DETERMINANTS OF SUCCESS FOR SELF-SERVICE LAUNDRY FRANCHISES IN SAMUT SAKHON: A STUDY OF CRITICAL FACTORS, FRANCHISOR-FRANCHISEE RELATIONSHIPS, AND RESOURCE SCARCITY THEORY

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The self-service laundry industry has witnessed significant growth and popularity, with self-service laundry franchises emerging as a lucrative investment option. This research investigates the critical success factors (CSFs) and resource scarcity theory that influence the success of self-service laundry franchises in Samut Sakhon, Thailand. The study employs a qualitative approach, conducting in-depth interviews with 25 franchisees operating in the region.

The findings reveal key CSFs that significantly impact franchise success, including strategic location selection, equipment quality and maintenance, competitive pricing, effective marketing strategies, outstanding customer service, and hygiene standards. The franchisor-franchisee relationship, characterized by mutual support, open communication, and shared values, is also found to play a crucial role in franchise performance. Moreover, resource scarcity theory influences franchisee decision-making, providing access to established brands, operational expertise, and technology. Franchisors’ resources, such as training, brand recognition, and marketing support, synergistically combine with franchisee resources to enhance overall performance.
DETERMINANTS OF SUCCESS FOR SELF-SERVICE

Keywords: self-service laundry franchises; critical success factors; resource scarcity theory

Introduction

The self-service laundry industry has experienced substantial growth and popularity in recent years, revolutionizing the way individuals and businesses manage their laundry needs. Self-service laundry franchises have emerged as an attractive investment option, offering convenience, flexibility, and cost-effectiveness to customers.

However, the success of such franchises depends on various critical factors that can significantly impact their performance and longevity.

Samut Sakhon Province is a seaside province, located in the Lower Central Region of Thailand, and close proximity to Bangkok, covering an area of 872.347 km² (Samut Sakhon Provincial Office, 2021). As of August 31, 2021, the province's population, according to the Civil Register of Samut Sakhon Province, stands at 585,685 people (Samut Sakhon Provincial Office, 2021).

The province serves as the center of the manufacturing industry, experiencing a steady increase in investments annually (Vanpetch & Sattayathamrongthian, 2022). The province houses a considerable number of Thai and foreign laborers, leading to notable growth in consumer-related businesses as a result of labor migration.

This research aims to delve into the critical success factors (CSFs) that play a pivotal role in determining the success of self-service laundry franchises in the context of Samut Sakhon. By conducting in-depth interviews with franchisees operating in the region, we seek to gain valuable insights into the key elements that contribute to their achievements and challenges. Understanding these factors can provide crucial knowledge to both existing franchisees and potential investors, enabling them to make informed decisions and optimize their business strategies (Vanpetch & Sattayathamrongthan, 2022a).

Among the factors under examination are the strategic location of the laundry facility, the quality and maintenance of equipment, competitive pricing and value-added services, effective marketing strategies, and customer service excellence. Additionally, we explore the role of resource scarcity theory in shaping the decision-making process of businesses opting for self-service laundry franchising in Samut Sakhon.

This theory emphasizes how franchises can leverage resources, both from the franchisor and the franchisee, to overcome challenges and achieve sustainable growth.

The findings of this research will contribute to the existing literature on franchise management and provide practical insights for entrepreneurs seeking to enter the self-service laundry market. Ultimately, this study aims to enhance the overall understanding of the factors driving the success of self-service laundry franchises in Samut Sakhon and foster a thriving and competitive franchise landscape in the region.

Research questions

- What are the critical success factors (CSFs) that significantly impact the success of self-service laundry franchises in Samut Sakhon?
- How do franchisor resources, such as training and brand name, contribute to the success of self-service laundry franchises in Samut Sakhon?
- How does resource scarcity theory play a role in the decision-making process of businesses opting for self-service laundry franchising in Samut Sakhon?
Table 1 - Brief information for self-service laundry franchises available in Samut Sakhon
(source: Samut Sakhon Provincial Office, 2021)

<table>
<thead>
<tr>
<th>Franchise</th>
<th>Advantages</th>
<th>Franchise Budget (in Thai Baht)</th>
<th>Equipment Warranty</th>
<th>Revenue Share</th>
<th>Online Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanjai Wash &amp; Dry</td>
<td>- Professional technician team with over 10 years of experience.</td>
<td>1,300,000 - 3,200,000</td>
<td>3-year parts</td>
<td>None</td>
<td>Real-time</td>
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<tr>
<td>(Tanjaiwashdry Official Website, 2023)</td>
<td>- Real-time online store management system.</td>
<td></td>
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<td></td>
<td>- Free space assessment and modern planning and marketing advice.</td>
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<tr>
<td>Wonder Wash</td>
<td>- Pandata system for real-time store management and issue resolution.</td>
<td>1,900,000 - 3,200,000</td>
<td>Varies by package</td>
<td>None</td>
<td>Real-time</td>
</tr>
<tr>
<td>(Wonder Wash Official Website, 2023).</td>
<td>- Specialized engineer team with 10 years of experience.</td>
<td></td>
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<td></td>
<td>- Multiple payment channels for customer convenience.</td>
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<tr>
<td></td>
<td>- Data collection for revenue monitoring and marketing analysis.</td>
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<tr>
<td>Laundry Bar</td>
<td>- Leading brand with 750 branches in Southeast Asia.</td>
<td>Starting from 1,900,000</td>
<td>Up to 5 years</td>
<td>None</td>
<td>Real-time</td>
</tr>
<tr>
<td>(Laundry Bar Official Website, 2023).</td>
<td>- Up to 5 years warranty for top-brand USA equipment.</td>
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<td></td>
<td>- Financial alliances and no revenue share.</td>
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<td></td>
<td>- Free detergents and disinfectant water for customer convenience.</td>
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<tr>
<td>Otteri Wash &amp; Dry</td>
<td>- Awarded global and national quality awards.</td>
<td>1,930,000 - 3,080,000</td>
<td>Varies by package</td>
<td>None</td>
<td>Not specified</td>
</tr>
<tr>
<td>(Otteriwashdry Official Website, 2023).</td>
<td>- Modern and popular brand with well-known reputation.</td>
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<td></td>
<td>- Offers various franchise packages to suit different budgets.</td>
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</tr>
<tr>
<td>Code Clean</td>
<td>- ISO certified and sole distributor recognition from Blue Whale in Thailand.</td>
<td>1,490,000 - 2,970,000</td>
<td>Not specified</td>
<td>None</td>
<td>Not specified</td>
</tr>
<tr>
<td>(Code Clean Official Website, 2023)</td>
<td>- Expert engineer team providing regular repair service.</td>
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<td></td>
<td>- Free interior design and vending machine system for convenience.</td>
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</table>

Research objectives

- To identify the critical success factors (CSFs) that significantly impact the performance and success of self-service laundry franchises in Samut Sakhon.
- To examine the relationship between franchisor resources, franchisee resources, and the overall performance of self-service laundry franchises in Samut Sakhon.
- To analyze the role of resource scarcity theory in the decision-making process of businesses opting for self-service laundry franchising in Samut Sakhon.

**Literature review**

**Critical Success Factors (CSFs)**

Critical Success Factors (CSFs) are crucial elements that significantly impact the success of an organization or business venture (Ali & Johl, 2022; Hietschold et al., 2014).

In the context of self-service laundry franchises, understanding CSFs is essential for decision-makers to focus on key processes and make effective decisions (de Resende et al., 2018; Dasanayaka, 2012). These factors act as benchmarks to measure success and achieve strategic goals within the franchise system.

**Franchisor-franchisee relationship**

The franchisor-franchisee relationship plays a pivotal role in the success of a franchise partnership (Khan, 2013). Factors such as emotional connection, win-win situations, communication, and shared values are crucial for maintaining a strong and long-term franchise relationship (Fernández-Monroy et al., 2018; Watson & Johnson, 2010).

Agency theory, which views the franchisor as the principal and the franchisee as the agent, is relevant to the franchising context, emphasizing the importance of governance, aligning incentives, and building trust (Panda & Leepsa, 2017; Varotto & Aureliano-Silva, 2017).

**Resource scarcity theory**

Resource scarcity theory suggests that businesses may adopt franchising as a means to access resources that are in short supply (Oxenfeldt & Kelly, 1969). Franchising allows firms to grow faster by leveraging franchisees' resources and expertise (Castrogiovanni et al., 2006).

The theory emphasizes the role of human capital, operational monitoring, and location-specific factors in governing franchise networks (Perdreau et al., 2015; Sun & Lee, 2018; Cliquet & Pénard, 2012). Business contexts may lead to different technology with different conditions and business conditions.

**Franchisor and franchisee resources**

Franchisor resources, including technology, training, and brand reputation, have been found to significantly contribute to the success of franchisees (Dant et al., 2011; Gillis et al., 2014).

Unfortunately, small, and medium-sized businesses are often excluded from digital transformation initiatives due to the high cost and complexity of solutions (Vanpetch & Sattayathamrongthan, 2022).

However, franchisor assistance, such as promoting local business programs and providing financial support, has been shown to positively impact franchisee evaluations (Weaven et al., 2014).

Notably, the availability of training, experience, and skills plays a vital role in determining the survival of local entrepreneurial projects (Vanpetch & Sattayathamrongthan, 2019).
Franchisee resources play a crucial role in determining the success and growth of a business such as internal sources of capital and internal working capital can significantly contribute to the success and growth of a business (Sattayathamrongthan & Vanpetch, 2014), local market knowledge and competitive intelligence, play a significant role in the success of the franchise system (Ater & Rigbi, 2013).

The combination of franchisor and franchisee resources enhances network performance (Gorovaia & Windsperger, 2013).

Control mechanisms
Control mechanisms deployed by franchisors, such as output control and monitoring, play a crucial role in ensuring franchisee compliance and success (Yi et al., 2019).

Internal and behavioral control mechanisms influence franchisee efficiency and success (Beldi & Karmeni, 2019). Additional governance mechanisms, such as selection, socialization, incentives, and monitoring, enhance franchisee skills and motivation (Antia et al., 2017).

Research methodology
This research will utilize a qualitative research method to gain in-depth insights into the critical success factors, franchisor-franchisee relationships, and resource scarcity in the context of self-service laundry franchises in Samut Sakhon. Qualitative research is suitable for exploring complex and context-specific phenomena, allowing the researchers to understand the perspectives and experiences of franchisees in their own words.

The primary data collection method will involve conducting semi-structured interviews with 25 franchisees of self-service laundry businesses in Samut Sakhon. The sample size is chosen to ensure data saturation, where the data when new ideas and topics cease to appear during the course of the interview.

The semi-structured interviews allow the researchers assessing related information naturally and qualitatively (Ruslin et al., 2022). The interviews will be conducted face-to-face or through video calls, depending on the availability and preferences of the participants. The interview guide will be developed based on the research objectives and research questions. It will include open-ended questions to allow participants to express their views freely. The interview guide will cover topics such as critical success factors, support and resources provided by franchisors, the nature of the franchisor-franchisee relationship, and considerations related to resource scarcity theory.

The recorded interviews will be transcribed verbatim to preserve the integrity of the participants' responses. Data analysis will be conducted using thematic analysis. This method involves identifying and analyzing patterns, themes, and codes within the interview data. The researchers will read and re-read the transcripts to identify recurring ideas and concepts. Topics will be generated based on similarities and differences in participants’ responses.

Participant verification will be used to ensure the validity of the findings. This involves sharing the preliminary findings with a group of participants to verify the accuracy and authenticity of the data. Triangulation will be used to improve the reliability of the study. This will include comparing the interview findings with existing literature and other relevant data sources to confirm the emerging topics.
Determinants of Success for Self-Service

Ethical considerations will be adhered to throughout the research process. Informed consent will be obtained from all participants prior to the interviews. Participants will be guaranteed confidentiality and their identities will be kept anonymous in the research report.

Research result

Critical Success Factors (CSFs) that significantly affect the performance and success of self-service laundry franchises in Samut Sakhon.

The critical success factors that significantly affect the performance and success of self-service laundry franchises in Samut Sakhon. The results highlight the importance of strategic location selection, equipment quality and service, competitive pricing, effective marketing strategies, excellent customer service, and hygiene and cleanliness to ensure the success of these franchises.

Franchisees highlighted the significance of easy accessibility, high foot traffic, and visibility to attract a steady flow of customers. The quality and service of washing and drying machines are crucial for customer satisfaction and building brand loyalty. Competitive pricing and value-added services have been identified as important elements to make the franchise stand out from the competition and attract a large customer base.

Effective marketing strategies, both online and offline, have played a vital role in building brand awareness and attracting new customers. Franchisees have also recognized the value of positive word of mouth recommendations for business growth. In addition, it was emphasized that providing excellent customer service and creating a great customer experience is critical to building strong customer relationships and building loyalty.

Maintaining a clean and hygienic laundry environment has been unanimously recognized as a critical factor in gaining customer trust and satisfaction. Franchisees have realized the importance of providing customers with a clean and pleasant space. In addition, the introduction of modern online store management systems and digital payment capabilities was deemed necessary to improve customer experience and adapt to changing customer preferences.

The franchisees emphasized the importance of having a professional technician team readily available for technical support and prompt maintenance of the equipment. Ensuring security through the installation of high-quality video surveillance was considered essential for security and trust of customers. Clear and well-defined rules for the use of machines and laundry detergents have been noted as crucial for a smooth customer experience. Finally, support and guidance from the franchisor in the form of training, marketing assistance, and ongoing support have been rated by franchisees as contributing factors to their success. Effective financial management and resource allocation have been identified as critical for the franchise’s profitability and long-term success.

The relationship between franchisor’s resources, franchisee’s resources, and the overall performance of self-service laundry franchises in Samut Sakhon was a central theme that emerged from the interviews with franchisees.

Franchisor Resources:

According to franchisees, the support and resources provided by franchisors have made a significant difference in the success of their laundromat franchises. The training programs offered by franchisors have been noted as helping to ensure that franchisees and their employees are well trained in the operation of laundry equipment, cleanliness and excellent
customer service. This comprehensive training has resulted in smoother operations and improved customer satisfaction.

Moreover, brand awareness and marketing support from franchisors have played a critical role in attracting customers to laundromat franchises. Franchisees have recognized that being associated with a well-known brand increases their credibility and credibility in the eyes of customers, resulting in increased traffic and revenue.

Franchisee Resources:
Franchisees also stressed the importance of their own resources in contributing to the overall performance of their franchises. Knowledge of the local market was considered necessary to tailor services and promotions to meet the specific needs of the Samut Sakhon community. By understanding the preferences and demands of their target market, franchisees were able to implement strategies that resonated with their customers.

Furthermore, franchisees' entrepreneurial skills and innovative mindset have played a vital role in making their business stand out from the competition. They leveraged their resourcefulness to implement creative marketing campaigns and value-added services, resulting in increased customer loyalty and word-of-mouth referrals.

It has been found that the success of the Samut Sakhon laundromat franchise depends on alignment and synergy between the resources of the franchisor and the franchisee. Effective communication and collaboration between both parties were cited as essential in ensuring that resources were utilized optimally.

When franchisors understood the unique challenges and opportunities in Samut Sakhon, they were able to offer targeted support and resources that aligned with the local context. On the other hand, franchisees who actively sought out and benefited from the resources and guidance provided by franchisors saw improvements in overall performance.

How the theory of scarcity of resources influenced the decision-making process when choosing a franchise. Here are some key findings from the interviews:

Access to established brand and support: franchisees highlighted that resource scarcity theory played a role in their decision to join the franchised system due to the access it provided to an established brand with a recognized presence in the market. Building a brand from scratch can be resource-intensive and time-consuming.

By becoming part of a franchised system, they could leverage the brand's reputation, marketing strategies, and customer base, which would be challenging to achieve on their own.

Operational Expertise and Systems: Resource scarcity theory influenced franchisees' decision-making by satisfying their need for operational expertise and systems. They recognized that the franchisor's standardized operating procedures, training, and ongoing support helped streamline their business operations. This allowed them to focus on the effective management of day-to-day operations without having to develop the processes themselves.

Market Research and Location Selection: The interviews revealed that resource scarcity theory influenced franchisees' location selection. They commended the franchisor's market research and understanding of consumer behavior, which helped them identify strategic locations with high traffic and demand. This saved them the time and resources that would have been required to conduct such study independently.

Access to Technology and Innovation: Resource scarcity theory played a role in franchisees' decision-making, as they recognized the value of accessing technological
advancements and innovative solutions through the franchisor. This allowed them to offer modern online store management systems, digital payment options, and other conveniences without significant investment in research and development.

**Research conclusions**

The research findings provide valuable insights into the critical success factors (CSFs) that significantly impact the performance and success of self-service laundry franchises in Samut Sakhon. Strategic location selection, equipment quality and maintenance, competitive pricing, effective marketing strategies, outstanding customer service, and hygiene and cleanliness were identified as pivotal elements for franchise success (Ali & Johl, 2022; de Resende et al., 2018; Dasanayaka, 2012).

Franchisees recognized the value of the franchisor's support and resources, including training, brand recognition, and marketing assistance (Dant et al., 2011; Gillis et al., 2014). Additionally, the combination of franchisor and franchisee resources was found to enhance network performance and overall franchise success (Gorovaia & Windsperger, 2013).

The study also revealed the importance of the franchisor-franchisee relationship in the success and longevity of self-service laundry franchises. Emotional connection, win-win situations, communication, and shared values were highlighted as crucial factors for maintaining a strong and long-term franchise partnership (Fernández-Monroy et al., 2018; Watson & Johnson, 2010).

The agency theory perspective reinforced the importance of governance, aligning incentives, and building trust between the franchisor and franchisee (Panda & Leepsa, 2017; Varotto & Aureliano-Silva, 2017).

**Research discussion**

The research discussion contextualizes the findings of the existing literature and provides a deeper understanding of the implications for self-service laundry franchises in Samut Sakhon. The study is consistent with previous studies that highlight the importance of CSFs in achieving franchising success. It highlights the practical importance of strategic location selection and equipment maintenance to ensure customer satisfaction and loyalty (Hietschold et al., 2014; Dasanayaka, 2012).

Moreover, the research discussion emphasizes the mutual benefits of the franchisor-franchisee relationship. It reveals that when both parties contribute their resources and expertise, franchisees experience improved overall performance. The agency theory perspective validates the importance of governance mechanisms and mutual cooperation in maintaining a successful franchise partnership (Antia et al., 2017).

Regarding the resource scarcity theory, the research discussion shows how this theory influenced franchisees' decisions by satisfying their need for valuable resources. Access to established brands, operational expertise, and technology through franchising alleviated the burden of resource-intensive tasks and allowed franchisees to focus on growing their businesses (Castrogiovanni et al., 2006; Cliquet & Pénard, 2012).

The discussion underlines the practicality of franchising as a viable option for businesses seeking to leverage resources beyond their means (Oxenfeldt & Kelly, 1969).
Research implications

The research has several implications for the self-service laundry franchise industry in Samut Sakhon.

First, understanding the critical success factors identified in this study can guide both current and potential franchisees in their decision-making processes. By prioritizing strategic location, equipment quality, and customer service, franchisees can enhance their chances of success and profitability. Additionally, implementing effective marketing strategies and maintaining hygiene standards are essential for attracting and retaining customers.

Second, the study highlights the importance of the franchisor-franchisee relationship. Franchisors should invest in building a strong emotional connection, open communication channels, and shared values with their franchisees. Building a collaborative and supportive partnership can lead to higher franchisee satisfaction, greater brand loyalty, and long-term success for both parties.

Finally, the role of resource scarcity theory emphasizes the advantages of franchising in providing access to valuable resources and support. This finding is valuable for entrepreneurs and businesses facing resource constraints. Opting for franchising can offer a faster market entry, reduced operational risks, and the ability to leverage established brands and technology, which may otherwise be challenging to obtain independently.

Recommendations for future research

While this study provides valuable insights into the critical success factors, the franchisor-franchisee relationship, and the role of resource scarcity theory in self-service laundry franchises in Samut Sakhon, there are opportunities for further research to expand the understanding of this industry:

Comparative Analysis: Future research could conduct a comparative analysis of self-service laundry franchises across different regions or countries to identify any regional variations in critical success factors and franchisee experiences. Understanding these variations can help franchisors tailor their support and resources to meet specific market demands.

Customer Satisfaction and Preferences: Not only the supply-side study, but the demand-side information also provides how customers relate to new services. They all have different belief and life-style leading to a different willingness to pay which is one of key business factors nowadays. Exploring customer satisfaction and preferences in the self-service laundry context can provide franchisees with valuable information to optimize their services and offerings. Understanding customer needs can help franchisees tailor their marketing strategies and value-added services.

Franchisor Selection Criteria: Conducting research on the criteria that potential franchisees use when selecting a franchisor can provide franchisors with insights into their competitive positioning and potential areas for improvement in attracting franchisees.

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