Chapter 1
Exploring the Franchisor–Franchisee Relationship: A Logistical Service–Oriented Perspective

Thierry Allègre
Aix-Marseille University (AMU), France

François Fulconis
Avignon University (UAPV), France

Gilles Paché
Aix-Marseille University (AMU), France

ABSTRACT
In the past 40 years, the franchising system has undergone a remarkable expansion, increasingly retaining 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 chapter 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. The aim is to identify how and why supply chain resources and skills are deployed by franchisors to retain their franchisees thanks to a high level of service quality and therefore avoid the termination of contractual relationships. Based on a case study driven within a European franchise network, it is possible to conclude that the supply chain resources and competences of a franchisor play an important role in the duration of the franchisor-franchisee relationship when customized solutions are proposed thanks to information technologies.

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,
Exploring the Franchisor-Franchisee Relationship

2014; Beere, 2017). 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; Ayers & Odegaard, 2017). 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 not also integrate a reflection regarding the supply chain to improve the franchisees’ level of perceived satisfaction.

In a conventional way, the franchising system is similar to a partnership contract between two interdependent entities: the franchisor and franchisee. If the franchisor is at the root of the original concept, it does not have the sufficient financial resources to develop it on a large scale. It then turns to franchisees, which embrace the concept but will have to pay royalties on sales to benefit from the franchisor’s support in terms of training, management tools, and access to the central purchasing unit, or the supply system. The aim of this chapter is to study the franchising system by questioning the role of logistical service as a key resource to increase the franchisees’ level of perceived satisfaction. The research led by Grace, Frazer, Weaven and Dant (2016) regarding the factors of a franchisee’s trust in their franchisor emphasised the importance of organisational factors such as the franchisee’s commitment in the franchising system, the franchisee’s perception of a strong team culture, and the franchisee’s perception of the franchisor’s character. However, the authors notice two other factors, more operational in nature: the franchisee’s perception of the franchisor’s competence and the franchisee’s trust in the franchising system. In the two latter cases, it is interesting to know if the logistical expertise of the franchisor and more broadly, the way it manages its franchisees supply system, is part of the critical factors. A positive answer would mean that the logistical service plays an essential role in the quality of the contractual relationship between a franchisor and a franchisee, and therefore, it contributes to a sustainable process of value creation.

The conceptual model used to study the role of logistical service in the franchisor-franchisee relationship 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. Even though Dupuis (1986) highlighted, over thirty years ago, that the franchisor’s failures regarding logistics generated bad feelings by the French franchisees, no research program has been launched since then to investigate in this direction. The aim here is to suggest paths to fill in the gap identified from Dupuis’ analysis (1986).

The results of a case study regarding a franchise network of the commercial catering industry in France will be presented and analysed in this chapter. A participant observation method was used for this case study. According to Bogdan, Taylor and DeVault (2015), 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