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1. Fast Food Franchise Chains: A Revolution in Nevada Hotel/Casino Food Marketing

Skip Swerdlow, University of Nevada-Las Vegas Larry Strate, University of Nevada-Las Vegas

The purpose of this paper is to review the following:

1. The recent growth and changes in the franchised food industry.
2. The important reasons for the success of national, franchise, operations.
3. The evolution of casino-located, franchised, fast-food businesses, beginning with the first Burger King in the Riviera Hotel and Casino and the characteristics underlying its success, to future plans for Burger King and other chains. This will include a discussion of the innovative contracts and operational plans that have had to be developed for a franchise to operate within the unique demographic, marketing, and labor environment of Nevada casinos.

2. Franchise Failures: More Questions than Answers

Bruce Walker, Arizona State University James Cross, Arizona State University

This paper has two purposes:

1. To raise and try to answer, to the extent that information is available, a series of questions about failures in franchising.
2. To propose a research agenda about franchise failures.

METHODS

The specific questions addressed in this paper are as follows: What is an appropriate definition of franchise failure? A related question is: How does turnover differ from failure? What are failure rates among franchisees and franchisors? How do failure rates of franchisees compare with those of independent business owners? How do failure rates vary when franchisees are categorized according to such factors as goods or services offerings, size of franchise system, length of time in business, and characteristics of the owners? What are the primary causes of failures among franchisees and franchisors?

Using secondary data from published sources and statements from observers and participants in the field of franchising, the questions presented above are answered to the extent possible. Specific sources include articles appearing in the business press, government documents, and membership surveys conducted by the International Franchise Association. This paper is intended to be objective and systematic in its approach; it is not an "exposé" on

franchising. However, it is hoped that the paper will stimulate discussion and further research on a significant topic about which there apparently is very little sound information.

3. Developing a Franchise System of Distribution

John R. Nevin, University of Wisconsin-Madison Lisa M. Collins, University of Wisconsin-Madison

This paper proposes a step-by-step procedure a prospective franchisor should follow in developing a franchise system of distribution. The procedures outlined provide the reasonably comprehensive overview of the activities that must take place before a prospective franchisor can begin to sell franchises.

4. Multi-Unit Franchising

Robert T. Justis, Louisiana State University Richard J. Judd, Sangamon State University Ravi Chinta, Louisiana State University

A major movement is underway in franchising based upon the development of franchise multi-unit relationships. An increasing number of franchisors are beginning to use the multi-unit approach to more rapidly build their franchise systems. A multi-unit franchise allows the franchisor to contract with the franchisee for the development of several franchises at a single time. This varies from the traditional franchisor/franchisee relationship, which is to start-up or develop a single franchise unit. A multi-unit franchisee is one who owns and operates more than one franchise unit. Many franchisees have become enchanted with the concept and idea of building up more than one franchise unit at a time, seeking to enhance profits and realize greater capital gain. Many franchisors and franchisees use areas of dominant influence (ADI) as a continuous geographical designation to develop multi-unit franchises.

The objectives of this manuscript include a review and understanding of areas of dominant influence and an investigation of four different approaches used in developing multi-unit franchisees. While there is no one best approach, a single or combination of approaches may be best for specific situations.

5. The Need for a Multifunctional Approach to Marketing Program Development

Douglas M. Lambert, University of South Florida M. Christine Lewis, Wayne State University

Successful implementation of marketing programs requires consideration of and cooperation from other business functions. This paper reports on a research project that substantiates the need for a multifunctional perspective when developing marketing programs. The implications of these findings for marketing managers are discussed and suggestions for future research are explored.

6. Antitrust and Franchisor Dual Distribution: Recent Developments

Kurt A. Strasser, University of Connecticut Barry G. Russell, University of Connecticut

This is a paper about how antitrust is changing the way it uses the traditional per se/rule of reason dichotomy and what that change means for franchisors engaged in dual distribution. The per se/rule of reason dichotomy is the most fundamental concept in antitrust analysis.

7. Liability of a Franchisor to a Customer of Its Franchisee

Michael M. Greenfield, Washington University

Joshua M. Schindler, Washington University

The growth of franchising as a means of distributing goods and services has generated many legal questions. Most concern the relationship between the franchisor and the franchisee, but difficult questions also exist concerning the relationship between the franchisor and the retail consumer. Since franchisors typically are wealthier than

franchisees, a consumer who is injured during the course of dealing with a franchisee often sues the franchisor. This paper addresses the liability of the franchisor, both for its own conduct and for the conduct of its franchisee.

8. Franchising: An Essential Topic in a Law School's Business Planning Course

Michael D. Kadens, University of Toledo

9. International Franchising: A Retrospective Review and Research Agenda

Faye Saint McIntyre, University of Georgia Sandra M. Huszagh, University of Georgia

This paper examines current literature within major marketing and international business journals on international franchising and the licensing process when it is tied to international franchising. The paper's purpose is: 1) to identify marketing issues relevant to international franchising; 2) to evaluate the depth of coverage of marketing issues within the literature; and 3) to discover which marketing issues require further research.

10. Franchising in Asia

Robert T. Justis, Louisiana State University Warren Nielson, Brigham Young University Sang Jim Yoo, Bowling Green State University

11. Minority Participation in Franchising: Hispanic Franchises in El Paso

Wilke D. English, University of Texas at El Paso Fabio Lopez, University of Texas at El Paso

12. Are Independent Black Entrepreneurs Different from Black Franchisee Entrepreneurs?

K. H. Padmanabhan, University of Michigan-Dearborn

13. Interfirm Influence Strategies in Franchise Channels of Distribution

Robert Dahlstrom, University of Cincinnati
F. Robert Dwyer, University of Cincinnati
Sejo Oh, Kangweon National University, Korea

Previous research on the role of power in influence strategies has been contradictory, with different studies reporting varying findings. This study aims to provide insight into the seeming contradictions in previous research. The analysis begins with an overview of previous research contributions on the use of influence strategies in franchised distribution channels, and outlines research hypotheses. It then presents the method used and reports the findings, followed by a discussion of the findings. Measurement theoreticians have advocated replicatory research, distinguishing between exact replication and balanced replications. The findings discussed represent the basis for a balanced replication of the research by Frazier and Summers (1984).

14. Accounting, Marketing and Management Services Needs of Franchisees in Small-Town Environments

Lynn K. Saubert, Radford University Wayne Saubert, Radford University

Using a case-study survey approach, we identified the accounting, tax and consulting services provided to franchisees in the fast food industry. Limiting our study to such franchises in the small-town localities, where the opportunity for independent services of this nature may be somewhat limited, we have gathered data on the nature and extent of these services provided by the franchisor. A recent study (Knight, 1986, 10) showed, "Franchisees reported a much lower degree of satisfaction with initial and ongoing services than franchisors believed they experienced". Attempting to test whether this same perception existed in our sample, data of attitudinal nature was collected as to the franchisee's perceived needs for these services and their perceptions of the services provided by the franchisor.

15. Macroeconomic Influences on Restaurant Franchising in the United States

Burhan F. Yavas, California State University-Dominguez Hills

This study examines the effect of economic and demographic factors on restaurant franchising in the United States. In addition, franchise restaurants make up a large proportion of the total franchise industry. The primary objective is to analyze the relationship between demo-economic factors and the growth of restaurant franchising in the United States. Despite the significance of this topic, research on the determinants of restaurant franchising has not been extensive. The literature is rather rich with survey studies of well-known franchisers. Very little empirical analysis has been conducted to investigate the validity of the above hypotheses. The purpose of this paper is to operationalize some of these hypotheses to test empirically the effect of the above factors in restaurant franchising.

16. The Effect of Selected Franchisor Characteristics on the Growth Rates of Franchised Employment Services Firms

Robert D. Goddard III, Appalachian State University Alden Peterson, Appalachian State University

Importance of the Research: There is an absence of industry-wide statistical studies on franchisor-based variables that affect the growth of franchise systems. The cases in the literature were a valuable guide to this study, but resulted in the question of whether or not their conclusions could be generalized and serve as a guide to franchisors in establishing a franchise system and franchisees in choosing a franchise.

Description: This paper is based on an exploratory study conducted to examine the effects of certain characteristics of franchise systems within an industry on the systems' rates of franchise growth. Specifically, the study focused on the effects of franchisor services offered to prospective franchisees, the age and size of the franchise system, and the amount of equity capital required to become a franchisee on the rate of growth of franchise systems.

The sources of the data are the Franchise Opportunities Handbooks for the years 1979 and 1985 (United States Department of Commerce, 1979 and 1985). The employment services industry was selected for examination for two reasons: a sufficient number of franchisors in the industry, and a high degree of similarity in the goods/services of the firms within the industry. The Appendix contains a list of the firms studied.

Variables investigated in the study were restricted to those for which data were available for the periods 1979 - 1985. The variables included the age of the franchise system, the number of outlets in the system, the number of states in which outlets are located, the initial franchise fee and financing required, the availability of financing assistance from the franchisor, and the value of the services provided by the franchisor.

17. Marketing Decision Making Within Franchised Systems

S. J. Pettitt, Plassey Technological Park, Ireland

Despite the impact of franchising on distribution and small business management activity it is perhaps surprising how little research has been undertaken to explore the underlying determinants and dynamics of franchise development. Many publications present a normative, ephemeral or promotional perspective with questionable underpinnings and scope for generalization. This paper will seek to explore the role of marketing in the development franchised systems from the perspective of both the franchisee and franchisor. Attitudes towards marketing, perceptions of relative expertise areas within the system and the identification of the of potential skill development areas will be discussed in the context of any alternative viewpoints. The franchise relationship will also be considered in the context of marketing decision making and strategy implementation to establish whether any potential areas of conflict may impede relationship development.

18. Selecting Franchisee Prospects

Kenneth W. Olm, University of Texas

George G. Eddy, University of Texas Ana R. Adamya, University of Texas

The purposes of this paper are two-fold. First, the results of an exploratory study designed to answer a number of questions about the actual practice of franchisors in the selection of new franchisees are presented, and the support franchisors are giving to their new "partners" are presented. Secondly, this paper presents some propositions related to the relation between these selection patterns and services offered by franchisors and the enviable success of franchisors in helping to reduce the failure rate of new businesses.

19. Knowledge Based Systems as a Method for Outlet Location Selection

Douglas O. Love, University of Nebraska

In general, there are four major steps in building a knowledge-based system: analyze the problem, design the system, build a prototype, and incrementally test the prototype (Rauch-Hindin, 1985, p. 153). Here we first examined the analysis step beginning with the description of the location evaluation problem. This is followed by a discussion of the data and knowledge required for location evaluation. Knowledge-based information systems are described in general terms, and the issue of whether such systems are appropriate tools for franchise location analysis is examined. Issues common to designing and building knowledge-based systems are identified; two are examined in detail as they relate to location evaluation.