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Understanding And Accepting Different Perspectives...Empowering Relationships In 1994 And Beyond

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Publication:

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1. Understanding the Nature of the Franchise Relationship: A Key to Model and Theory Development

Mark Spriggs, University of Oregon

John R. Nevin, University of Wisconsin-Madison

2. Operationalizing Ownership Redirection: What Have We Been Measuring?

Rajiv P. Dant, Boston University

Audhesh Paswan, University of South Dakota

Oxenfeldt and Kelly's provocative ownership redirection thesis — the premise that there may be a deliberate effort on the part of the more powerful franchisors to convert the previously franchisee-owned outlets into company-owned outlets — has attracted considerable research attention. However, the empirical evidence on the thesis remains equivocal. This paper examines an important method-related problem in this literature: the operationalization issue associated with the measurement of ownership redirection. We begin with the identification of different operationalizations of ownership redirection. We subsequently examine the interrelationships amongst these different operationalizations and subject them to psychometric scrutiny for convergence. Results suggest that different operationalizations may be tapping distinct ideas and they should not be seen as alternative substitute measures of ownership redirection. Results also suggest that unique measures may be required for different sectors of franchising.

3. Risk in Franchising: A Look at Some Measurement Issues

Francine Lafontaine, University of Michigan

4. Franchising Failures: Definitional and Measurement Issues

James Cross, University of Nevada-Las Vegas

5. Franchising: A Strategic Alliance Perspective

Faye McIntyre, University of Mississippi

Faye Gilbert, University of Mississippi

Joyce Young, University of Mississippi

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Jeff Bradach, Harvard University

7. Multiple Unit Franchising in the Fast-Food Industry in the United States: Incidence and Operating Characteristics

Robert Robicheaux, University of Alabama

Rajiv P. Dant, Boston University

Patrick J. Kaufmann, Georgia State University

8. Franchisor Quick-Start

Robert T. Justis, Louisiana State University

Gary J. Castrogiovanni, Louisiana State University

Peng S. Chan, California State University-Fullerton

There are approximately 400 franchisors who start their franchising businesses each year. There are many ways to go about the creation and development of a franchising program. Many take different routes to accomplish the same end result. This paper outlines the basic areas needed to start a viable, ongoing franchising system. Included in this review are three major areas of concern: (1) Operations - the operations manual, (2) Franchise System - and the franchisee prospectus, (3) Legal -the uniform franchise offering circular (UFOC) and franchise contract. This report discusses the items needed to begin a franchise organization in a very expeditious manner. It is the goal of this report to explain those steps absolutely necessary in developing a usable and viable franchising system. Individual business owners will learn how to begin operating a franchise with a minimum of time and difficulties. This is designed for a hands-on operation, and should be useful to all business owners interested in expanding their business operations through the franchising method.

9. An Exploratory Examination of Child Care, Child Development, and Child Products: Implications for Franchising

Dianne H.B. Welsh, Eastern Washington at Cheney Cecilia Falbe, University at Albany- SUNY

10. Towards a Dynamic Model of Franchisee Motivation

John Stanworth, University of Westminster (UK)

Patrick J. Kaufmann, Georgia State University

11. To Train or Not To Train? Quantifying the Financial Benefits of Training

Bharath Josiam, University of Wisconsin-Stout

Christine Clements, New Mexico State University

ABSTRACT

Franchising is big business today. The success of franchising is dependent upon implementing Standard Operating Procedures uniformly across all units. The key to uniformity is effective training.

The main barrier to training is that the upfront costs are immediate and obvious, while the benefits appear to be remote and unmeasurable. This paper outlines a step-by-step procedure to evaluate both the costs and the benefits of any training proposal. The evaluation permits franchisors and franchisees to make informed decisions about appropriate training methods.

The paper utilizes a financial analysis model adapted from Swanson and Gradous (1990). The model identifies the dollar value of both performance and training. Benefits and costs of two different training approaches are compared side-by-side here to identify the method that will deliver the maximum financial benefit.

12. The Nature and Scope of Franchising: A Review of Functional and Legal Definitions

Robert D. Winsor, Loyola Marymount University

Ralph L. Quinones, Loyola Marymount University

This paper attempts to delineate the range and nature of the "franchise" term as it is applied in the marketing and legal literature. A review of existing applications of the term is given, and it is concluded that "franchising" is vague and elastic concept. Finally, it is suggested that this vagueness has the potential to impair the functional and legal implementation of many franchise components.

13. The Impact of Information Technology on the Franchise Decision

Kabir Sen, Lamar University

Huei Lee, Lamar University

The principal agency and transactions cost literature explains the use of the franchised channel by showing how it reduces the problems of information asymmetry that is likely to arise in vertically integrated systems between upstream and downstream channel members. Recent advances in information technology, which improve communication with geographically dispersed locations, are expected to reduce this information asymmetry. Thus, the future of franchising is open to question. The paper however shows that information technology will have limited results in solving all the types of information asymmetry problems which franchising helps resolve through its special contractual relationships. Thus, franchising should still maintain its popularity as a popular marketing channel. However, information technology is likely to affect franchising by offering opportunities for improved services by the channel.

14. Thou Shalt Not Steal: Supreme Court Confirms Old Commandment - Trade Dress and Its Implications to the Franchise System

JeAnna Abbott, University of Houston

Joseph L. Lanza, Texas State 14th Court of Appeals

15. Franchisor Environmental Liability: A Study of Franchisor Attitudes and Actions

Patrick J. Kaufmann, Georgia State University

William S. Vincent, Kennesaw State College

Stephen E. O'Day, Smith Gambrell & Russell

Recent environmental legislation has created potential liability for retailing franchisees who purchase contaminated land. Liability may attach under several theories: directly as the co-operator or co-owner of the site, or indirectly through its role in the site selection process. Crucial in the determination of franchisor liability is the degree of control exercised over the site, and the degree of participation in the selection process. A study of franchise attorneys was conducted to explore franchisors' attitudes toward this possible exposure and the actions they take to prevent it. Included in the findings; most franchisors recognized the potential liability and most require either a Phase I or Phase I and II audit of any property on which they will operate a franchise, and large franchisors are more likely than small franchisors to perceive the potential liability and to take steps to protect themselves.

16. The Implications of Kodak for Franchise Tying Suits

Roger D. Blair, University of Florida

Jill H. Boylston, University of Florida

17. A Survey of Franchising in Singapore

Peng S. Chan, California State University at Fullerton

John K.S. Foo, Singapore Polytechnic (SINGAPORE)

George Quek, Singapore Polytechnic (SINGAPORE)

Robert T. Justis, Louisiana State University

Franchising is expanding rapidly throughout the world, particularly in Asia. This study represents a pioneering attempt to study franchising in one of Asia's most developed economies, Singapore. Today franchising is a widely accepted method of doing business in this city/country. Among other things, this study surveyed the major franchise players in this country, the different types of franchised businesses, and the nature and characteristics of franchise agreements.

18. Franchising in China: A Look at KFC and McDonald's

Wilke English, University of Mary

Hardin-Baylor Chin Xau, University of Texas at El Paso

Despite average incomes that seem alarmingly low by U.S. standards, the sheer size of the still virgin Chinese market makes it a beguiling target for U.S. franchisors. Ignoring the doubts raised by the extremely low average incomes, the initial sitings of large 'mega-outlets' by U.S. franchisors have proven to be enormously successful.

This paper represents one of the few academic investigations of the Chinese franchising experience, and provides managerial and financial information concerning the entrance of KFC and McDonald's into China. The primary difference that will be experienced by franchisors entering the Chinese market is that in most cases, the government will be the actual franchisee. This makes the process much more bureaucratic, more political, and generally much more time consuming.

Yet despite the delays and the hassles, franchising in China would appear to be well worth the effort, and for those franchisors who persevere, their patience will be rewarded. Aside from the documented success of the initial franchise entrants, Chinese cultural traits such as loyalty, respect for authority, non-adversarial negotiation, and fascination with things western, make U.S.-based, business format franchising, an excellent vehicle for penetrating the vast, virtually untapped, Chinese market.

19. Does Business Format Management Master Marxism in Post-Coup Russia?: Franchise System Mentality Creeps into the Lodging Industry

Skip Swerdlow, University of Nevada-Las Vegas

Nicholai Bushmarin, Tver State University, Tver (RUSSIA)

20. Retail Franchising as an International Growth Strategy-A Case of the BodyShop International PLC

Nitin Sanghavi, University of Manchester (UK)

21. Franchise vs. Non-Franchise Restaurant Attrition: Year-Four of a Yellow Pages Longitudinal Analysis

Wilke English, University of Mary

Hardin-Baylor Jo Willems, University of Texas at El Paso

Proponents of franchising like to cite the higher rates of franchise outlet success as compared with independent establishments. Furthermore, proponents of franchising generally credit the standardized business format as the primary reason for that greater success.

It is the contention of the authors that other factors, particularly the greater initial investment of the franchisees, have more to do with their greater success than their association with the franchising format.

This paper reports on year-four of what must necessarily be a multi-year longitudinal study. In addition to collecting data on the initial investment of this year's set of 'first-time' restaurants, the paper also reports the findings after tracking the restaurants for three years. Analysis of the discontinued restaurants indicates that they were extremely undercapitalized and extremely underpromoted as compared with the restaurants that are still surviving.

22. Applicability of Hotel Franchising to Bed and Breakfast Industry

Ali A. Poorani, University of Delaware

David R. Smith, University of Delaware

This study examined the overall economic attributes of -and applicability of hotel franchising to - the bed and breakfast industry. A questionnaire survey of 2000 innkeepers throughout the United States was conducted resulting in 403 usable responses. The findings of the study included the willingness of the present innkeepers to become a member of a hotel franchising company with respect to size, previous hospitality experience, and revenue levels as well as location. With respect to franchising, the following conclusions were drawn: Although innkeepers have unmet marketing and sales needs, franchisors have not yet

persuaded innkeepers that they can fulfill these needs effectively. A franchising relationship may appear to innkeepers to be inconsistent with two central elements of innkeeping: a) the autonomy to operate your own business as you see fit; and b) personal relationship between the unique inn/innkeeper and its guests as the primary marketing vehicle of the industry.

23. User Characteristics and Fast Food Nutrition Knowledge of International Consumers

Daniel D. Crafts, Southwest Missouri State University

Carolyn Brown, Oklahoma State University

24. Customer Activated Terminals: Technology-Driven Quick Foodservice Ordering Systems

Ken Smith, Colorado State University

Susan Gregory, Colorado State University

ABSTRACT. Sales and profitability are key elements to bottom line success in the quick service restaurant industry. Increases in service delivery, productivity and customer satisfaction enhance the top line. The use of a "customer activated terminal," or CAT, may be a step to improving all of these critical areas. In this pilot study, installation of CATs has increased sales and profitability, increased speed of service, increased productivity and increased customer "perceived" control in the service encounter, which may lead to increased satisfaction. A new era in customer service may be introduced by touch screen terminals.