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1. **Consumer preference in the fast food restaurant industry**
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To broaden our understanding on franchising in a mature market, this study examines the determinants of a consumer's preference for offering in the fast food industry. Borrowing from literature on marketing in mature industries and food marketing, this study identifies both economic (threshold price and frequency of visit) and non-economic factors (socio-cognitive and marketing factors) that can influence consumer choice of fast food in a mature market. Using data collected from patrons of fast food restaurants (McDonalds, Whataburger, and Chick-Fil-A), the results indicate that threshold price (economic factors) play a significant role in determining consumer preference. Among the non-economic factors, *gluttony* is associated with larger portion sizes with both Whataburger and Chick-Fil-A's consumers, while value perceptions is associated with portion sizes for consumers of Chick-Fil-A and McDonalds. Discussion and implications for researchers and franchisors are also provided.

2. **A COMPARATIVE EMPIRICAL EXAMINATION OF INITIAL FRANCHISEE INVESTMENTS IN AN EMERGING AND A DEVELOPED MARKET**

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Scholars and practitioners have acknowledged that that the franchising sectors in the U.S. and other developed markets (e.g., Canada, Western Europe, Australia, Japan) have reached saturation levels, and that emerging markets are relatively untapped and present the greatest potential for long term franchising growth. In this paper, we undertake a comparative study of drivers of the initial franchisee investments (including the franchise fee and initial outlays) in franchising arrangements in a large emerging market (India) and in a developed market (U.S.). Specifically, we investigate the relationship between initial franchisee

investments by Indian/U.S. franchisees in Indian/U.S. franchise systems and antecedents that are specific centered (unique to the franchise system) and structure centered (unique to a particular industry). We draw on different theoretical frameworks from the franchising, marketing and finance literatures to develop hypotheses for the above relationships, including some competing hypotheses. Using a data set compiled from multiple archival sources, we find that, for Indian franchisors, the size of a franchisor's franchisee network has an adverse impact on the initial franchisee investment while the duration of the franchise contract positively affects the initial franchisee investment. Moreover, these variables have a negative interactive effect on the initial franchisee investment. In contrast, for U.S. franchisors, all three effects are positive. The results for Indian franchisors depart from findings of empirical studies in developed markets and suggest that efficiency of a country's regulative system is important for coordinating contractually governed exchange relationships (such as those observed in franchising). We also assess and identify industry sector effects and discuss the implications of these findings. Our overall results suggest the need for caution in extrapolating results based on empirical marketing channels research in developed countries to emerging markets, and reinforce the need for further research on franchising and marketing channels in emerging markets.

3. **Are Disclosures Really Standardized? The Case of Quick Service Restaurant Franchises**

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A major goal of federal disclosure laws is to ensure that pre-contractual disclosure documents, in each industry, are standardized. By standardization, disclosure laws aim to assist consumers in making effective comparisons between competing products and services. Through facilitating effective comparison, the ultimate goal of disclosure laws is to increase competition among suppliers hoping to attract well-informed consumers. Given the federal goal of disclosure standardization, an important question arises as to whether disclosure documents are, in reality, standardized. This article empirically examines, as a case study, a collection of 109 financial performance disclosures, provided by franchisors to prospective franchisees, in the most dominant of all franchise industries: the quick service restaurant industry. The empirical results of this case study demonstrate that these disclosures are far from being standardized. Among the disclosures that provide financial performance information, at least five major variations exist. First, the disclosures are not standardized in regard to the availability of information about the restaurants' costs. Second, the disclosures are not standardized in regard to the existence of distinct financial data about franchisee-owned restaurants (as opposed to franchisor-owned restaurants). Third, the disclosures differ in terms of the characteristics of the units which are included (e.g., length of operation, number of owners, etc.). Fourth, the disclosures are not standardized in their methods of grouping the restaurants' financial performance data (e.g., geographic location, size, etc.). Fifth, disclosures differ in the statistical data which they provide about the restaurants' financial performance (e.g., quartiles breakdown, sales breakdown, etc.). These empirical results have significant implications, not only for the quick service restaurant industry, but also for the institutional design of federal disclosure regulations.

4. **Provisions to Be Included in Franchise Contracts: The Case of Spanish Chains**

Manuel González Díaz, University of Oviedo, SPAIN
Vanesa Solís Rodriguez, University of Oviedo, SPAIN

This paper focuses on franchise contract design, identifying different provisions to be included in contracts and testing the contractual heterogeneity in the number of provisions across chains. Analyzing 74 Spanish franchise contracts, we identify 157 different provisions and document notable differences in contract design, probably resulting from different firms' contractual capabilities. Furthermore, we argue that franchise agreements are unbalanced: contracts cover franchisees' obligations more than franchisors' obligations. This asymmetry can be explained because franchise contract is the basic tool for the franchisor to attenuate franchisees' opportunism. However, franchisees may use alternative safeguards such as franchisor reputation. Finally, we also observe that there are provisions that modify others, changing dramatically their literal meaning. Given that such interactions have hardly been studied, more research is needed to measure how they modify parties' rights.

5. **The Impact of Marketing Expenditures on Outlet Performance in Franchised Channels**

Benjamin Lawrence, Cornell University, USA
Liwu Hsu, University of Alabama, USA
Jie J. Zhang, The University of Vermont, USA

This study contributes to a greater understanding of marketing expenditures in the context of franchising by empirically examining the effects of different types of advertising expenditures, largely categorized as national or local expenditures, on unit level profitability. Our unique dataset allows us to examine the impact of advertising fee structure at the unit level with line items from the profit and loss statements of over 4,500 franchised hotel properties in the U.S between 2007 to 2013. We consider the effects of investing in varied marketing activities including loyalty programs, local salesforce, and e-commerce. Our findings confirm prior work related to the direct positive effect of national and the direct negative effect of localized advertising expenditures on unit performance. We also find differential effects of advertising at different types of outlets. More specifically, when compared

to traditional units, outlets that are more destination-focused benefit less from national advertising given their idiosyncratic nature. In addition, we explore the differences between traditional properties and outlets which attract more price-sensitive consumers.

6. Real Options in Franchising. *Application of Transaction Cost and Real Option Theory*

Ilir Hajdini, University of Vienna, Austria
Josef Windsperger – University of Vienna, Austria

The objective of this study is to explain the franchisor's choice of using call option rights as a contractual clause in franchise relationships by applying transaction cost and real options theory. The call option clause gives the franchisor the contractual right, but not the obligation, to acquire franchisee outlets after contract termination. We argue that the franchisors more likely use a real option clause in franchise contracts under the following conditions: high environmental uncertainty, high behavioral uncertainty, high franchisor's transaction-specific investments relative to franchisees, and long contract duration. The results of the regression analysis based on 111 German and Swiss franchise systems provide support of hypotheses. This is the first study that applies real option reasoning to explain the call option clause in franchise contracting.

7. Strategic CSR and the Competitive Advantage of Franchise Firms

Maria Jell-Ojobor, University of Vienna, Austria

Although corporate social responsibility (CSR) is a widely researched topic, there is a lack of its application in the franchise literature. The integration of social issues management into the franchise business model is particularly vital as it affects the franchise firm's most critical strategic assets, which are its brand name and reputation. Based on resource-based and organizational capabilities theory, our study explains how a superior CSR strategy enables franchise firms to create intangible assets, such as brand name value, reputation and image, which can become the source of sustainable competitive advantage. Using data from Austrian franchise firms, we test the impact of the strategic CSR construct on the exploration of intangible CSR-related assets. Our study shows that by diversifying the CSR strategy, franchise firms can influence the exploration of different intangible CSR-related assets. Overall, this is the first study in franchising which explains the strategic role of CSR.

8. MANAGING INTRABRAND COMPETITION: MARKET COVERAGE, GROWTH, AND THE USE OF MULTIUNIT FRANCHISEES

Robert Stassen, University of Arkansas, U.S.A.

Marko Grünhagen, Eastern Illinois University, U.S.A

Limited service, or quick-service restaurant franchise systems have benefitted from horizontal intrabrand competition, the competition occurring between franchisees in geographic markets for locations. This paper discusses factors implied by this competition, chiefly in the coverage of markets and in the reassignment of locations to competing franchisees. Frequently, reassignment of a location is done to another franchisee operating as few as one location, or to a multiunit franchisee. Multiunit franchising has grown to become a dominant proportion of franchising and, as such, the proportion of locations within 5-9 unit and 10 or more unit franchisees is substantial and increasing. This paper considers the effect of more concentrated ownership on benefits from intrabrand competition. A two period study for all McDonald's and Subway franchisee locations in the U.S. permits examination of the practices of the assignment of new locations, the locations closed, and the reassignment of locations, to new and existing franchisees. The two systems have major differences in their financial requirements, and provide differing perspectives on the roles of multiunit franchising and coverage. The results show the proportions of establishments within the different multiunit size ranges, and the number of locations that were added, closed, or reassigned within these ranges in the years 2008 and 2015. A correlational analysis across states of the factors affecting market coverage is presented, showing contrasting styles of adding new locations to new versus existing franchisees, the effect of single-unit versus multiunit franchisees and the influence of economic factors of limited service restaurants.

9. Due Diligence in Independent Small Business and Franchising,An Empirical Study from Australia

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Scott Weaven, Griffith University, Australia
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This research reports an in depth analysis of the type of due diligence activities that prospective independent small business operators and franchisees in Australia undertake prior to purchasing or starting up their business. Although both academic literature and industry publications promote the notion of undertaking 'proper due diligence', there is a lack of empirical research into the effectiveness of due diligence on business outcomes. This research attempts to fill this void. A unique contribution of the research is the comparison between independently owned small businesses and those operated by franchisees. Using a qualitative approach, some 60 currently and formerly operating independent small business owners and franchisees were personally interviewed by the research team. Participants were located across five

Australian states and territories in capital cities, regional cities and towns, and remote locations. Respondents were selected from a range of industries representing diverse business experiences. The interviews explored the diversity of approaches to undertaking due diligence prior to entering the business. The research revealed that differences occur in both the type and amount of due diligence undertaken by independent small business owners and franchisees and highlighted further differences between currently operating participants and those who had exited their businesses. Many participants were unfamiliar with the term 'due diligence' or with how to conduct effective research into the business opportunity. In general, the due diligence undertaken by participants was relatively unsophisticated with few exceptions of rigor and planning. Where prospective independents and franchisees were entering business for the first time their appreciation of business was naïve. A steep learning curve followed during which they often recognized flaws in their initial research. As a result of this qualitative depth research, we present a set of propositions regarding due diligence and a model for future testing on a large sample.

10. ARE FRANCHISEES STARTING TO LEVEL THE PLAYING FIELD IN NORTH AMERICA?

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This article suggests that there are hints that imbalanced power relationships between franchisors and franchisees may be slightly tilting more in favor of franchisees. The adoption of a major change in the California Franchise Relationship Act demonstrates that any reform movement in favor of franchisees is still alive, and might lead to more relationship statutes. As legislatures give more serious consideration to franchisee rights, the courts are leaning in the same direction. The recent (and still unfinished) decision in Bertico v. Dunkin' Brands Canada Ltd. has given more support for the concept that parties to a contract (including a franchise agreement) must have good faith in their execution and performance of their obligations. The term "good faith" still lacks definition, but nevertheless, under the facts of Bertico, the terms of the relevant franchise agreement, and the principles governing implied obligations, a franchisor has a duty to protect its brand and take appropriate steps to enhance its brand. The article suggests that Bertico may just be an aberration, but it, together with the change in California law, may be the harbingers of change in favor of franchisees on the franchise relationship playing field.

11. Strategic Groups in the French Franchising Sector

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Magali Chaudey – University of Lyon, France;
Muriel Fadairo – University of Lyon, France;
Frédéric Perdreau – University of Lyon, France

This empirical article provides a picture of the French franchising sector, based on the strategic group approach. We use a recent four-year panel dataset from the French Federation of Franchising, regarding the period 2010-2013, and sophisticated statistical and supervised learning models. Five main strategic groups of franchisors are distinguished in the French system, characterized by specific strategies and performance outcomes. We survey first the literature dealing with strategic groups, then we conduct a multidimensional statistical analysis (Principal Components Analysis and Ascending Hierarchical Clustering), highlighting three factorial axes and five clusters. We test the stability of network behaviors with a classification model. Finally, we observe and comment the differences in the strategic group performances.

12. SOCIAL FRANCHISING: A SYSTEMATIC REVIE

Denise M. Cumberland – University of Louisville, USA
Benjamin C. Litalien – Georgetown University, USA

Social franchising is starting to garner more interest among researchers and practitioners as a replication approach used to help address a growing array of societal issues, such as chronic unemployment, environmental hazards, water contamination, malnutrition, family planning and medical care in both developed countries and emerging economies. While there has been a proliferation of experimentation with social franchising that is occurring on the global stage, the knowledge base remains fragmented on this form of marketing channel. A comprehensive review of the empirical and practitioner literature has not been done. This paper fills this void by reviewing the past decade of literature with the goal of answering the following questions: (a) different forms of social franchising (b) why social franchising exists (c) theories used to explain the phenomena (d) social franchisor selection practices (e) what motivates individuals to start a social franchise and (f) outcomes of social franchising reported from scoping studies. This work will be of interest to governments, non-governmental organizations (NGOs), philanthropists, social impact investors, corporations devoted to social goals, and other key players who support the scaling up or replication of ventures that strive to address societal ills by creating pathways to health and prosperity.

13. Business Not As Usual: the Flexible Franchise Model

Cary Di Lernia – University of Sydney, Australia
Andrew Terry – University of Sydney, Australia

The business format franchise is the gold standard for franchising. It delivers a uniform, standardised and consistent product and this is indeed one of its key strengths. Franchising is nevertheless a practical commercial strategy. Successful franchisors build formats, devise systems, and develop network expansion models which accommodate the unique characteristics of the business and the prevailing market conditions as well as wider social trends. This paper suggests that there are four distinct franchising models, but focuses on flexible franchising – a new franchise model which eschews the formulaic uniformity of traditional franchising, and explicitly and intentionally embraces and incorporates as its integral feature the franchisee's flexibility to bring his or her own brand of entrepreneurship to the franchised business.

14. Provisions to Be Included in Franchise Contracts: The Case of Spanish Chains

Manuel González Díaz – University of Oviedo, Spain
Vanesa Solís Rodriguez – University of Oviedo, Spain

This paper focuses on franchise contract design, identifying different provisions to be included in contracts and testing the contractual heterogeneity in the number of provisions across chains. Analyzing 74 Spanish franchise contracts, we identify 157 different provisions and document notable differences in contract design, probably resulting from different firms' contractual capabilities. Furthermore, we argue that franchise agreements are unbalanced: contracts cover franchisees' obligations more than franchisors' obligations. This asymmetry can be explained because franchise contract is the basic tool for the franchisor to attenuate franchisees' opportunism. However, franchisees may use alternative safeguards such as franchisor reputation. Finally, we also observe that there are provisions that modify others, changing dramatically their literal meaning. Given that such interactions have hardly been studied, more research is needed to measure how they modify parties' rights.

15. Competitive Advantage through Corporate Social Responsibility in Franchising

Nina Gorovaia – Frederick University, Cyprus
Dildar Hussain – ESC Rennes School of Business, France

The organizational structure in franchising is different as compared with other firms and has strong implications for implementation of corporate social responsibility initiatives. The objective of this study is to investigate the effect of corporate social

responsibility on brand competitiveness in franchise networks. We measure corporate social responsibility on two dimensions: proactive corporate social responsibility and partner preference. We use a two-step analysis approach to analyse the empirical data collected from the Austrian franchise systems. In the first stage, we run the cluster analysis and two clusters of franchise firms emerged. We find that the franchise firms with a more balanced approach toward corporate responsibility have higher brand competitiveness. In the second stage, we employ regression analysis and find that both dimensions of corporate social responsibility (proactive CSR and partner preference) have positive effect on brand competitiveness of franchise firms.

16. An Empirical Assessment of the Consumer Agency Framework: Evidence from India and China

Marko Grünhagen – Eastern Illinois University, USA
Rajiv P. Dant – University of Oklahoma, USA and Griffith Business School, Australia;
Benjamin Lawrence – Cornell University, USA

This research empirically validates the Consumer Agency Model which illustrates consumer reactions to the introduction of new Western products to emerging markets. This study represents the first quantitative effort to test the framework in a comparative field study of consumer attitudes towards a franchised business in the two largest emerging markets globally, China and India. It builds on the original model with McDonald’s as the prototypical representative of the Western franchise industry. The analysis confirms existence of the Consumer Agency Model with remarkable similarity in both countries. Implications for franchise companies as they target the two investigated markets are provided.

17. Uniformity: Firm-Stakeholder Relationships in Franchise Systems

Hyejeong Jeon – University of Nevada Reno, USA

This study raises the important question of how managers should make strategic distribution decisions and discusses how firms’ strategic decisions could create conflict with different individual stakeholder groups. Based on stakeholder theory, it investigates the dynamics of firm strategies, firm reputation, and the overall effects on performance in franchise systems. Using multi-level dataset with 2 franchisors, 210 franchisees, and 925 customers, the empirical finding suggests that standardization strategies of franchisors may cause conflict between interests of franchisees and customers. This study will help firms select their interorganizational strategies dealing with marketing intermediaries to facilitate stakeholder management more effectively.

18. Brand Reputation of International Franchise Systems in Central and Eastern European Countries: The Moderating Role of Culture

Tamara Massold – University of Vienna, Austria
Nada Mumdziev – Webster University, Austria

International franchising companies face the same challenges and obstacles as other international companies, saturated markets and stiff competition. They are seeking, therefore, other markets to grow and expand their business. One of the important resources when entering new markets is brand reputation. In international context, it is crucial for firms to understand that customer perceptions of brands might be varying due to cultural differences. Even though the research on firm reputation is extant little attention was paid to the examination of cultural effects on those links. This study puts Central and Easter European Economies in focus and tests the effect of national culture on the link between perceived reputation and loyalty. We regard loyalty as a multidimensional construct and separate it into cognitive and affective loyalty. The hypotheses are tested on a sample of customers of two iconic U.S. fast-food chains and the empirical data provides a partial support of the hypotheses. In order to better understand the real behavior patterns of customers it is necessary to regard loyalty as a multidimensional construct and separate it into cognitive and affective loyalty.

19. Performance Implications of Individual Embeddedness in Inter-franchisee Advice Networks

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Although the literature has provided ample evidence for the decisiveness of the franchisor-franchisee relationship in explaining organizational success or failure, performance effects of franchisee-franchisee relationships remain largely unexplored. Yet, a growing body of research indicates that by building interfranchisee relationships, franchisees can form advice networks in the chain. Such networks offer privileged access to resources like knowledge, information and best practices that help individual franchisees to become more productive. In this context, we study linkages between a franchisee's embeddedness in interfranchisee relationships and various individual performance outcomes, using comprehensive data from franchisees in three different chains in the largest European franchise market, France. We find that conditional on the specific governance structure of each chain, the results document a strong impact of embeddedness in advice networks on franchisee performance. Accordingly, we offer theoretical contributions concerning knowledge sharing processes in franchise chains, and managerial implications as regards more effective cooperation management in practice, from both a franchisee and a franchisor perspective.

20. Fit Between Strategy and Structure in Franchise Firms: The Effects on Firm Performance

Nada Mumdziev – Webster University, Austria
Josef Windsperger – University of Vienna, Austria

Strategy-structure fit has been one of the focal issues of strategic management literature to understand competitiveness of firms. Empirical evidence indicates that some companies exhibited remarkable resilience over decades due to the high degree of strategy-structure fit. Franchise firms are not monolithic in their structure, but rather complex organizations combining not only company-owned and franchised units, but also various franchise modes within their outlet network. In such a constellation it can be difficult to implement and sustain the chosen business strategy and find the right strategy-structure fit.

This study builds on the findings of the extant strategic management literature and argues that different franchise modes "fit" differently to particular business strategies. The choice of different franchise modes to support the franchise firm strategy is expected to have consequences on the franchise firm performance. This study proposes a conceptual research framework for investigation of the strategy-structure fit in franchising to test the effects of the fit on the performance. In order to take the industry context and the congruence between strategy and environment into consideration, the research model also includes environmental variables such as dynamism and uncertainty and tests its effects on the strategy-structure links. The study proposes several testable hypotheses as well as the measurement of the included variables.

21. Expansion of Middle East Retail Food Franchises: Competitiveness at Global Markets

Bassem M. Nasri – Grenoble Ecole de Management, France
Pablo Collazo Yelpo – Vienna University of Economics and Business, Austria

This research studies how Middle East retail food franchises expanded out of their home countries, and how competitive they were at hosting regional and international markets. Most previous research about franchising is concerned with the success and competitiveness of American and Western franchises at various global markets. The Middle East is barely referred to in franchising literature, despite its high importance as a franchise market. If at all academic research mentions this region, it often presents it as receptive to foreign franchises, and overlooks the experience of local businesses of this region which adopted franchising as a strategy for international expansion. A qualitative case study methodology is followed by studying two prominent companies; Company “A” from United Arab Emirates, founder of the fastest growing Middle East fast food franchise, and Company “B” from Saudi Arabia, founder of two leading local fast food franchises, and franchisee of a regional third. The research proposes that competition with foreign franchises at home markets resulted in high competitiveness of the studied franchises at respective hosting markets. Furthermore, the study suggests a higher international acceptance of those Middle East franchises which offer authentic concepts that reflect local identities adapted to global retail environments. Managerial implications for theory and practice are presented. With the small number of Middle East franchises, and the exploratory nature of the research, background is laid for future research recommended in this direction.

22. Franchising in the education sector: How do Pakistani customers perceive this new phenomenon?

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Rozenn Perrigot – University of Rennes 1, France

The literature on franchising is growing. However, the customer perceptions regarding franchising have been rarely explored and the few studies deal with developed markets, e.g., UK, USA. The aim of this research is to assess how customers perceive franchising in the education sector in Pakistan. More specifically, our research questions are the following: (1) According to the customers, what are the perceived differences between franchised schools and public schools?; (2) What are the customer perceptions regarding the main characteristics of franchising in the education sector?; (3) What are the customer perceptions regarding social achievements of these franchised schools and chains?; and (4) According to the customers, what are the perceived opportunities and challenges associated to franchising in the education sector? We adopt a qualitative approach with seventeen face-to-face interviews conducted with customers of franchised schools in Pakistan, including parents and students.

23. Opening a transactional website: opportunities and challenges for franchise chains

Rozenn Perrigot – University of Rennes 1, France
Beatrice Basset – University of Rennes 1, France
Gérard Cliquet – University of Rennes 1, France

The continued creation of websites in the franchise sector is inevitable, no matter whether they are informational or transactional websites. However, with the presence of these websites, there may be a risk that activities in the franchisees' stores will decrease. Franchisors need to pay attention to the survival of their chains, to the consistency and uniformity of their chains and to potential conflicts with their franchisees or among their franchisees. This paper deals with the development of websites within franchise chains in Europe. After briefly defining the legal regulations set by the European Union, we consider the use of the Internet as a new marketing channel by studying the reasons why franchise chains need to be present on the Internet and under what conditions. Then we discuss potential issues related to transactional websites opened by franchisors, e.g., encroachment problems and transactional websites opened by franchisees. We examine some solutions adopted by various French franchise chains and suggest some new research tracks.

24. Franchising Sales Rhetoric: A Cross Cultural Study of B2B Advertising

Anna Watson – University of Hertfordshire, UK
Owen Wright – Griffith University, Australia
Lola Dada – Lancaster University, UK

This study explores how B2B advertising communication styles are influenced by national culture by exploring franchise recruitment advertising. Whilst there is evidence that culture influences consumer advertising, little research has explored cross-cultural B2B advertising. Drawing on communications theory, the paper investigates whether culture, measured by the GLOBE dimensions of institutional collectivism and assertiveness practices, influences the communication style used by franchise brands in five countries (UK, US, Australia, India and South Africa). It does so by exploring the extent to which they adopt elaborate versus succinct and dramatic communication styles. A content analysis programme, DICTION, is used to enable content analysis of franchise promotional materials. The results reveal that franchise promotional narratives reflect the culture in which the franchise brand is located, with more collectivistic cultures using a more elaborate communication style, compared with individualistic cultures using a more succinct approach. Furthermore, advertisements from more assertive cultures were more dramatic in style. This suggests, in keeping with consumer advertising, that cultural congruence is important in B2B advertising too. This is one of only a few cross cultural studies of B2B advertising, and to the authors' knowledge, is the first to explore the communication dimensions of elaborate-succinct and dramatic-reserved styles in a cross cultural B2B context.

25. How Franchisors Derive Economic Profit From Their Revenue Sharing Contracts: A Meta-Analysis

Farhad Sadeh, DeGroote School of Business, McMaster University, Canada
Manish Kacker, DeGroote School of Business, McMaster University, Canada

The rationale behind mechanisms of revenue sharing through two part tariffs (which is a common contract type in many businesses) has been the subject of many theoretical and empirical studies. Franchising is a popular form of retailing in a wide range of product and service markets and is, therefore, a suitable context for research on such revenue sharing contracts. Despite the dominant role of franchising in many developed economies and its rapid growth in many emerging economies, franchisor strategies for deriving economic profit from the rights they grant to their agents (franchisees) remain to be fully examined. There is extensive research in franchising that examines the factors that influence the fee structure of franchise contracts and the relationship between the different components of this fee structure. There are two competing perspectives on the latter – one school of thought views the fixed and ongoing fees as being negatively related, since they are twin parts of a mechanism deployed by a franchisor to extract franchisee profits and ensure that franchisees just receive a normal profit on their investment; the other school of thought posits that the two components are positively related since they reflect the level of franchisor investment in building its brand and business. The divergence in these perspectives calls for a comprehensive empirical examination of the revenue sharing fee structure of franchise contracts. However, to the best of our knowledge, there is no comprehensive quantitative review or meta-analysis on this topic. In this paper, we conduct a meta-analysis to aggregate results from empirical studies, synthesize insights from prior research and test our hypotheses.

26. Late entrant advantage: An Australian café franchise tackles China

Robin E Roberts, Griffith University, Australia
Lorelle Frazer, Griffith University, Australia

This research examines the timing of entrance into the China market by an Australian food retail franchise. Previous literature espouses the relative benefits of either early (innovator) or late (imitator) entrance into emerging markets but the findings are mixed. In the current study, qualitative research utilising a single case study is employed in two phases. In the first phase key personnel in the franchise are interviewed to reveal their motivations and strategy for expanding into China. The second phase utilises consumer focus groups to gain an understanding of the customer perspective. The findings are compared with Zhou's (2006) study of innovators and imitators in the manufacturing industry in China. We conclude that there are hidden benefits to delaying the timing of entry in order to learn from others experiences in food retail franchising.