Chapter 10
Defining the Role of Social Media as a Contemporary Local Area Marketing Technique in Franchising

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ABSTRACT

Literature on Local Area Marketing (LAM) and social media engagement techniques for franchise businesses is scant, with Direct and Online Marketing the primary focus. It is important for franchise businesses to have a qualified understanding of social media to integrate its use as a LAM technique in their business. Problems facing franchise businesses include confusion over how social media functions within local area marketing strategy, a unified perception over how social media can be used to develop their business, and the lack of a basic theoretical model for social media engagement and LAM guidelines. This chapter examines the role of social media in LAM. It explores the franchise business attitude on new technology adoption including the use of social media. It presents a coordinated framework for the application of social media to increase awareness and enhance franchise business success, providing an important contribution to the franchise industry sector.

RESEARCH RATIONALE

This research is significant in that it is exploring not only the engagement of social media as a LAM technique but also the extent to which social media as a technology tool has been used to market franchise businesses. This chapter will highlight the current and past perceptions of social media as a marketing strategy. There has been quite a lot written about the perceived benefits of social media and LAM techniques but mainly by consultants and marketers who have a vested interest in the
franchise industry. The researchers have identified problems that they seek to research with the book chapter. These problems are as follows:

Problem One

Lack of objective investigation into how franchises view social media as a marketing strategy: Often franchisees are given poor quality training into marketing their local area. Investigations only really begin when sales budgets fail to be consistently reached.

Problem Two

Lack of objective reporting into franchises using social media to develop their business: Individuals tend to be reported as a ‘mouthpiece’ for the franchisor. The evidence or substance as to the extent that social media has developed their business is not usually reported.

Problem Three

Lack of theoretical framework or model for the engagement of social media as a LAM technique: The approach from marketers to franchises about using social media as a LAM technique appears to be haphazard resulting typically in a customised LAM strategy.

RESEARCH METHOD

A qualitative approach was considered appropriate as this line of research would help to define the problems the researchers are seeking to investigate (Boyce, 2002). The research objective involved conducting exploratory research to determine if it was worthwhile to undertake a more thorough investigation and to increase the researcher’s familiarity in the problems highlighted earlier. (Kumar, 1996). To collect data on the topic, “Social Media in Franchising”, two techniques were utilised, a literature review and a structured observation. Kumar also outlined that a literature review provides clarity and focus to the research problem as well as broaden the researchers’ knowledge base in the research area. With the literature review, two sources of information were used: academic business journal databases and the internet.

The researchers searched academic journal databases using key word terms including, social media, social crm and social networks. The researchers also used the search engine ‘Google’ to locate additional information including news as well as magazine articles, advocacy group websites and industry survey reports using key word terms, social media in franchising. A structured observation was undertaken in the form of a website review. The structured observation technique was adopted as a strategy because it reduces the potential for observer bias as well as increases the reliability of the data (Kinnear & Taylor, 1988). To identify which franchise business websites to review, a convenience sampling approach was adopted for the study. Convenience or ‘accidental sampling’ is best used in exploratory research circumstances as it is quick and easy to administer, given the timeframe required (Zikmund, Ward, Lowe & Winzar, 2007). The data analysis conducted related to a ‘descriptive analysis’ as defined by Kinnear & Taylor, which was suitable given the research objective involved portraying the online social media characteristics and determining the frequency of their occurrence.

INTRODUCTION

In 2005, franchise business revenue in Australia was $96 billion, approximately 14% of Australia’s GDP (Wilkie, 2014). By 2011, this had grown to just under $129 billion, around 9.2% of Australia’s GDP (ABS, 2012). Given that Australia was experiencing a mining boom up to 2011, the revenue growth is significant. In Australia, franchising is also a growth industry, however with franchising,
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