieved from Malhotra (2007)

a. Define the Target Population

"The target population is the collection of elements or objects that possess the information sought by the researcher and about which inferences are to be made" (Malhotra, 2007: 336). Sample selection depends on the population size, its homogeneity, the sample media and its cost of use, and the degree of precision required (Salant & Dillman, 1994: 54). Salant and Dillman (1994) also observed that a prerequisite for sample selection is to define the target population as narrowly as possible (p.58). In this case it should contain the following items:

- Element: Men and women Liégeoises between 16 and 45 years old who need to go -or not- to lunch out of home during working days (Monday to Friday).
- Sampling unit: individuals
- Extent: Liège city (CP 4000, 4020, 4030, 4031 and 4032)
- Time: 1st May 2016 – 17th July (11 weeks).

b. Determine the Sampling Frame

The sampling frame is a list of all the units of the population of interest (Brace, 2013).

In this case it will be as follows: There only will be eligible men and women from Liège aged between 16 or over and 45 (included) regardless other characteristics. It is necessary to know their opinion and preferences concerning healthy lunch patterns and fast food restoration whether consumers or not during the working days.

c. Select Sampling Techniques

It was regarded since the beginning that the best Sampling Technique to use in this study was the probabilistic. Because since the beginning we wanted to treat the data obtained and extract conclusions thanks to the survey, we considered a probabilistic technique as optimal.

Hence, in this study the sampling technique used is a Simple Random Sampling within the probabilistic techniques. This technique is the most convenient since the selection is random; every individual of the population has the same probability of being chosen as part of the sample. Thus, it is easy to understand and the results are projectable.

d. Determine the sampling size

The sampling size is the number of elements that will be included in the research. It is complex and involves qualitative and quantitative factors (Malhotra, 2007, 364).

One of the qualitative factors that we have to bear in mind is the nature of the research. This case has a qualitative study approach. Thus, the sampling size uses to be small. Other qualitative factors to consider are the restriction of resources and sizes used in other similar studies.

We also have to take into account that available resources are limited in this case and as the size of the sample increases, every unit of information is obtained for a major cost. Furthermore, in order to design the sample we have also to consider the other sampling sizes used in similar studies. As indicated in Malhotra, 2007 we can consider:

Table 13. Sample sizes used in Marketing Research Studies

Type of study	**Minimum size**	**Typical range**
Concept test	200	300-500

Source: own elaboration. Retrieved from Malhotra, 2007

The sample must be "large enough to yield the desired level of precision" (Salant & Dillman, 1994: 5). We have to consider two measures of precision:

- The significance level: the amount of Type I Error[18] that the researcher will allow in the study.
- Confidence interval: "a survey sample consists of data for which a mean and variance can be calculated (Glasgow, 2005: 2-2).

Finally, we have to bear in mind another factor for the determination of the sample size: the statistical power. Statistical power is "the probability that the researcher rejects the null hypothesis given that the alternative hypothesis is true (Attewell & Rule, 1991: 302). A Type II error is said to exist. "Statistical power is determined, in part, by effect size and sample size." (Glasgow, 2005: 2-3)

e. Execute the sampling process

The sampling process execution requires a specification about how will the decisions of the sampling design be implemented regarding population, sample frame, sample unit, sample techniques and sample size.

In this case, we know that is about a finite population which the standard deviation is unknown. Thus, in order to determine the sampling size we have to use the formula based on the mean. In addition, we used an online sample calculator[19] in order to check that all the calculations are correct. All the information and data used for calculate the sample is attached in Appendix 7. Sampling. The formula for computing the sample size in a finite statistical population is the following:

$$n = \frac{\mathrm{N} * Z^2 * \mathrm{p} * \mathrm{q}}{E^2 * (\mathrm{N} - 1) + Z^2 * \mathrm{p} * \mathrm{q}}$$

[18] Type I error: occurs when the null hypothesis is rejected when it is, in fact, true.
[19] Online sample calculator: Raosoft (http://www.raosoft.com/samplesize.html)

Where:

Table 14. Data meaning of the sampling formula

Meaning	Data
N= population size	83653 inhabitants
p=q response distribution	50%
Z= Confidence level	(91% confidence level) Z=1,7
E=margin of error permitted	5%

Source: own elaborated

Given the following conditions:

$$n = \frac{83653 * 1{,}7^2 * 0{,}5 * 0{,}5}{0{,}05^2 * (83653 - 1) + 1{,}7^2 * 0{,}5 * 0{,}5}$$

Thanks to the formula development, the result n=288, should be interpreted as the minimum sample size for the research:

$$\boldsymbol{n = 288}$$

3.4 Fieldwork or Data Collection

This phase implies the primary data gathering through the questionnaire. The compilation of data in this survey was done thanks online surveys through the platform Google Forms again. The period of data collection took place from 1st May 2016 to 17th July 2016.

In order to be able to accomplish the goal of 288 responses a huge effort was necessary. We have to bear in mind that we only had a few resources available. Thus, the deployment of the questionnaire was done basically on the Internet. The principal tools used where Social Networks. Before the launching, a brief explanation was written in order to incite to click the link of the survey and answer it. Once drafted, the distribution was started in different Facebook groups and pages; also tweets where sent through Twitter in order to expand the link and also via e-mail asking to different companies, institutions and organisms from Liège. Thus, a good degree of participation was obtained thanks to the help of all those who contribute to spread the link. The participants weren't recruited before, they only had to run into the link by chance (Facebook pages, Twitter, mail, etc.) and be interested in participating. The response is meeting together in the Google Forms database and once all the data needed is available, we have to start processing the information in order to be able to tabulate them later.

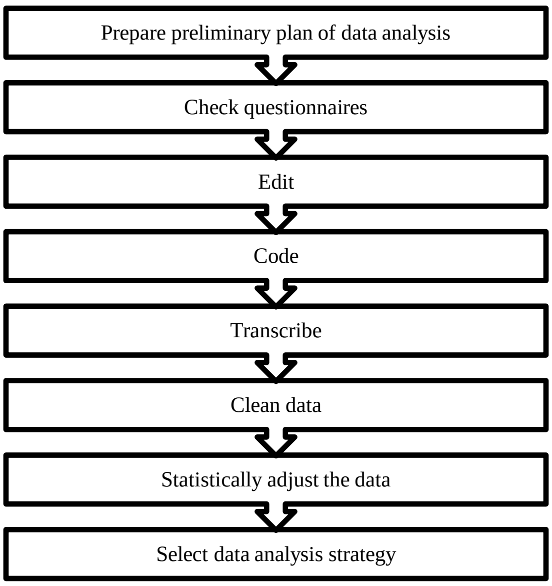
We have to remember that the possible computation of the risk of random sampling error (unavoidable). The Random sampling error is "the variation between the true mean value of the population and the true mean value for the original sample" (Malhotra & Birks, 2006: 47). In addition to sampling errors, non-sampling errors shall also be considered in the research. We can consider that the total error of a research is the both, sampling and non-sampling errors.

All in all, the total interviews collected were 300 because the probability of incorrect responses was available. Thus, at the end we obtained 300 total responses where 12 were incorrect. In this way, the final sample size was 288 as indicated in the formula.

3.5 Data Preparation and Analysis

"A proper strategy about how data shall be treated and then analyzed cannot be defined only after the data collection. Guidelines should be set in advance, in order for the research to be carried out under methodological consistency conditions" (Del Tin, M. (2013) p. 49). We can find two main component phases: Data preparation and analysis. *Data analysis* is summarized down below:

Figure 11. Data preparation process



Source: Retrieved from Malhotra, 2007: 429

The initial step is to prepare a preliminary plan and check the questionnaires in order to verify the quality of the data obtained. In this case the checking was done while a new response was available during the fieldwork phase. A verification of the questionnaires was also done in order to identify illegible, incomplete, contradictory or ambiguous answers. Also the wrong questionnaires or out of the population were rejected.

Once edited, data should be coded and transcribed. One of the aspects deserving more care is the coding of unstructured or open-ended questions. The data cleaning includes the review of the coherence of the non-response answers.

Consequently, procedures for statistically adjusting the data are needed. This adjustment includes three main activities: weighting, variable re-specification and scale transformation. Finally, the chosen strategy for analysing the data was a multivariable technique that allows analysing the variables in an independent way, as well as the relations that could exist among them. Cross tabulation and the analysis of the factor techniques are also used in this study. The software tool used to prepare and analyse data was Microsoft Excel.

We also have to bear in mind that market segmentation should be accessible. In this case it is interesting to divide the sample in two different segments: students and workers through range of ages: 16-25 and 26-46 as we introduced in the Observation study.

3.6 Report Preparation and Presentation

The main objective of the study was to know the acceptance of Liégeoises about the concept of Healthy Fast Food within Nostrum. Accordingly, the report produced is created mainly for internal use. The report can be found in the *Appendix 8. Survey Report: Habitudes du diner*. The report is divided by the different questions as the questionnaire used. There is no explanation for each result because in this way the target readers can use the data in a best way suited. Hence, for each question in the questionnaire, an introductory table will summarize the number of answers collected and percentage as well as a figure in order to represent it. As we said before, most of the information is available per groups of ages in order to differentiate the two principal segments and their preferences.

In this way, we can say that thanks to the survey launch we can draw the following conclusions:

IDENTIFICATION QUESTIONS (Q1-Q4)

Q1. The survey has a total of 300 responses. The 37% (110) correspond to *Homme* and the 63% (190) to *femme*. There were 12 responses discarded because there was a lack of information. Thus, there were 288 correct responses to analyse the different questions of the survey.

Q2 Of this total, they were a total of 44 (29%) *Homme* within the group (16-25) and 66 (71%) *Homme* within the group (26-46). About the *Femme* they were a total of 109 (45%) corresponding to the 16-25 group and a total of 81 (55%) corresponding to the 26-45 group. On the whole they were 39% people of the 16-25 group and 61% of the 26-46 group. The average age for *Homme* is 31 years, the one for *Femme* 28 years and the global: 29 years old.

Q3. The main professional situation categories: 52% of the sample are *Étudiant(e)* followed by *Employé(e)* with a 29% mainly.

Q4. If we divide the number of responses by Code Postal we can see that most of the sample are from Liège 4000 (60%) followed by 4020 (25%), 4030 (8%), 4031 (2%) and 4032 (1%). The remaining 4% were invalid.

HABITUDES ALIMENTAIRES

Q5. Most of the members of the category 16-25 (54%) eat 3 meals per day, while members from category 26-45 (46%) prefer eating 4 meals per day; generally, there are more people eating 3 meals per day (44%) but we have to consider people who eat 4 meals per day (36%) as well.

Q6. All of them think that all the meals *déjeuner, diner* and *souper* are *très importants* but they match by thinking that the most important is the *déjeuner* (54% for group 16-25; 74% for group 26-45 and 65% in total).

Q7. Both groups consider that they are “d’accord” in the affirmation “I use to eat healthy”.

Q8. The principal factors that prevent of eating healthy are *le temps* (27%), *Les tentations* (23%), *La société en general* (14%) and *Les sorties* (14%).

DÎNER PENDANT LES JOUR OUVRABLES

Q9. Most of members of group 16-25 use to eat between 12-12.15h while members of group 26-46 use to eat between 13-13.15h.

Q10. All of the respondents destine between 15 and 30 minutes for lunch. The group of 16-25 destines 32 minutes on average while members of second group 26-45 destine 31 minutes on average.

Q11. 59% of the sample considers that the job/education force to change the lunch habits while the 41% thinks the contrary.

Q12. Most of them, if they can usually eat at home (37%), also if they are workers a 13% eat in the office with a lunch bought to take away; regarding the students a 15% eat in the university but with a meal prepared at home.

MANGER DEHORS

Q13. Members of group 16-25 eats out on average *1 fois par semaine* (43%) while members of group 26-45 eats out on average *2 à 3 fois par semaine*. Overall, members of the sample eats away home *2 à 3 fois par semaine* (43%) on average.

Q14. If they have to eat away home, members of group 16-25 assign 45 minutes on average for lunch while members of group 26-45 assign 28 minutes on average for eating. The total average per lunch is 36 minutes.

Q15. When they have to eat out a 66% of the respondents try to eat healthy while the remaining 34% no.

Q16. Members of group 16-25 prefer to go lunch with friends while members of group 26-45 prefer to go with the colleagues from work.

Q17. If they have to eat out, members of group 15-25 prefers eating *sur place* (48%) while members of group 26-45 prefers eating *dans le bureau/université* (50%).

Q18. In this way, the 52% of young people (16-25) prefers eating *sur place* while a 49% of adults (26-45) prefer *pour emporter*.

POUR EMPORTER AND **SUR PLACE**

Q19. On average, respondents from both groups buy a lunch meal in a Fast Food restaurant pour emporter *one fois par semaine*. The same as the respondents who prefers eating sur place, they are going to buy the lunch in a Fast Food establishment once per week as well.

Q20. The respondents from group 16-25 who order *pour emporter* love to eat Sandwich, Pâte and Frites, in this order. While members of the group 26-45 loves to eat

Sandwich, Waffle and Salad. For the ones between 16-25 who order *sur place* order love to eat Sandwich, Pâte or going to a restaurant. Regarding respondents between 26-45 loves to eat Sandwich, Waffle and going to a restaurant mainly.

Q21. Regarding the orders *pour emporter* we can say that the budged from a member of group 16-25 destine *moins de 6€/repas* on average. Members from group 26-45 destine *11 à 15€/ repas* on average. Considering the total results, the 50% assign *moins de 6€/ repas* on average. Comparing with the orders *sur place* both members consider the same but the total results on average are *6 à 10€/ repas*.

L'ÉTABLISSEMENT

Q22. When we ask for the respondents which first Fast Food establishments do they know they answer mainly: Quick, McDonald's and Exki (in this order).

Q23. For members of group 16-25 when they have to eat in a food establishment, the main elements to take into account are: *raport qualité/prix*, *la proximité* and *vitesse de service*. While for members of group 26-45 are: *raport qualité/prix*, *une carte avec des plats originaux* and *la proximité*.

Q24. Most of them (30%) do not have *aucune préférence* concerning a favorite establishment for going to lunch. But also we can find, for example: Exki or Huggy's Bar.

ÉTABLISSEMENT IDÉAL

Q25. Concerning the main elements that have to have the ideal establishment are: *Prix, Qualité*, *Service sur table* and *proximité* for members of both groups.

Q26. Other important elements to take into account are for example: *personnel sympa*, *produits locaux*, *comande en ligne* and *hygiene*.

Q27. The price for a meal would be *6 à 10€/ repas* for both groups.

LE PROJET

Q28. After exposing the project of Nostrum, a 93% of members from group 16-25 would be interested in going to the establishment for trying a meal pour emporter or sur place. While for members of group 26-45 a 90% would be interested. Overall, the impact is very positive since the total of respondents (92%) are showing acceptance. About the ones who responded 'no' only a 1% corresponds to the group *non, certainement pas*.

Q29. They have to reply why it is interesting or not the idea. Most of them considered that the strengths are: *attrayant* (24%), *qualité/prix* (22%), *concept* (21%) and *curiosité* (19%) as principals.

CLASSIFICATION QUESTIONS

Q30. Members of group 16-25 mainly live with parents or in a kot while an 87% of members of group 26-45 live in couple.

Q31. The highest study level overcome most repeated on is *enseignement universitaire* with a 39% followed by *Licencié, master, post-graduat* with a 26% and *Enseignement secondaire general, complètement achevé* with a 16%.

Q32. Concerning the professional situation, the half of the respondents corresponds to the group *Je n'ai actuellement pas de travail rémunéré (étudiant(e), actuellement au chômage, à la retraite, femme/homme au foyer, pas de travail rémunéré pour une toute autre raison)* followed by *Je travaille actuellement à un poste salarié (à temps partiel ou à temps plein)* (36%).

Q33. 20% of the respondents have an income of *moins de 1000€/nets mois* and the 13% *entre 2751 and 3000*.

Table 15. Main segment characteristics

16-25	26-45
– 3 *repas par jour* – Most important meal: *déjeuner* – It is *important* heating healthy on habitude – *Temps*, *tentations* and *societé* main obstacles for eating healthy – Lunch time: 12-12.15h – Minutes on average (lunch): 23 – Job/Studies do not prevent of changing lunch routine – Manger dehors: 1 fois par semaine – Manger dehors: 45 min. on average – Prefer eating with friends – Prefer Manger *sur place* – *1 fois par semaine* is Fast Food *pour emporter*. The same for *sur place* – Mainly Sandwich *pour emporer* and *sur place* – Budget: *moins 6€/ repas*	– 4 *repas par jour* – Most important meal: *déjeuner* – It is *important* heating healthy on habitude – *Temps*, *tentations* and *societé* main obstacles for eating healthy – Lunch time: 13-13.15h – Minutes on average (lunch): 31 – Job/Studies do not prevent of changing lunch routine – Manger dehors: 2 à 3 fois par semaine – Manger dehors: 28 min. on average – Prefer eating with colleagues from work – Prefer Manger *pour emporter* – *1 fois par semaine* is Fast Food *pour emporter*. The same for *sur place*. – Mainly Sandwich *pour emporer* and *sur place* – Budget: *11 à 15€/ repas*

4. RECOMMENDATIONS

After analyzing the information obtained thanks to the Survey we realize that Liégeoises would accept the concept of Nostrum at least, for trying. Thus, as we said before, once the concept is accepted we have to start thinking how Nostrum have to enter in Belgium (Liège market) and which are the main characteristics in order to start building Nostrum Belgium.

A. **Entry method** (How)

The aim of Home Meal Replacement, S.A. for the next years is to become a European referent in the prepared home meal scope. Within this aim there are different strategies to adopt and one of these is "international expansion through Master franchise".

This strategy of international growth is planned around Europe in a 2500km radius from the headquarters and through Master franchise.

The Master franchised has to develop the Nostrum business concept in a determined geographical area, approximately 800 radial km from the center of production location. The elaboration of the dishes will be shared between HMR –dishes with more than 7 days of expiration date- and the Master franchised –the rest-.

As mentioned in Chapter 2, nowadays Nostrum is present above the Spanish territory and also in France, with high expectative of growing. Regarding the case of Belgium and in order to corroborate the success in this country I suggest to start in the city of Liège as a pilot test due to Liégeoises seems receptive to the idea and the concept fits perfectly. Hence, the idea would be to start the Belgian expansion in the city of Liège. The Nostrum concept can fit in the Liège market because of the lunch patterns of Belgian people stated before.

Therefore, since Spain and Belgium are countries with different characteristics is convenient to realize an adaptation of the concept in order to design a perfect business concept and to respond to Liège market needs.

B. Nostrum Belgium

In this case, the mission is the same for the entire Nostrum network but there are some aspects to be considered.

Vision: turning into a national reference in the prepared homemade food area of Belgium.

Segmentation: men and women between 16 and 45 years old, belonging to middle or upper-middle class; especially students (16-25 years old) and/or workers (26-45 years old).

Targeting: people within the segmentation who have to eat out of home and do not have time or desire cooking. Also people with these characteristics who want to eat healthy and varied away of home.

Positioning: healthy and fast food with an affordable price.

Competition: in Liège there are not any similar establishment offering Healthy Fast Food. The most similar concept is Exki (*Appendix 9. Exki profile*) but the price is much higher. Concerning the different segments consider as important for having lunch: Friteries, Sandwicheries, and Chinese. Thus, it can also be potential competitors. In this way, we can consider competitors all the establishments that offer fast food during the lunch time and that are healthy, fast and cheap. The main difference is that in Liège there are no establishments that offer the three characteristics together. For this reason Nostrum can be a great option.

Pricing: will follow the same idea as in Spain and France. The dishes can be acquired at a low price (around 6€ on average depending the type of dish). Thanks to the survey we know that Liégeoises are willing to pay around 6 and 10€/ meal. This fact can fit in the concept of Nostrum and this price can also be reduced thanks to the Loyalty card called Fan’s Club. Having this loyalty card (cost of 5€/year) the dishes can be acquired with a reduced price of 1, 2 and 3€.

We also have to bear in mind other aspects important for Liégeoises that we can extract thanks to the survey. This are the following:

16-25 years old segment: the aspects with a high value for them are the price, quality, the proximity, the concept and service pour emporter. They also consider that a sympathetic staff, presence of local products and the possibility of order online as important. Concerning the price, the 34% consider that have to be between 6 and 10€/ meal and a 33% consider that has to be less than 6€/ meal.

26-45 years old segment: the aspects with a high value for them are price, quality, proximity, service sur table and pour emporter and the service speed. They also consider as important the same aspects of the first segment plus the originality, hygiene and the option of veggie meals. 50% of them consider that the meal has to be between 6 and 10€.

5. CONCLUSIONS

Looking back at all the study, we can see that the literature research allowed us to know more about the research topic and also to know about the Nostrum Company and their concept.

In order to find out if Liégeoises accept the concept it was convenient to launch a marketing research that means, through a survey. In order to design a great questionnaire it was necessary to realize in-depth interviews and also interviews with different people related with Nostrum Spain and France in order to know the different opinions about possible consumers and also people involved in the business with real experience. It was also interesting to observe the habits of random people in Liège in order to figure out what they eat, when, where, etc. and start designing some indications to take into account in order to design the questionnaire.

Once it was done, we could start with the designing of the questions and the sample. After following all the steps in marketing research and once having a questionnaire, it was necessary to pretest the survey in order to find some possible errors. Once ready, the launching was possible. It was send it through internet mainly thanks to Social Networks and with the support of different companies and organizations.

After that, it was necessary to prepare the data in order to analyze it in order to make the Report of data obtained and thus, extract the main conclusions.

In this way, we can affirm that almost all the people from the sample (93%) are interested and they **accept** to know more about Nostrum and have the desire and curiosity to try it. After knowing that, Nostrum has to enter in this market through a **Master Franchise** and doing a Pilot Test in Liège due to they are interested. But this concept as we said has to have the ability of adaptation in Belgium. For this reason, some of the questions can be interesting to take into account in order to define a good strategy.

Finally, thanks to the survey and the observation as well we could find two different interesting targets that can be potential customers from Nostrum. This are: students and workers. Both groups have to adapt the way of eating lunch in order to combine it with the classes or the job. Most of them are eating sandwiches because it is cheap and easy to eat but not very healthy. For this reason, Nostrum can be a great option.

Nostrum not only can succeed in Liège if we take a look on all the lunch patterns in Belgium we can notice that this habit is everywhere. It would be interesting to succeed in Liège and in this way starting to be present in different Belgian cities and also become a reference for Belgians as a great place to go to eat healthy, fast and cheap for lunch. All in all, it is easy to see the potential that Nostrum has and exploiting in Belgium can be a great idea.

6. LIMITATIONS AND FUTURE ANALYSIS

The main limitation it was the language. I'm Spanish and French is not my mother tongue. Thus, my level of French is not as high as required in order to write, speak or comprehend perfectly. And in this study it was necessary to design interviews and the survey as well as their launching and interpretation.

Another limitation to highlight is the lack of resources. Usually Marketing research has a lot of tools and budget in order to be more realistic and to be more feasible. Thus, in this case the resources were very limited and as well as the area of scope. It would be amazing having the resources in order launch the marketing survey for all the Belgian territory but this was impossible. For this reason the study is based on Liège market.

This study can generate many possibilities for further research. It would be interesting to realize future analysis in this direction. The idea would be the launching of different marketing studies in different cities of Belgium as Brussels, Antwerp, Namur or Leuven in order to know if their citizens would accept the Nostrum concept as well. Thanks this further analysis we would be great for the master franchise in order to know the best cities to locate Nostrum.

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8. APPENDIX

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