An Investigation of Logistical Service in Franchising System: A Case Study in the French Context

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ABSTRACT

In the past forty years, the franchising system has undergone a remarkable expansion, notably in France, retaining more and more the attention of economy and service management researchers. A recurring question relates to the sources of competitive advantage that a franchise network may have. This paper intends to contribute to the debate based on the fundamentals of the resource/competence-based view, and applying the reflection to the case of the logistical service. Based on a case study driven within a franchise network, it is possible to conclude that the supply chain competences of a franchisor play an important role in the level of perceived satisfaction of franchisees when customised solutions are proposed thanks to information technologies.

Keywords: Competences, France, Franchise, Logistical Service, Management (SCM), Resources, Supply Chain

1. INTRODUCTION

The study of franchise networks, and in particular of their governance, has given rise to many works putting forward important points: the development of marketing know-how from the franchisor to retain franchisees, the setting up of a central purchasing unit to enable a better bargaining with the suppliers, the financial support for struggling franchisees, etc. (Blair & Lafontaine, 2010; Webber, 2013; Meiklejohn, 2014). On the other hand, not much is said about the logistical support as a key resource to improving the performance of the franchising system. This is particularly surprising given that the large retailing industry has developed supply chain strategies since the 1980s in order to place the logistical performance within the centre of a policy of cost leadership, but also of differentiation (Fernie & Sparks, 2014). Walmart’s success, for example, is largely due to these reasons, with the early introduction of new technologies (satellite radio guidance of trucks, RFID tracking and tracing, etc.). It would be surprising that the franchising system, based on an important network of stores, does

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not also integrate a reflection regarding the supply chain to improve the franchisees’ level of perceived satisfaction.

Consequently, the aim of this paper is to study the case of franchise networks by questioning the role of logistical service as a key resource. The conceptual model used is the resource/competence-based view, later called RCBV. This model appears as one of the most appropriate as it examines the different resources at a firm’s disposal in order to develop a sustainable competitive advantage. The resources in question articulate around competences allowing to deploy itself in the most efficient manner possible. To the extent that a franchise network relies on a group project that unites several partners, the franchisor’s capacity to manage good relationships with its franchisees will constitute a central element to its dynamism. These are singular relational competences, poorly researched in the context of franchising system, and that deserves a particular attention. More precisely, it will be important to know in what way an efficient logistical service, capable of bringing a high level of service quality and reactivity at an acceptable cost for the franchisees, shows the characteristics of a key resource in the meaning of the RCBV.

The results of a case study regarding a franchise network of the commercial catering industry in France will be presented and analysed in this paper. A participant observation method was used for this case study. According to Bogdan & Taylor (1975), the major advantage of this method is to result in an extensive period of social interaction between the researcher and the people being investigated in their own environment. Using a longitudinal research, one of its authors has followed the evolution of logistical patterns as well as strategies lead by the franchisor. While being involved in the management of interfaces between the franchisees stores, he had access to the indicators measuring the perceived level of efficiency of the logistical service. The methodology retained is of a qualitative and exploratory nature. It is based on the synthesis of direct observations made during strategic committee and Board meetings, as well as observations made on the ground, to the extent that, on an informal level, any visit of a place can be an excuse to a spontaneous gathering of data (Gagnon, 2012). The present case study, which comes close to the work recently done by Fristedt et al. (2012), does not intend to generalise. Its target is only to base itself on already identifiable outlines in order to understand, and with time, improve the governance of franchise networks.

2. GENERAL FRAMEWORK ON RESOURCES AND COMPETENCES

Does the logistical service constitute a key resource for a franchise network? It is necessary to use and clarify the fundamentals of the RCBV to answer this question. At first approximation, the RCBV tries to explain the constitution of a competitive advantage based on distinct competences held by a firm (Prahalad & Hamel, 1990; Peteraf, 1993) and, more broadly, by an organisational or inter-organisational structure. The RCBV fills in the conceptual gap partly left by Porter’s (1980) studies, in which are recognised the importance of managerial decisions and the strategies established for the firm’s success: the latter is no longer perceived as an entity selected by its environment, but as an actor controlling its own future. The strategic intent is, de facto, one of the founding principles of this approach that refers to a more proactive approach than the corporate strategy (Métais, 1999). In other words, only the firms that know-how to make good use of certain critical resources within an environment can truly develop a sustainable competitive advantage.

Although it is disputed by certain authors, such as Rugman & Verbeke (2002), Penrose’s (1959) contribution is recognised as “one of the more influential books of the second half of the twentieth century, bridging strategic management and organizational economics” (Kor & Mahoney, 2000). In order to provide a better knowledge of the creation of a com-
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