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by

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Understanding brand within New Zealand franchises

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Franchising is asserted to be the world’s fastest growing form of retailing. Similar growth is evidenced in Australia and New Zealand. Australia is described as the franchising capital of the world and New Zealand is credited with the highest proportion of franchise systems per capita.

Brands are recognised as one of an organisation’s most important assets, as evidenced by the contribution of brands to the intangible asset valuation on the sale of companies. In the New Zealand context it has been asserted that it is impossible to over-emphasise the importance of the brand in franchising.

This research is conducted at the nexus of brand and franchising and responds to a research problem in which the instantiated importance of brands to New Zealand franchising is contrasted with the dearth, and possibly absence, of independent research to inform how brands are understood and in which ways this understanding is created and maintained within New Zealand franchises.

To address the research problem, an initial research question was expressed and then collapsed into four central research questions which were examined through a review of extant literature. Franchising was addressed etymologically and historically, before assessing the contribution that the three dominant causality theories, (capital scarcity, resource constraint and agency theory) could make to inform the central research questions. Brand was also elaborated from etymological and historical perspectives. It was concluded that the brand component of brand identity best addressed the central research questions which focus on brand within New Zealand franchises and the brand identity prism (Kapferer, 2004) was selected as a template against which brand understanding could be informed and assessed. To determine how this brand understanding is created and maintained, a theory of knowledge creation initiated by Nonaka and Takeuchi (1995) was employed.
Examining such an under-researched aspect of franchising resulted in this research being assessed as exploratory which resulted in the adoption of a largely qualitative methodological approach. The qualitative approach responds to the nature of the research questions, the interpretive community with which the researcher identifies and the incompatibility of existing theory with the central research questions. In this qualitative methodology, authenticity was supported by the qualitative referents of credibility, transferability, dependability and confirmability. These referents were thoroughly and specifically operationalised within the research to increase the credibility of its findings.

The qualitative referents conditioned data collection, which was facilitated through case-based research in which a sequentially-selected sample of three franchise cases was purposively drawn from a population estimated at 350. Within these cases, three distinct cohorts represented the stratified structure of a franchise. Cohort Fo represented the franchisor stratum, cohort Fe the franchisee stratum and cohort ESOFe that of the customer-contact employee and single-operator franchisee. In-depth semi-structured interviews were conducted with 15 participants in each franchise case. The participants were purposively selected to represent the three cohorts. The data thus collected were complemented and triangulated using document analysis.

Data analysis was engaged at three levels of intensity. Classical content analysis was used to code portions of text and these codes were quantitised and presented as coding effects matrices. This provided a visual and arithmetical assessment of the degree to which the research questions were informed by employing two manifest effects, termed occupancy and shading density. The second level of analysis used Key-Words-In-Context (KWIC), while the third used narrative analysis. Data analysis was completed for individual cases, prior to cross-case analysis.

The findings from the cross-case analysis were that:

- The franchise brand is voiced as important to the success of each of the three franchises researched and each of the three cohorts in each franchise.
• The understanding of brand was more naïve than complex and degraded progressively from cohort Fo to cohort Fe to cohort ESOFe.

• The franchise brand was managed more as a static entity than the dynamic, evolving entity that extant literature describes. Brand change was episodic rather than continuous.

• Heterogeneity of brand understanding was evidenced more than homogeneity, both within and between cohorts. There was limited homogeneity in the expression of the brand essence, which is held to represent the enduring core of the brand.

• Articulation and communication processes relating to the franchise brand were found to be stratified, hierarchical, uni-directional and didactic more than representing an active dialogue between internal stakeholders.

• The physique facet of the brand was found to be carefully specified and legally protected on franchise initiation. Subsequent brand management was focused on compliance to that specification, to the partial exclusion of other aspects of brand identity management.

These six findings led to the expression of an emergent micro-level theory, that proposes that there is a tension, between the typically stratified, hierarchical structure of a franchise, which is exacerbated by the focus of franchisor management on explicit brand knowledge, and the dynamic, evolutionary and context-dependent structure of the brand construct in which tacit knowledge predominates explicit knowledge.

The findings in the cross-case analysis were extrapolated to wider populations, resulting in the expression of nine propositions relating to brand in NZ franchises, in all franchises and in all organisations. These propositions supported the statement of the above micro-level theory at a meso-level, referring to all NZ franchises.

The research was concluded to make a number of valuable contributions to theory and management practice. These contributions included extending and informing the current
debate on the nature of brand and its importance within franchising, at a time of economic stress in which the franchise brand is considered to be a major contributor to franchise strength and survival. The research adds to a research base at the nexus of brand and franchising that was possibly initiated by Pitt, Napoli and van der Merwe (2002), extending it to the New Zealand context, which is under-supplied with independent research on franchising. In supporting praxis the research provides franchise management with a theoretically-supported, 4-step, cyclical process to improve brand understanding.

This emergent research also identifies a multitude of future research directions, particularly in refining the method of assessing brand understanding by using theoretically-supported meta-matrices to test the stated meso-level theory, either quantitatively or qualitatively, to determine if franchise organisations exhibit a more sophisticated and homogeneous understanding of brand than non-franchise organisations.
STATEMENT OF ORIGINAL AUTHORSHIP

I certify that the ideas, research work, results, analyses, and conclusions reported in this dissertation are entirely my effort, except where otherwise acknowledged. I also certify that this work has not been previously submitted for a degree or diploma in any university. To the best of my knowledge, and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

Signature of Candidate          Date

........................................
Ken Billot

ENDORSEMENT

Signature of Principal Supervisor  Date

........................................
Professor Lorelle Frazer
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<td>NZ</td>
<td>The country of New Zealand. The locus for this research.</td>
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<td>FANZ</td>
<td>The Franchise Association of New Zealand Incorporated.</td>
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<td>US$</td>
<td>United States of America dollar.</td>
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<td>New Zealand dollar.</td>
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<td>CAQDAS</td>
<td>Computer aided qualitative data analysis software.</td>
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<td>NVivo8</td>
<td>A particular type of CAQDAS, developed by QSR Pty. Limited.</td>
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<tr>
<td>AMA</td>
<td>The American Marketing Association.</td>
</tr>
<tr>
<td>A.D.</td>
<td>Anno Domini.</td>
</tr>
<tr>
<td>EMAC</td>
<td>The European Marketing Association Conference.</td>
</tr>
<tr>
<td>ANZMAC</td>
<td>The Australia and New Zealand Marketing Academy Conference.</td>
</tr>
<tr>
<td>ANZAM</td>
<td>The Australia and New Zealand Academy of Management.</td>
</tr>
<tr>
<td>DNA</td>
<td>Deoxyribonucleic acid.</td>
</tr>
<tr>
<td>ISOF</td>
<td>International Society of Franchising.</td>
</tr>
<tr>
<td>RQ</td>
<td>A central research question in this research.</td>
</tr>
<tr>
<td>CRQ</td>
<td>A contributory research question that directly informs one of the central research questions.</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief executive officer</td>
</tr>
<tr>
<td>FAC</td>
<td>Franchise advisory council.</td>
</tr>
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</table>
ACKNOWLEDGEMENTS

The process of engaging in the completion of this thesis has resulted in a predictably solitary journey, but this isolation has been ameliorated by the knowledge that the journey is but one repetition of similar journeys completed by innumerable post-graduate research students over the millennia. A few people have travelled with me on this journey, some giving small amounts of their time and some a great deal. I sincerely thank them all.

I particularly mention the 44 interview participants who collaborated with me, especially the Chief Executive Officers of the selected franchises, to whom I returned for comment on several occasions.

I thank my Associate Supervisor, Dr. Scott Weaven, who travelled the same road as I at the beginning of this millennium and was therefore acutely aware of the challenges that I would face.

There are two who walked more alongside me. My supervisor, Professor Lorelle Frazer, and my wife, partner and friend, Dr. Jennie Billot. It is unlikely that I would have completed the journey without their significant assistance. Professor Frazer was consistently supportive, maintained an impressive degree of responsiveness to my questions and always found time to meet with me, despite my visits to Griffith University often coinciding with intense periods of activity in the university calendar. Dr. Jennie Billot enthusiastically and unconditionally supported my obsession and was willing to discuss my thesis at the strangest of times and on the most unlikely occasions, despite the subject being of only peripheral interest to her. She also provided the financial means for our partnership, while I repeatedly disappeared underneath a leaf-litter of papers and books.

My final thanks go to two people who will never be aware of them, my deceased parents, Josephine Marie Billot (née Huby) and Gordon John Billot. They were equally convinced of the value of education and made any personal sacrifice necessary to ensure that their four children were able to take advantage of the best educational opportunities available to them. This completed thesis is a small return for their sacrifice.
CHAPTER 1: BACKGROUND TO THE RESEARCH

1.1 Introduction

To some, the term *franchising* communicates positive, almost eulogistic, meaning: “Franchising in New Zealand is a very good example of democratic capitalism at work, having allowed thousands of people to transform their economic circumstances for the better” (Chisholm, Sears & Williams, 2008, p. 2). To others the same term can be equally, but oppositely negative, such that the term *franchising* becomes almost dyslogistic. Steinberg and Lescartre (2004) in setting forth a wide range of franchisor abuse declared that the franchise model involves heavily one-sided contracts that lock the franchisee into an unknown future determined by unilateral decisions imposed by franchisor management. They also observe that “the ability of franchisors to force franchisees to continue working at an unprofitable franchise or risk facing huge awards is similar to indentured servitude and was even compared to “enslavement” by the Sealy court” (p. 159).

The term franchising evokes a wide range of opinion and reaction, as expressed in the extremes of the two opinions above. It is franchising that forms the wider context for this research, which seeks to advance understanding of another contemporary and controversial topic, *brand*, within the franchise context.

Brand can be equally controversial. In his 2004 book *The future beyond brands: Lovemarks*, Kevin Roberts, the worldwide CEO of Saatchi and Saatchi, though primarily presenting the case to move further than brands, observes, “the journey from products to trademarks to brands is one of the great stories of the last century. It is a story that has had profound effects on how businesses deal with consumers. And how people deal with businesses” (p. 24). Yet the intense conviction of Roberts to involve mystery, sensuality and intimacy to ensure the emotional engagement that he considers will extend brand to *lovemarks*
is not shared by all. Naomi Klein in her 1999 book, *No Logo*, adopts equally intense convictions, “…as more people discover the brand-name secrets of the global logo web, their outrage will fuel the next big political movement, a vast wave of opposition squarely targeting transnational corporations, particularly those with very high name-brand recognition” (p. xviii).

The above four views, two relating to the franchise context and two relating to brand presage a challenge for this research. This research examines the contemporary construct of brand and situates that examination within the context of franchising, expressed in the research topic, *Understanding brand within New Zealand franchises*.

This chapter, outlined in Figure 1.1, asserts the relative importance and credibility of the research topic in section 1.2. In section 1.3, the research problem is discussed and an initial research question expressed. This initial expression is then collapsed into four central research questions. The particular focus for the research questions, at the nexus of brand and franchising, is then assessed in section 1.4, to be at the leading edge of contemporary debate with respect to the two contributory constructs and their nexus. Research issues germane to this research are elaborated in section 1.5. These issues include the specification of the researcher’s interpretive framework. This specification is considered an essential antecedent of certain types of research, in which any likely bias, idiosyncrasy or self-validation is declared, so that they may counteracted and mitigated by the research design. The research design is elaborated further by describing the process of this research, using the metaphor of a spiral to represent the temporal progress or path (Neuman, 2003) that it follows. This is necessitated partly to inform the research, but also due to the resonance that the identified metaphor has with concepts, constructs, models and theories referenced throughout this research. The rationale and justification for the research is offered in section 1.6. In section 1.7 terms, concepts and constructs appearing in this text, which are not otherwise specifically defined, are provided with brief definitions. Delimitations of the research are described in
section 1.8. The research design is outlined briefly in section 1.9 and is illustrated in Figure 1.3. Finally, the chapter is summarised in section 1.10.

1.2 The importance and credibility of the research topic

In its simplest terms, franchising is a way of conducting business whereby an owner of a service or product (the franchisor) grants rights to another entity (the franchisee) to trade a service or product, and in return receives a payment (Justis and Judd, 2003). Norton (2004) observes that franchising, as an organisational form, is flourishing globally. Dant, Perrigot and Cliquet (2008) echo this observation by asserting that franchising is the world’s fastest growing form of retailing.

The global growth of franchising is reflected in the growth of franchising in New Zealand (NZ). Paynter (2001b) identified the first franchise in NZ as commencing in 1966 and Parker (1994) estimated that there were 50 franchise systems operating in NZ by 1980. In the 2003 survey of the NZ franchising sector undertaken by Colmar Brunton (2003), 350 franchise systems were identified, accounting for the employment of over 40,000 people and producing a combined turnover estimated at NZ$6.9 billion. In 2007, the then Prime Minister of New Zealand, the Right Honourable Helen Clark, when presenting the 2007 New Zealand Franchise awards, observed that the sector added significant value to the NZ economy (Franchise Association of New Zealand, 2007). Though a dearth of independent research and statistics (Gunasekara, 2008) reduces the ability to accurately quantify this assessment of significant value, the Ministry of Economic Development (MED) (2008) referred to data provided to a Commerce Select Committee by the Franchise Association of New Zealand (FANZ) to assert that NZ franchising comprised 16,000 business units, employed over 70,000 people and generated a turnover of NZ$16 billion.
Figure 1.1
Outline of Chapter 1
Background to the research

1.1 Introduction

1.2 The importance and credibility of the research topic

1.3 The research problem and research questions

1.4 The research focus

1.5 Research Issues

1.6 Rationale and justification for the research

1.7 Definitions

1.8 Delimitations of the scope of the research

1.9 Outline of the research

1.10 Summary

1.5.1 Introduction

1.5.2 Elaborating the interpretive community of the researcher

1.5.3 The research process

Source: Developed for this research
The above data suggest that NZ franchising is growing considerably faster than the NZ economy. The reported turnover attributed to franchising in 2003 was NZ$6.9 billion dollars. This grew to a turnover purported to be NZ$16 billion in 2008. This represents an impressive annual growth rate of nearly 20%, more than six times the three percent attributed to the New Zealand economy over the last 10 years (Alexander, 2008). Franchising is therefore becoming increasingly important as a contributor to the NZ economy.

The research topic addresses brand within franchising. An organisation’s brand has become recognised as one of its most important assets (Kapferer, 2004). Akutsu and Nonaka (2004) assert that brands are more valuable than fixed assets, such as factories or land. Both de Chernatony (2006) and Keller (2008) cite an opinion of John Stuart, the former Chairman of Quaker Oats Limited. Referring to the relative importance of brand, John Stuart noted that if the business of Quaker Oats were to be split up, he would be glad to take the brands, trademarks and goodwill, leaving all the bricks and mortar behind. He judged that he would fare better.

The relative importance of brand is also recognised within franchising. One of the key components of a franchise system is its brand. Mendelsohn (1999) specifies the franchise brand as one of its defining characteristics. Justis and Judd (2003) identify three major components in a franchise; the product or service, the payment or royalty and the brand. In many franchise systems the brand is sufficiently central to the existence of the franchise that the name of the franchise, the brand name and the service or product offering are very similar. Examples of this in NZ are Cleantastic Commercial Cleaning Limited, Fastway Couriers Limited and PrintStop Limited. Frazer, Merrilees and Wright (2005) suggest that the brand can be the most valuable asset that the franchise possesses and in one of the few publications concerning franchising in NZ, Parker (1994) asserts that “…it is impossible to overestimate the importance of brand in franchising” (p. 4). The franchise brand is an important organisational asset which is central to franchising.
The credibility and importance of the current research topic is instantiated by the repetition of the two statements, *franchising is therefore becoming increasingly important as a contributor to the NZ economy*, and, *the franchise brand is an important asset which is central to franchising*.

1.3 The research problem and research questions

Franchising has been evidenced as the world’s fastest growing form of retailing (Dant et al., 2008) and makes a significant contribution to the NZ economy (FANZ, 2007). Brand is identified as a source of sustained competitive advantage (Kapferer, 2004) and its importance within NZ franchises cannot be over-estimated (Parker, 1994). Thus, the research topic of *understanding brand within NZ franchises* is syllogistically instantiated as important to the NZ economy.

Yet research on brand within franchising is limited and research on brand within New Zealand franchises may be non-existent. This defines the research problem which deliberates why an area of such importance is the subject of so little extant research and whether this lack of research adversely impacts the understanding of brand within NZ franchises, both theoretically and from a more pragmatic brand management perspective.

This research problem generates the initial expression of the research question:

*How is brand understood within New Zealand franchises?*

This research examines this initial research question in four ways, based on two possible interpretations of its meaning. It first establishes the importance that the stakeholders within franchises attach to their franchise brand. Research consistently supports the importance of the brand to an organisation and confirming that importance within this research underwrites the importance of the research itself, while establishing a motivational basis for the understanding that the research seeks to examine.
The research then elaborates the brand construct to determine an understanding of brand, initially in extant literature, in order to provide a thorough and theoretically supported articulation of one of the two central constructs in the initial research question. Having thus articulated the brand construct, the focus is directed at those aspects of brand that are held specifically within organisations.

The second meaning of the initial research question refers to how understanding of this articulation of the brand, within NZ franchise systems, is created and maintained. A knowledge-based perspective is employed to provide answers to this meaning.

Finally, the degree of congruence of brand understanding exhibited within identified key stakeholder groups within NZ franchises is examined to access both the understanding of brand and the processes that create and maintain it, throughout the franchise structure. Thus the expression of the initial research question is collapsed and elaborated as four central research questions (RQ1, RQ2, RQ3 and RQ4):

RQ1 *How important is the franchise brand to the success of the franchise?*

RQ2 *In what ways is the brand understood within NZ franchises?*

RQ3 *How is the understanding in RQ2 created and maintained within NZ franchises?*

RQ4 *Are the findings in RQ1, RQ2 and RQ3 consistent throughout the franchise structure?*
1.4 The research focus

Researchers have approached franchising using different theoretical perspectives and disciplines (Elango & Fried, 1997). Historically, research in franchising has been focused on its unique characteristics and the reasons for its existence and growth over other forms of business organisation, such as the establishment of company-owned outlets. Elango and Fried, in their meta-analysis of franchising research, observed that research generally examines franchising without considering the context within which it operates. They recommended that researchers pay more attention to the manner in which franchise systems actually work.

Combs and Ketchen (2003) conclude that future inquiry should include new theoretical approaches and richer, primary, data. A more recent review of franchising literature by Combs, Michael and Castrogiovanni (2004) concluded that research emphasis needs to shift toward “…how franchising impacts different types of organisational performance” (p. 97), and recognised the lack of theoretical diversity in franchising research. Dant (2008) echoes this recognition by inviting researchers of franchising to investigate research questions from a phenomenological perspective. This thesis responds to the imperatives of Combs and Ketchen (2003), Combs et al. (2004), Dant (2008) and Elango and Fried (1997), in examining brand, a key determinant of organisational performance (Kapferer, 2004), within NZ franchises.

As research in franchising evolves, so does research in brand. Traditionally, the management of the brand was seen as the sole responsibility of the marketing department (Runkel & Brymer, 1997) and the initial focus was on the product or service. The focus was then externalised so that the brand became centred on the perceptions of the customer (de Chernatony, 2001; Schultz, 2002). This developmental phase has more recently been extended by viewing brand as a collaboration between those who Schultz (2002) refers to as the people who are involved in creating the brand experience. Akutsu and Nonaka (2004)
assert that brand knowledge is owned by everyone involved in the brand. de Chernatony (2001) and Maio (2003) refer to these individuals and groups as the brand’s stakeholders.

The way in which brand has developed is framed in different ways. Merz, He and Vargo (2009) identify four specific, though overlapping, brand eras. They identify the Individual Goods-Focus Brand Era (1900s – 1930s), the Value-Focus Brand Era (1930s-1990s), the Relationship-Focus Brand Era (1990s-2000) and the Stakeholder-Focus Brand Era (2000 and forward). Goodyear (1996) identifies a chronologically sequenced spectrum of brand and de Chernatony (2006) bases his brand knowledge spiral on Nonaka and Takeuchi’s (1995) knowledge creation theory. That which is common to each of these frames or perspectives is the recognition that brand, as a subject for research or for its more pragmatic engagement within brand management, requires the recognition of a number of different contributing stakeholders. As these stakeholders exist both within and outside the organisation, academic and management perspectives are now required to be holistic, referencing both external and internal aspects.

This research recognises the importance of internal and external stakeholders to the franchise brand, but, in order to focus this research and thereby facilitate both intensity and depth, the research focus is constrained to those aspects of brand that are internal to the franchise. In doing so, this research identifies three distinct internal stakeholder groups within a franchise; the franchisor and franchisor management; the franchisee and franchisee management and customer-contact employees or single-operator franchisees. Thus the thesis again responds to an observation by Dant (2008) that much of franchising knowledge is based on investigations of franchisors to the virtual exclusion of research on other stakeholders’ perspectives. This research seeks to give voice to the three identified internal stakeholder groups or cohorts within franchises.

Franchising research is now looking beyond reasons for franchising to focus on how franchises operate and how they relate to the context in which they are situated.
Contemporaneously the focus of brand research is on assessing the contribution of a wider group of influencers, or brand stakeholders, than has historically been the case. This research intersects these two foci in examining the understanding of brand within NZ franchises and is therefore in the vanguard of the current debates concerning franchising, brand and brand within franchising.

1.5 Research issues

1.5.1 Elaborating the interpretive community of the researcher

The limited research base identified at the convergence of brand and NZ franchises restricts the availability of theory, debate and data to inform the research questions. The initial approach to the research questions is therefore inductive, rather than deductive, and the research exploratory (Creswell, 2003). The choice of research topic, and its expression within the title of this research, also arises from the researcher’s prolonged interest and involvement in franchising. These two factors provide imperatives to identify the philosophical ideas that will influence the research (Creswell, 2003). Johnson and Onwuegbuzie (2005) assert that the self-awareness of the researcher’s positioning by reference to ontological and epistemological parameters can reduce the likelihood of a highly idiosyncratic approach to the research.

The researcher speaks from a particular “interpretive community” (Denzin & Lincoln, 2003b, p. 30) and it is therefore important to identify and position the researcher within such an interpretive community in order to foreshadow bias and to detail the particular lens or perspective, through which this research is conducted. Denzin and Lincoln assert that all research is interpretive and is guided by a set of premises about how we understand the world and how knowledge about it should be acquired. They describe the “net” (p. 33) defined by these ontological and epistemological premises as a theoretical paradigm or interpretive framework.
Historically the positivist and post positivist frameworks have governed claims about that which constitutes knowledge (Creswell, 2003). The positivist or post-positivist researcher has less need to elaborate their positioning within an interpretive community as they assert an objective reality in which they and the knowledge that they are testing and seeking, is distinct and separate.

The emergent and exploratory nature of this research responds more to an interpretive approach (Creswell, 2003) rather than that based on positivist or post-positivist assumptions. The need to elaborate the interpretive net held by the researcher is an important part of the interpretive research ethic in which the researcher seeks to reduce self-validation and increase the credibility, transferability, dependability and confirmability of the research (Lincoln & Guba, 1999).

Neuman (2003) observes that although most researchers operate primarily within one interpretive framework, it is usual practice to combine elements of several. The researcher in this research, operates largely within a relativist ontology in recognising multiple constructed realities and an interpretive epistemology in accepting that the knower and the known interact, shape one another and co-create meaningful understandings (Denzin & Lincoln, 2003b). In the typology used by Denzin and Lincoln this interpretive framework is referred to as constructivist. This somewhat simplistic positioning of the researcher is elaborated by additional identification with the social constructivist and pragmatist interpretive frameworks. Social constructivists particularly recognise the importance of historical and sociological influences (Schwandt, 2003) while pragmatists avoid purist positions in favour of research that uses a plurality of approaches for answering important questions (Johnson & Onwuegbuzie, 2005).

This elaborated representation of the researcher’s interpretative framework, based on Denzin and Lincoln’s (2003b) typology, is further qualified by differentiating between that which may be classified as Western and Eastern interpretive frameworks. This qualification is
necessary to further elaborate the researcher’s interpretive framework, and to specifically provide ontological and epistemological support for the use, within this research, of a theory of knowledge creation attributed to Ikujiro Nonaka and Hirotaka Takeuchi (1995). Reconciling these two different types of interpretive frameworks is facilitated by the dominance of constructivism and social constructivism in the researcher’s elaborated interpretive framework, which may be a place (Takeuchi and Nonaka might refer to this place as “Ba” [2004, p. 12]), where the westernised framework of constructivism can meet the eastern ontology and epistemology detailed by Nonaka and Takeuchi (1995).

Nonaka and Takeuchi (1995) reject what they consider to be the approach of Western philosophy that differentiates between the knower and the known, sometimes referred to as the Cartesian split, after its initiator, Descartes. Their ontology is concerned with different levels of knowledge creating entities, while their epistemology is based on the existence of, and difference between, tacit and explicit knowledge. For Nonaka and Takeuchi, knowledge is held to be about beliefs and commitment, and is a function of a particular stance. It is essentially related to human action and is directed to some end. It is context-specific and relational and is created dynamically in social interaction between people. Nonaka and Takeuchi’s dimensions of knowledge creation resonate with the interpretive framework that Denzin and Lincoln (2003b) refer to as constructivism. This facilitates their co-existence within the researcher’s interpretive framework, while contributing to the ontological and epistemological underpinning of the theoretical framework for this research.

1.5.2 The research process

The research process informs and is informed by the sequence of actions that the researcher takes. Neuman (2003) uses the metaphor of a path for this temporal process, illustrated in Figure 1.2. Positivist and post positivist research may follow a linear path, which entails following a relatively fixed sequence of recognised steps, providing predictable,
relatively inflexible and precise progression (Blyton, 1989). The interpretive researcher adopts a non-linear path which is more cyclical (Neuman, 2003). The cyclical path also provides progression, but of a comparatively stable and repetitive nature (Blyton, 1989). The temporal path followed by this researcher uses the metaphor of the spiral, described by Filipcova and Filipec (1986).

**Figure 1.2**
A diagrammatic representation of the research path

![Diagram](image_url)

*Source: Developed for this research*
The description of the temporal path that this research follows, using the metaphor of a spiral, is central to the research and resonates throughout the research design, providing some amplification for it. It is also stands in sharp contrast to the linear and cyclical paths. The spiral path describes both progression and regression, reflects the complexity within which the research is situated and links the research and the researcher to both the past and the future.

The need for this link is justified, partially by the identification of the researcher with social constructivism, but also with the dynamic nature of both of the central constructs in this research, brand and franchise. Kapferer (2004) asserts that brand is both the memory and the future of its products and services and Hoy and Stanworth (2003) and Dant, Paswan and Kaufmann (1992) consider the future for franchising by questioning if the franchise form is purely a transitional entity representing a more effective evolutionary stage. The spiral metaphor, though initiated by Filipcova and Filipec (1986), has been referred to and elaborated by Blyton (1989), Burrell (1992), Carson, Gilmore, Perry and Gronhaug (2001), de Chernatony (2006), Neuman (2003) and Nonaka and Takeuchi (1995), supporting its use in this research.

In addition to the temporal path of the research, another impinging dynamic is the degree of emergence, as opposed to pre-determination and structure, which is accepted as the research progresses. Glaser and Strauss (1967), in their seminal text on grounded theory, assert that a research framework needs to be coherently, but slowly evolved. Carson et al., (2001) advise that a balance between a structured and unstructured approach is needed in marketing research. They recommend setting looser parameters in the early stages of research and avoiding an excessively binding framework. Creswell (2003) and Perry (1998a) both recommend that the more inexperienced researcher can further avoid idiosyncrasy and impose rigor and structure by following guidelines that are associated with extant research frameworks, designs, methodologies and theories. This initial looseness moving toward rigor and structure, mirrors the idea of moving from the general to the specific and corresponds to a
funnel sequence (Neuman, 2003). This is represented in Figure 1.2 by the funnel shape in the early stages of the research path.

A qualitative methodology is selected to answer the four central research questions posed in this research. The justification for this selection is specified in Chapter 4: Methodology. A qualitative methodology reflects the ontological and epistemological framework of this research, in that a constructivist or social constructivist will find a qualitative methodology more consistent with their philosophical assumptions (Creswell, 2003; Neuman, 2003). A qualitative methodology also responds to research that is exploratory, where the research question is not readily informed by clarity of definition of its constituent concepts and can readily refer to existing theory for explanation. Such is the case for this research.

Having justified the selection of a qualitative methodology, Chapter 4, in a measured process of selection and elimination, adopts case-based research as an appropriate strategy for the assessment of 16 identified contributory research questions. Within three instrumental case studies (Stake, 1995), semi-structured, in-depth interviews and document analysis are used to collect data. The data inform the contributory and central research questions through a process of analysis that employs NVivo computer aided qualitative data analysis software (CAQDAS). Figure 1.2 depicts the research process, the research path and notes some of the tensions that impinge on them.

1.6 Rationale and justification for the research

It has been demonstrated that franchising is important to many economies, including that of NZ. Franchising has been researched extensively, particularly in organisational economics and management literature (Windsperger & Yurdakul, 2007). This research therefore adds to an unexplored area of the significant research base in franchising, and also
responds to the exhortations of Combs and Ketchen (2003), Combs et al. (2004), Dant (2008) and Elango & Fried (1997), in researching an aspect of the operation of franchises in a national context in which research is extremely limited.

Brand is a central and defining aspect of franchising. Brand has become a focal point of academic study in recent years, but few studies have been directed at brand and brand management practices within franchises (Pitt, Napoli & van der Merwe, 2003). Seven papers are identified in the proceedings of the International Society of Franchising Conferences between 1986 and 2008 that incorporate brand into their titles, (Billot, 2008a; Paswan & Sharma, 2002; Roh, Wan Choi & Yoon, 2008; Stassen, 2006; Streed, 2007; Terry, 2006; Wu, 1991), but in most of these papers the understanding of brand in franchise systems is peripheral, rather than central to their theses. Apart from this researcher’s paper (Billot, 2008a), Streed (2007) may be an exception in evaluating the limitations of uniformity in fast-food franchises and the merits of alternative strategies from a brand perspective. Streed’s theoretical paper examines the traditional franchising characteristics of brand uniformity and standardisation and the pressures imposed by localisation to encourage a degree of adaptation and customisation.

The proceedings of the Australian and New Zealand Academy of Management and the Australian and New Zealand Academy of Marketing contribute to the understanding of brand within franchises to a lesser degree, though a paper by Frazer et al. (2005), entitled *Brand Piracy by Franchisees* informs the understanding of brand in franchising tangentially. This paper examines brands from the perspective that the intellectual property which the brand represents can be used in an unauthorised manner by franchisees who leave a franchise. The paper thus informs brand in franchises, but in a way that is tangential to the use of brand in this research.

The particular focus of this research therefore offers a significant contribution to a research base that becomes more limited the closer the central research questions are
specifically addressed. In addition, this research extends research on brand from the context of franchises to other contexts, including branding in profit-driven organisations, such as airlines (Tosti & Stotz, 2001) and banks (Bernstel, 2003), not-for-profit organisations (Hankinson, 2004) and multi-cultural organisations (Vallaster, 2004).

The franchising sector in NZ is growing at over six times the rate of the NZ economy (Alexander, 2008), yet research relating to franchising in NZ is extremely limited and on brand in NZ franchises, seemingly absent. Hence, this research seeks to make a contribution to a particularly unexplored area of research that has been evidenced as important to the NZ economy. This research also makes a theoretical contribution in applying a theory of knowledge creation initially proposed and then developed by Nonaka and Takeuchi (1995), that is one of the most cited in management literature (Takeuchi and Nonaka, 2004), in conjunction with Kapferer’s (2004) model of brand identity, initiated and developed by one of the leading researchers on brand (Kapferer, 1998; Kapferer, 2001; Kapferer, 2004). This supported theory and model are then applied in the context of NZ franchises, which, to date, is under-researched. Thus the theory of brand in franchises is advanced.

1.7 Definitions

Significant terms used in this research are defined below, unless subsequent sections sufficiently address their definition. They are presented alphabetically.

- **Action-oriented research** is a type of applied research in which the purpose is to facilitate change (Neuman, 2003).
- **Brand attributes** are characteristics of a brand that can be positive or negative and functional or non-functional (Interbrand, 2007).
- **Business format franchising** describes a particular type of franchise system where the creator of the business (the franchisor) grants a license or franchise to another entity (the franchisee) to operate from a location or within a territory under the brand name of the franchisor, using the pre-defined business format and operating system specified by the franchisor (FANZ, 2009).

- **Company owned units** are business units that are owned by the franchisor entity, but operate in the place of a franchisee.

- **Content analysis** refers to a method of data analysis for narrative data, such as texts and transcriptions, in which segments of text are systematically categorised such that segments within each category are similar to each other and can be differentiated from segments in other categories (Tashakkori & Teddlie, 2003).

- **Data** are numerical and non-numerical symbols that represent properties of objects, events and phenomena. They are gathered according to rules and established practices (Barabba, Pourdehnad & Ackhoff, 2002; Neuman, 2003).

- **Effect size** refers to the magnitude, intensity or practical significance of an obtained result in data analysis (Onwuegbuzie & Teddlie, 2003).

- **Exploratory research** refers to research in an area where little research has been completed and in which a researcher wants to develop ideas and focused research questions (Creswell, 2003; Neuman, 2003).

- **Extrapolation** refers to moving beyond the confines of the data to think about other applications of the findings in a manner which is logical, thoughtful and case-derived, rather than statistical and probabilistic (Patton, 2002).

- **Franchise agreements** are a standard form contract offered by a franchisor to a prospective franchisee. This contract will cover many, but not all, of the contractual issues that are likely to develop during the stated term of the franchise. The franchisee does not normally negotiate terms in the contract.
- **Franchise fees** are one-off fees paid by the franchisee on signing the franchise agreement and represent the cost of entering the franchise.

- **Franchisees** are the entities to which a franchise is granted by a franchisor to operate a franchised business.

- **Franchisors** are the legal entity which owns the patents, trademarks, methods, systems and supplies that it allows others to use. This use is specified in a franchise agreement.

- **Idiographic** is contrasted with nomothetic and refers to a focus on specifics, uniqueness and particularities, as opposed to generalisation.

- **Information** refers to the use of data, by human or non-human agents, to describe the objects, events and phenomena that the data symbolically represent (Barabba et al., 2002).

- **Knowledge** is defined by Nonaka and Takeuchi, 1995 and Nonaka and Nishiguchi, (2001) as a dynamic human process of justifying personal belief toward the truth. Knowledge enables descriptive information to provide explanatory understanding of objects, events and phenomena (Barabba et al., 2002).

- **Nomothetic** refers to a scientific approach that is based on the operation of a system of laws or generalisations (Neuman, 2003)

- **Praxis** refers to the interaction between ideas and theories and everyday practice (Neuman, 2003; Patton, 2002).

- **Product franchising** is sometimes referred to as product-name franchising, product-and-trade-name franchising and product licensing. Product franchising differs from business format franchising in that there is no assumption in product franchising that a business format and an operating system will form part of the franchise. It is expected that the product or products, or service or services, that comprise the product franchise will not comprise the totality of the product franchisee’s business.
Propositions are theoretical statements that specify a connection between two or more variables (Neuman, 2003).

Purposive sampling refers to judgementally selecting specific units or cases based on a specific purpose, as opposed to randomly selecting units (Neumann, 2003).

Quantitising is a term, originally coined by Miles and Huberman (1994), which refers to converting qualitative data into numerical codes.

Royalty fees are regular payments, usually weekly or monthly, that cover the ongoing costs of the franchisor in sustaining the franchise system. The royalty fees cover the costs of the franchisor and incorporates a profit margin for the franchisor.

Secondary data are data that were originally recorded at a different time, by a person or persons other than the researcher, for a use that may be different from the intended use of the researcher (Johnson & Turner, 2003).

Single-operator franchisees are franchisees in which the franchisee owner is also the only operator of the franchise for that franchisee. A single-operator franchisee has no employees or operators, other than the franchisee owner.

1.8 Delimitations of the scope of the research

The first delimitation relates to the locus of the research, New Zealand. This national restriction is imposed in order to respond to the restricted research base that exists on franchising in NZ (see Chapter 2, section 2.2) and was also imposed in order to locate data collection within the researcher’s country of residence. Though this delimitation will restrict any findings being liberally generalised across international boundaries, it also responds to the recommendation of Dant (2008), who observes that most franchising research and resultant theory has been focussed on the United States of America (USA). Dant encourages franchising scholars to focus on international aspects of franchising. The locus for this
research is NZ and, though that restricts the scope of the research, it nevertheless contributes to the internationalisation of franchising research and the restricted research base in NZ.

The delimitation to NZ also offers research on franchising in NZ at a critical time. During the latter stages of this research, in 2008 and 2009, the NZ Government, through the offices of the MED, stimulated and re-ignited argument concerning franchising in NZ. This has occurred as a result of the MED assessment of the need for franchise-specific regulation in NZ (MED, 2008). This research will inform the public submission process of the MED and add to the limited independently-sourced data that inform that argument.

This research is also restricted to those business format franchises that satisfy verified criteria. Franchises that fall outside these criteria are not considered, thus the findings will be restricted to the population of franchises defined in section 4.5. Further limitation is applied to the identified population of franchises in constraining the research focus to brand within NZ franchises. This delimitation is imposed to purposefully focus the research on internal stakeholders of a franchise to the exclusion of external stakeholders. This does not ignore the importance of those external stakeholders, but the delimitation intensifies the focus of this research.

1.9 Outline of the research

Figure 1.3 (p. 23) provides a summarised diagrammatic outline of the research. The background for the research topic is elaborated in Chapter 1, in which the research problem is identified and the initial research question expressed. This initial research question is then collapsed into four central research questions. The researcher’s philosophical position is detailed in order to describe the interpretive perspective through which the research will be conducted.
Figure 1.3
Summarised outline of the research

Chapter 1
Background to the research.

Chapter 2
Franchising in New Zealand

Chapter 3
Review of Literature and Research
Question Development

Chapter 4
Methodology

Chapter 5
Data Analysis and Findings

Chapter 6
Discussion of Findings

Chapter 7
Conclusions and Recommendations

Source: Developed for this research
In Chapter 2, the context for this research, *NZ franchises*, is examined. This involves assessing the relevance of franchising within NZ and tracing its history. Definition, defining characteristics and legal perspectives are used to elaborate the particular franchising context and identify that which constitutes a franchise in NZ.

Chapter 3 examines relevant literature by collapsing the central research questions into identified research streams and debates that are centred on the contributory constructs of franchise and brand. These constructs are then connected so that their nexus approaches the central research questions with an intensifying focus. During Chapter 3 contributory research questions for subsequent analysis are generated and expressed.

Chapter 4 details the methodology and methods used to collect data that inform the research questions. The credibility of findings is examined through the concept of authenticity and its qualitative referents credibility, transferability, confirmability and dependability. Sixteen specific techniques are identified to support the authenticity of this research. In Chapter 4 the use of case-based research is justified and semi-structured depth interviews and document analysis selected for data collection.

In Chapter 5 data analysis and findings are detailed for each of three case studies against the four central research questions. The data analysis employs three levels of progressively intensifying analysis; classical content analysis, key words in context and narrative analysis. The findings in the individual cases are refined and extended using cross-case analysis.

In Chapter 6 the findings are discussed to determine the degree to which they can be *extrapolated* (Patton, 2002) to other populations of NZ franchises and franchises and commercial organisations in general. Chapter 6 generates nine propositions for these populations.
Conclusions arising from this research are discussed in Chapter 7, valuable contributions that this research makes to both theory and praxis are assessed and recommendations are made for future areas of research.

1.10 Summary

The contribution that brand makes to franchising and that which franchising makes to the NZ economy is instantiated. The research question, *How is brand understood within NZ franchises?*, directly responds to this syllogistic illustration of the franchise brand’s importance to the NZ economy. Yet a research hiatus is asserted that exactly corresponds to the research problem. The importance of the research area in which the research problem is situated is in direct contrast to the limited extent of the research base that directly informs it. Hence the context of this research, franchising, in the locus specified, NZ, demands clarification. This clarification is offered in Chapter 2.
CHAPTER 2: FRANCHISING IN NEW ZEALAND

2.1 Introduction

The iterative assembly of a theoretically supported franchise construct within the NZ context is important to this research, as NZ is its locus and NZ franchises the context in which it is conducted. The ease of completing such an assembly is constrained by the type, quality and quantity of information and data available and the lack of certainty, in structural and legal terms, about what a franchise system is, in that NZ locus. The process of assembling this contextually-sensitive construct is illustrated in Figure 2.1.

In section 2.2 sources for information and data that inform the franchising sector in NZ are examined. These are then enriched, in section 2.3, by making a small number of comparisons between NZ franchises and that of the USA and Australia. The USA is considered to be the nursery of the modern form of franchising and the first franchise systems established in NZ originated in the USA (FANZ, 2009). Australia is New Zealand’s closest neighbour, both geographically, politically and sociologically. Comparing NZ franchising with that of a similar country will inform the NZ franchising context. The history of NZ franchising is detailed in section 2.4, from the earliest reference to a franchise in 1966 (Paynter, 2001b) to the present time. The identification of what a franchise system is in the NZ franchising context is specified in section 2.5, incorporating a differentiation between the different internal stakeholders in a franchise. The legal status of NZ franchise systems is discussed in section 2.6 and a summary of the chapter presented in section 2.7.
2.2 Sources of information on NZ franchising

Assembling the franchise construct within the NZ context necessitates access to a variety of sources of data and information. In order to assemble a construct that is
disinterested and robust, the preferred primary source of such data and information is academic and independent research. Such research can be expected to avoid or declare bias, be theoretically supported, and is available to be tested, reviewed and re-butted by other researchers. A secondary source is information and data supplied by individuals and organisations with an interest in franchising. It is likely that this interest will help define the data and information, restrict or compromise its public availability and therefore be considered less disinterested than the primary source.

The primary source of academic and independent research relating to the franchising sector in NZ is sufficiently limited that it can be traced by examining individual researchers and authors. These authors, together with their publications, are detailed in Appendix 1. Only one book, by Parker (1994), has detailed the NZ franchising context and only two doctoral theses, by Floyd (2001) and Flint-Hartle (2007) can be identified that answer research questions within franchising and which were completed in NZ. Gunasekara has published several articles on the legal aspects of franchising in NZ as have Germann, Grant and Germann, Williams, MacDonald and Munn, all of whom have contributed to professional and trade association publications and conferences in the same subject area. Paynter has completed several surveys of NZ franchising and has written and presented papers relating to them. Floyd and Fenwick (1999) have co-contributed a chapter for the book *Franchising: an international perspective*, edited by Hoy and Stanworth (2003). Little other independent or academic research on franchises or franchising can be identified in NZ.

It is both surprising and concerning that such a limited research base exists, as it is independent research that best informs discussion and debate and facilitates effective strategic decision-making. The development and completion of this research was contemporaneous with a public debate initiated in NZ by the MED to assess the desirability of introducing franchise-specific legislation in NZ. This *Review of Franchising Regulation in New Zealand; Discussion Document* (MED, 2008) was initiated by the MED subsequent to reports in the
national media concerning “alleged scams…that appear to be cases of fraud” (p. 5). This concern resulted in ministerial consideration of whether the legal framework around franchising needed to provide more protection for franchisees. The review considered three options, maintaining the status quo, education initiatives and franchise-specific legislation.

There were 32 submissions to this review. Five submissions were confidential and one withheld the author’s name. Of the publicly accessible submissions with identifiable authors, eight were submitted by sector representative organisations, seven by the legal community, two from franchisor companies, two from corporations, two from Australian academics, one from a New Zealand academic, one from a bank, one from a government body, one from a franchisee from the fuel industry and this researcher’s submission (Billot, 2008b).

The MED was not committed to introducing one, or a combination of the three options canvassed, or any other options that were subsequently forwarded, but the process that was initiated stimulated debate and reaction through the submission process. The 32 contributors have necessarily researched, considered and reflected on their views of the NZ franchising sector in order to express themselves through their submissions.

A similar government inquiry in Australia, which was conducted subsequent to two state inquiries in the same year (Spencer, 2008), was held by the Parliamentary Joint Committee on Corporations and Financial Services in 2008. This federal inquiry examined the current Franchising Code of Conduct and related matters and drew 140 submissions, nearly five times the number of the NZ review. The inquiry also resulted in a report Opportunity and opportunism: improving conduct in Australian franchising (Parliament of Australia Joint Committee of Corporations and Financial Services, 2008). This report assessed the need to change the existing Franchising Code of Conduct at the pre-contractual stage, during the currency of the agreement and at its termination. It also recommended modifications to the
dispute resolution and enforcement aspects of the existing code and the addition of a good faith clause to improve the standard of conduct surrounding franchise relationships.

The 32 submissions to the NZ MED, together with the above Australian report, read in the context of the franchise-specific legislation currently operating in Australia, will do much to inform the debate in NZ. However, the composition of the submitters to the NZ review, illustrates the lack of direct representation of the franchisee perspective to the arguments that the review surfaces. This research specifically includes the voice of franchisees and customer-contact employees and this inclusion contributes to balancing the views of the various stakeholders in NZ franchises, while responding to Dant (2008), who noted that the franchisee perspective is inadequately researched.

The reasons for the lack of independent research on franchising in NZ are difficult to discern. The size of the franchising sector in NZ (illustrated by Table 2.1, p. 33, Figure 2.2, p. 36 and Table 2.2, p. 37) may contribute to this lack of independent research and this, in turn, may be inter-related with the limited amount of tertiary education that relates to franchising. Yet the research base has not increased with the evidenced growth in the size of the franchising sector in NZ, in fact, the converse is observed.

Though Gunasekara continues to publish in the *New Zealand Law Journal*, and Germann in the *International Journal of Franchising Law*, academic research on franchising in NZ appears to be no more intense in the first decade of the 21st Century than it was in the final decades of the 20th Century.

Gunasekara (2008) asserts that there is only one tertiary course specifically devoted to franchising in NZ and that refers to franchising law. No specialist franchising qualification can be found at Certificate, Diploma or under-graduate level, though one unit standard is identified by the New Zealand Qualifications Authority (NZQA) called *Investigate and evaluate small business franchising options* at a 10 credit level (NZQA, 2009).
Though there seem to be few franchising courses or papers available at tertiary level, the need for education is promoted in a significant proportion of the submissions to the *Review of Franchising Regulation; Discussion Document* (MED, 2008). In this review, the MED identified education as one of three options considered as an alternative or complement to franchise-specific regulation. Of the 26 public submissions to this review, 12 positively supported the benefit of education initiatives to the NZ franchising sector, while three submissions concluded that education was insufficient of itself or unnecessary. The remaining 11 submissions made no relevant comment.

The secondary source for information and data that may inform the NZ franchising sector identified includes service organisations, such as FANZ, representative organisations of industry sectors, such as the Motor Trade Association and special interest groups, such as the NZ Fair Trading Coalition. Commercial enterprises such as banks, solicitors, accountants and franchise consultants also provide relevant hard-copy literature and internet-based information to support franchisors and franchisees. Information from all of these sources informs franchising and can contribute to the explanation of that which comprises franchising within the NZ context. Their contribution demands careful scrutiny, in view of their declared interest in representing particular participants and groups of participants. The effectiveness of interest groups and self-described representative organisations in over-representing their version of franchising reality in NZ is illustrated by the influence of FANZ in the recent government-initiated debate in relation to franchise-specific regulation in NZ.

FANZ is generally regarded as the organisation most representative of franchising in NZ. Since its formation in 1996 it is perhaps the pre-eminent organisation in taking responsibility for the promotion of ethical standards and improved business practice among its franchise-centric membership. FANZ made a preliminary submission to the Finance and Expenditure Committee on Financial Service Providers in March 2008. This submission was used liberally by the MED in their *Review of Franchising Regulation in New Zealand*;
Discussion Document in August 2008, which called for public submissions. The MED incorporated FANZ’s summary of typical clauses in a franchising agreement (MED, 2008, p. 10), used FANZ’s estimation of the size of the franchising sector in NZ (MED, 2008, p. 11) and explained FANZ’s role as the conduit for self-regulation in the NZ franchising sector in paragraphs 24 to 30, inclusive (MED, 2008, p. 13). FANZ was then directly referred to in the MED document in the following paragraphs between 31 and its conclusion at paragraph 113; 39, 43, 50, 51, 53, 58, 62, 71, 80, 82, 83, 85, 86, 87, 91, 105 and 110. The FANZ Code of Practice was then incorporated as Appendix 1 (MED, 2008, pp. 28-33).

FANZ duly made a public submission to the Review of Franchising Regulation in New Zealand: Discussion Document in November 2008. The MED published the Outcomes of the Review of Franchising Regulation on 12 June 2009. This report announced the NZ government’s decision not to introduce franchise-specific legislation at this time. On 25 June 2009, a Franchise Law Reform Symposium was held. The symposium was run under the auspices of The New Zealand Governance Centre, which is a research centre of the University of Auckland. As the NZ government’s announcement pre-ceded the symposium, the symposium opened with the Minister of Commerce, the Honourable Simon Power, explaining the government’s decision. The remainder of the speakers provided both national, Australasian and global perspectives on the effectiveness of franchise-specific regulation.

As a speaker at the symposium, Germann (2009), stated the membership of FANZ as consisting of 210 members, comprising 143 franchisors, 64 affiliates (lawyers, consultants, banks and other service providers to the franchising sector) and three franchisees. The FANZ submission, cited by the MED (2008), suggests that the franchising sector incorporates 400 franchise systems, of which 350 are active, and that they represent “40-50% of active franchise systems” (p. 11). By their own information FANZ represents 40% of franchisors and less than 1% of franchisees.
The representations of FANZ to the MED can be assessed as highly successful lobbying by a representative organisation with limited representation in influencing the debate on franchise-specific legislation to the degree evidenced. The predominant use of FANZ information by the MED also demonstrates the failure of other parts of the franchising sector to advance a sufficient number of robust and divergent opinions.

2.3 A comparison of franchising in NZ with franchising in the USA and Australia

Though franchising in its earliest form originated in Europe, the USA is considered to be the nursery of the modern form of franchising. This modern form can be evidenced by the early product name franchises, including the McCormick Harvesting Machine Company in the 1850s, and by the first business format franchises, including Rexall drugstores in the early 1900s (Justis & Judd, 2003). It is not credible to refer to the history of franchising in the USA, or globally, without mentioning the impetus given by the formation of the McDonald’s food chain in 1955 and its subsequent development into a “safe and lucrative investment” (Kaufmann & Lafontaine, 1994, p. 418) and its recognition by Justis and Judd (2003) as a blue-chip franchise.

The size of franchising in the USA, as represented by the sector’s turnover, provides quantitative comparisons with the total economic output of NZ, as opposed to solely its franchising sector. The turnover in the Australian franchising sector also dwarfs that of NZ. Table 2.1 provides some comparative data between the three countries that serve to position the NZ franchising sector within a tri-national context. The comparisons provided are presented to enrich the contextual picture of the NZ franchising context for this research, rather than initiating judgements of the comparative value of such quantitative comparison.
Australia was considered significantly ahead of New Zealand in relation to the USA’s recognition of the potential of franchising (Parker, 1994). In 2009, Australia has a population of 21 million (Australian Bureau of Statistics, 2009), nearly five times that of NZ, at 4.3 million (Statistics New Zealand, 2009). Yet franchising in Australia is proportionately larger, especially in terms of its comparative contribution to the Australian economy. The Franchising Australia 2008 survey (Frazer et al., 2008) identifies 1100 business format franchise systems, comprising 71,400 business units, employing 413,500 employees and resulting in an estimated turnover of $A130 billion.

**Table 2.1**
Selected quantitative comparisons of franchising in Australia, NZ and the USA

<table>
<thead>
<tr>
<th>Source</th>
<th>U.S.A.</th>
<th>Australia</th>
<th>New Zealand</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Census Bureau (2009)</td>
<td>304,000,000¹</td>
<td>21,000,000⁴</td>
<td>4,200,000⁶</td>
</tr>
<tr>
<td>FranchiseFunding (2009)</td>
<td>1500²</td>
<td>1100⁵</td>
<td>350⁷</td>
</tr>
<tr>
<td>Frazer et al., (2008)</td>
<td>760,000⁵</td>
<td>71,400⁵</td>
<td>16,000⁷</td>
</tr>
<tr>
<td>Australian Bureau of Statistics (2009)</td>
<td>US$1,000 billion³</td>
<td>US$104 billion⁵</td>
<td>US$10 billion⁷</td>
</tr>
<tr>
<td>Statistics New Zealand (2009)</td>
<td>8,000,000²</td>
<td>413,500⁵</td>
<td>70,000⁷</td>
</tr>
<tr>
<td>Frazer, Weaven &amp; Wright (2008)</td>
<td>507</td>
<td>65</td>
<td>46</td>
</tr>
</tbody>
</table>

A rivalry exists between NZ and its close neighbour Australia. This rivalry is most evident on the sports field, but can imbue argument intended to contrast and compare
franchising in both countries. Walker (2005) conferred on Australia the title of “franchise capital of the world” (p. 29), because it has proportionately more franchise systems operating per head of population than the USA. However Lord (2009) claims this title for New Zealand in observing that NZ has “the highest proportion of franchises per capita in the world” (p. 1). Lord’s observation is logically correct in that the most recent and accurate information available concerning NZ franchising suggests that there are 350 active franchise systems in a population of a little more than four million. This yields a ratio for the number of franchise systems per million of population of 81:1. Comparable information concerning Australia identifies 1100 franchise systems in a population of approximately 20 million (Frazer et al., 2008), which yields a lower ratio of 52:1. Though Lord’s assertion may thus be supported, the comparison rests solely on one ratio and does not account for other quantitative comparisons.

There is an additional risk in focusing on one or more specific quantitative comparisons in order to illustrate these sorts of pre-eminences of one franchising sector over another. It may be argued that the number of franchise systems per head of population is an indicator of an imbalanced franchising sector as the higher the number of franchise systems per head of population the smaller those systems are likely to be. The information in Table 2.1 states the average number of franchisees per system as 507 in the USA, 65 in Australia and 46 in NZ. This begs the question as to whether it is desirable to maximise the number of franchise systems per head of population or to maximise the size of the franchise systems to ensure their long term viability. For such quantitative comparisons to be effective they benefit from being placed in thoroughly elaborated contexts.

The above data confirm that Australia has fewer franchise systems than New Zealand per head of population, but most other quantitative comparisons confirm that franchising in Australia is larger than franchising in NZ, and proportionately larger in terms of business units, employment and turnover, than would be indicated by the population differential. Parker nevertheless identifies franchising as “the most popular business structure in New
Zealand” (1994, p. vii). Colmar Brunton (2003) observed that the annual growth rate since the 2001 survey was just less than 10% in the number of franchise systems and more than 12% in the number of franchisee outlets. These growth figures compare closely with Australia’s estimated growth from 2004 to 2006 of 12.9% and 2006 to 2008 of 14.6% (Frazer et al., 2008). These observations and comparisons further support the increasing importance and relevance of franchising to the two largest South Pacific economies, and, of particular relevance to this research, the NZ economy.

Any comparison between the two South pacific countries has to be qualified by recognising that, in the case of Australia, independently verified data are used, including the most recent 2008 survey Franchising Australia 2008, which was conducted by the Asia-Pacific Centre for Franchising Excellence at Griffith University (Frazer et al., 2008). In the case of surveys concerning the NZ franchising sector, the last independently verified data are available for the 2003 year. Furthermore, the degree of independence ascribed to this data may be questioned. FANZ, a partially-representative franchise organisation is credited with organising the survey, while the survey’s principal sponsor was the National Bank of New Zealand and the survey and data analysis was completed by a commercial organisation (Colmar Brunton, 2003). The growth of the franchising sector in NZ is represented in Figure 2.2 and Table 2.2, using the referenced data available.

The quantitative comparisons offered contribute to building a more robust description of franchising in NZ, a description which is further advanced by examining the history of franchising in NZ.
Figure 2.2
Estimated size of the NZ franchising sector from 1966 to 2009

Table 2.2
Estimated size of the NZ franchising sector from 1997 to 2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of franchise systems</th>
<th>Total turnover of NZ franchises (NZ$ billion)</th>
<th>Number of franchisee units</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>320</td>
<td>3.5</td>
<td>6230</td>
<td>33500</td>
</tr>
<tr>
<td>1998</td>
<td>430</td>
<td>2.9</td>
<td>4830</td>
<td>18660</td>
</tr>
<tr>
<td>1999</td>
<td>420</td>
<td>6.5</td>
<td>5640</td>
<td>44980</td>
</tr>
<tr>
<td>2000</td>
<td>440</td>
<td>5.9</td>
<td>7050</td>
<td>40670</td>
</tr>
<tr>
<td>2001</td>
<td>410</td>
<td>10.5</td>
<td>13680</td>
<td>67750</td>
</tr>
<tr>
<td>2002</td>
<td>320</td>
<td>5.8</td>
<td>12300</td>
<td>N/A</td>
</tr>
<tr>
<td>2003</td>
<td>350</td>
<td>6.9</td>
<td>N/A</td>
<td>40000</td>
</tr>
<tr>
<td>2008</td>
<td>350</td>
<td>10.0</td>
<td>16000</td>
<td>70000</td>
</tr>
<tr>
<td>2009</td>
<td>350</td>
<td>16.0</td>
<td>18000</td>
<td>100000</td>
</tr>
</tbody>
</table>


2.4 The history of franchising in NZ

The existence of the first franchise system in NZ was dated at 1966 by Paynter (2001b), although it is not identified. Franchising was seen to impact NZ more in the 1970s (FANZ, 2009), when Stirling Sports and Rodney Wayne are identified as initial successes. In the 1970s and 1980s the governance of franchising in NZ was viewed, to a degree, as part of Australian franchising. This view is derived from the observation that the major representative organisation for franchising in NZ formed a chapter of the Franchise Association of Australia and New Zealand Limited (FAANZ). There was no separate national organisation to represent the interests of the NZ franchising sector.

During the late 1980s and the early 1990s the diverging needs of the Australian and NZ franchising sectors became progressively more apparent (S. Lord, personal communication, November 3, 2009). The Australian representation on FAANZ was
increasingly focused on political and legislative imperatives as a reflection of the intense lobbying for franchise-specific regulation in Australia, whereas the NZ chapter of FAANZ viewed industry representation as a major priority. It was also observed that the identification of the NZ franchising sector as a chapter or part of the Australian franchising sector was resulting in franchise systems, especially from the USA, considering that by appointing a national franchisee in Australia, Australasia had been effectively covered (W. Robinson, personal communication, November 4, 2009). This sometimes resulted in particular franchise systems restricting their operation to Australia or treating the Australian and NZ franchising sectors as one. Both of these operational scenarios were observed to be detrimental to the growth of the NZ franchising sector.

This divergence of needs, combined with an apparent consensus among sufficient key influencers in NZ franchising assessing that the NZ franchising sector was mature enough to justify a separate franchise association (S. Germann, personal communication, March 11, 2009), led to the formation of The Franchise Association of New Zealand (FANZ) in 1996. The separation of FANZ from FAANZ is held to be amicable, the two resultant national organisations, The Franchise Council of Australia and The Franchise Association of New Zealand continue to cooperate on many issues.

The perception that the NZ and Australian franchising sectors could be treated as one nevertheless persisted in some ways beyond the initiation of FANZ. In Hoy and Stanworth’s (2003) editorial introduction to the book, Franchising: an International Perspective, a figure was included that is said to represent “country franchise populations; number of franchisees compared with total population” (p. 4). This figure actually incorporated combined population statistics for an entity labelled “Australia/NZ” (p. 4).
2.5 The composition of a franchise system in NZ

The uncertainty that prevails in NZ about exactly what comprises a franchise system is one reason for some of the inconsistent growth data (Paynter, 2001b), illustrated in Figure 2.2 and Table 2.2. As there are currently no official registration requirements for franchises, Paynter notes that it is not possible to be entirely confident of the total population of franchises in NZ. The discussion document provided by the MED for the call for submissions on franchise regulation in 2008 suggested that franchising “can be viewed as a form of licensing distribution arrangement, but the term is often used loosely to refer to one or more types of these arrangements” (p. 5). The FANZ (2009) definition is that franchising is:

...where the creator of the business (the ‘franchisor’) grants a licence (‘franchise’) to another (the ‘franchisee’) to operate from a location or within a territory under the brand name of the franchisor, using the pre-defined business format and operating system prescribed by the franchisor. (p. 10)

The two definitions of franchising, from the MED and FANZ, were initiated in NZ, and, in order to reflect them against a definition with more global reference, the following is added from Justis and Judd (2003),

Franchising may be defined as a business opportunity by which the owner (producer or distributor) of a service or a trademarked product grants exclusive rights to an individual for the local distribution and/or sale of the service or product, and in return receives a payment or royalty and conformance to quality standards. (section 1, p. 3)

Each one of these definitions narrows the meaning of what a franchise is, but each one can be contested. The MED (2008) definition is perhaps intentionally vague and generates more questions about what a franchise might be (or not be) than providing substantial definition. That of FANZ (2009) is more precise, but uses the term licence, rather than franchise agreement. This fails to clarify the difference between product name franchises and
business format franchises, which must be treated as occupying ends of a contractual continuum as opposed to representing a binary choice. The definition offered by Justis and Judd (2003) reduces the importance to franchising of conformance to more than quality standards, restricts the franchisee party to the franchise to an individual person and omits the franchise agreement or contractual arrangement between the parties.

Perhaps the dissimilarity of the three definitions cited is an indication of the difficulty of providing a concise definition of franchising that achieves global consensus. Of the 26 public submissions to the Review of Franchising Regulation; Discussion Document (MED, 2008), 15 submissions identified the definition of a franchise in the NZ context as a matter of concern. If franchising is to be defined in NZ it is likely that a simple definition by itself will not suffice. It is more likely that criteria will need to be established that can qualify an organisation as a franchise.

Mendelsohn (1999) examines definitions of business format franchising supported by the International Franchise Association, the United States Franchisors’ Association and the British Franchise Association and then considers these against four legal definitions to confirm eight defining characteristics of a business format franchise. He asserts that these defining characteristics must nevertheless be contextualised to the legal jurisdiction or jurisdictions and the commercial context in which a particular franchise system operates. As these defining characteristics are central to this research, they are listed:

1. A franchise agreement is founded upon a contract which should contain all the terms agreed upon.
2. The franchisor must first develop a successful business format (the system) which is identified with a brand name.
3. The franchisor must initiate and train the franchisee in all aspects of the system prior to opening.
4. The franchisor must maintain a continuing business relationship with the franchisee.
5. Under the control of the franchisor, the franchisee operates the franchised business and benefits from the goodwill associated with the brand.
6. The franchisee must make a substantial capital investment.

7. The franchisee must own the business.

8. The franchisee will pay the franchisor for the rights and services provided.

The above characteristics are applied in this research to construct a bank of qualifying criteria for identifying franchise entities. This strategy ensures that the sample of franchises researched was taken from a population of organisations that satisfied the criteria and could therefore be considered franchises.

Acknowledging the challenge of defining and qualifying what a franchise is, it is also essential to this research to describe its structure. A franchise system is a hybrid organisational arrangement, in that it does not consist of one legal entity or one economic entity. It includes a number of different entities connected by the franchise agreement and by the ongoing and variable obligations that form an interdependence based on an ongoing business relationship (Justis & Judd, 2003). Mendlesohn (1999) defines the existence of a franchisor and a franchisee. This forms the basic relationship in franchising. However, the franchisee can be an individual, a partnership, a company or a trust. There is no restriction in NZ on the nature of the legal entity that is referred to as the franchisor. From a legal perspective, the franchisee entity can be similarly structured as franchises can be multi-national and multi-layered and some may extend beyond the simple franchisor-franchisee relationship. It is possible to have a franchisor, a national franchisee, a regional franchisee and a local franchisee. Each one of these legally independent units can be a single-person entity or a large corporation.

For this research, the franchise systems referred to are determined as indigenous to, or initiated in, NZ and three distinctive groups or cohorts of stakeholders are identified within a franchise. The franchisor, the franchisee and the customer-contact employee or single-operator franchisee are asserted to form three identifiable cohorts. The franchisor may be a
national franchisee if the franchise has successfully internationalised from its NZ foundation, the franchisee may be a regional franchisee or a franchisee that employs customer-contact employees, while the final cohort may include customer-contact employees or single-operator franchisees.

This elaboration of the franchise structure into three cohorts is central to the research. Extant research, theory and data that will inform the research questions will be accessed from both within and outside of franchising research. In particular, research on brand is restricted largely to organisations that are not franchises (Pitt et al., 2003) and is more likely to refer to the internal stakeholders of an organisation, which, in most organisations, is the employee.

2.6 The legal status of franchising in NZ

Definition and control of franchising is facilitated by federal and state law in the United States, by general law, Articles of the European Community Treaty and specific member statutes in Europe and the Franchising Code of Practice as part of the Trade Practices Act (1974) in Australia, but there is neither statutory definition nor control of franchising in New Zealand (Grant & Germann, 2003) outside of that provided by more general statutes relating to commerce. The acts that exert the greatest control over franchising in NZ are the Commerce Act 1986, the Fair Trading Act 1986, the Consumer Guarantees Act 1993 and the Employment Relations Act 2000 (Cuming, 2008). Common Law and the precedence arising from it, also exert influence, particularly from cases brought within Australian and NZ jurisprudence.

The above eight defining characteristics, articulated by Mendelsohn (1999), are important to this research in specifying what a franchise is. The reliance of The Franchise Association of New Zealand Rules (2002), the New Zealand Franchisor’s Guide (2000) and
authors and researchers, including Parker (1994), Germann and Grant (2000), Grant and Germann (2003) and Williams (2000) on relatively simple definitions, derived from researchers in other economic and cultural contexts, exacerbates this difficulty. This is illustrated by the Franchise Association of New Zealand franchising sector surveys for 1999, 2000 and 2001 (Paynter, 2000; Paynter, 2001a; Paynter; 2001b) and 2003 (Colmar Brunton Limited, 2003). These two series of surveys, completed by different sets of researchers, assumed different meanings for that which qualifies as a franchise system and consequently produced substantially different data. The lack of clarity concerning that which comprises a franchise in NZ is also illustrated by the confusion expressed in submissions to the Review of Franchising Regulation in NZ; Discussion Document (MED, 2008).

As the organisational form of franchising develops and franchise systems become more prevalent, so the different roles of franchisor and franchisee, in particular, are brought into focus. There is a growing argument in Australia and New Zealand (Buchan, 2008; Gunasekara 2008; Spencer, 2008) that the legal tensions relating to franchises, mostly between the franchisor and the franchisee, are related to the tension between the initial franchise agreement and its inability to inform the franchisor-franchisee relationship over time. The franchise agreement is a standard form of contract, designed by the franchisor and offering little room for negotiation of changes by the franchisee, yet the contractual basis between the franchisor and franchisee over the long term is relational and inter-dependent, something which the standard form does not easily respond to.

2.7 Summary

Franchising in New Zealand is consistently increasing in size with respect to most quantitative assessments. The initiation of a formal discussion in consideration of franchise-
specific regulation has re-kindled the debate of what exactly a franchise comprises in NZ and how franchising can best be advanced. The common themes in the MED submissions (2008), which are echoed in the press, are that the status quo may be inadequate for the present and future needs of the NZ franchising sector, but that it may be preferable to the introduction of franchise-specific legislation.

In June 2009 the NZ Government decided, on the basis of a cabinet paper submitted to them (MED, 2009), not to proceed with franchise-specific regulation. The Honourable Simon Power, the Minister of Justice, elaborated on the reasons for this at a Franchise Law Reform Symposium held in Auckland on 25 June 2009, which the researcher attended. It is unlikely that franchise-specific statute will be enacted during the present National government’s term, but it will also be of interest to observe if the debate concerning franchising in NZ is maintained beyond the Franchise Law Reform Symposium.

Of continued concern to many of those involved in franchising in NZ, and expressed in the submissions to the MED, is the evidenced lack of independent research and both tertiary level papers and professional training and qualifications in franchising. Education in franchising continues to be supplied mostly by non-representative industry groups and professional commercial organisations. Independent research, particularly in this first decade of the 21st millennium, appears alarmingly sparse for a sector that asserts its “significant value to the NZ economy” (FANZ, 2007).
CHAPTER 3: REVIEW OF LITERATURE AND RESEARCH QUESTION DEVELOPMENT

3.1 Introduction

The four central research questions are:

RQ1  How important is the franchise brand to the success of the franchise?

RQ2  In what ways is the brand understood within NZ franchises?

RQ3  How is the understanding in RQ2 created and maintained within NZ franchises?

RQ4  Are the findings in RQ1, RQ2 and RQ3 consistent throughout the franchise structure?

These four questions engage two central constructs, franchising and brand. They engage brand specifically within franchises and contextualise this engagement to the New Zealand locus. The research questions are thus informed by, and contribute to, several evolving debates, which are not mutually exclusive. This chapter, illustrated in Figure 3.1, follows a number of these debates that specifically inform the four central research questions.

In section 3.2, research and theory relating to franchising are examined. The franchising construct is etymologically introduced and a brief history of franchising in commerce detailed. The development of research in franchising is traced. Franchising research has been dominated by three major theories, particularly in the last 35 years (Dant et al., 2008). These causality theories, capital scarcity theory, resource constraint theory and agency theory, are individually examined to determine their relevance to the central research questions. The debate on franchising research is then described as moving beyond the focus on these theories to international aspects of franchising, to the way in which franchises operate and to the application of a range of theories to the specific context of franchising (Combs et al., 2004; Dant, 2008).
Figure 3.1
Outline of Chapter 3
Review of literature and research question development.

Source: Developed for this research
In section 3.3, the brand construct is introduced by examining its etymology and conceptual development. In order to refine the meaning of the construct in relation to the research questions, brand is examined from a number of different perspectives. The franchise brand is compared with product and service brands, the corporate brand and internal brand. The particular focus of this research is constrained to brand specifically within, or internal to, franchise systems. As internal brand shares this internal focus, a close examination of internal brand, and its semantic equivalents, is justified. Three identified components of brand, brand equity, brand image and brand identity are then examined and compared. In order to further understanding of these brand components, particularly that of brand identity, the use of models to facilitate understanding of complex constructs and a comparison of particular models, shown to inform the research questions, is presented. One of these models, developed by Kapferer (2004), is selected for more detailed analysis. Kapferer’s model is central to the research design that supports a response to the research questions.

Having identified seminal contributions to the arguments and debates that envelop brand and franchises as separate constructs, this review then examines the knowledge-based theory of the organisation, in order to inform those aspects of the research question that are concerned with how brand knowledge is created and maintained in franchises and thereby how brand is understood in NZ franchises.

A particular knowledge based theory, elucidated by Nonaka and Takeuchi (1995) is detailed in section 3.4. The theory is then specifically applied to the brand construct, involving an assessment of research contributions from Akutsu and Nonaka (2004) and de Chernatony (2006). Research by Windsperger and Gorovaia (2008) that identifies aspects of Nonaka and Takeuchi’s theory within franchises is also examined. The reference to Windsperger and Gorovaia’s research, which involves property rights theory, as opposed to knowledge based theory, is an indication of the reduction in the literature and research base as the focus of this review is intensified toward the central research questions.
Thus this review of literature, in considering alternative definitions, models and theories for the brand construct, follows the spiral metaphor of the research process shown in Figure 1.2. The review elaborates the constructs of franchise and brand separately. An accredited extant model for one component of the brand construct is detailed, together with a frequently cited theory of knowledge creation, which is then applied to the brand construct. The review moves from argument that informs the research questions peripherally to that which is tightly focused on them, in order to gradually reduce the uncertainty that the research questions identify.

In progressively focusing this review of the extant literature and research on the four central research questions, a hiatus or gap in the reviewed research is evidenced in section 3.5. This research gap is clarified with reference to four research outputs that circumscribe a quadrilateral limitation and shape to that gap. The contributory research questions that are derived from this focused review of literature are then presented within the summary of this chapter, in section 3.6.

3.2 Franchising

3.2.1 An etymology of the word franchise.

The word franchise has plural meanings. The Oxford English Dictionary (1933) offers eight definitions, tracing the word back to the late thirteenth century and its origin to the country that we now call France. France and franchise have similar roots. Dictionnaire Robert (1993) traces the word *franche* to the eleventh century and bestows a meaning of *le condition libré* or the state of freedom. A group of related words, used in what is now known as England and France, and spelt very differently through the centuries, but including franc,
France, franche, fraunche and franchise, evoke common concepts of freedom, privilege, right, grant and exemption.

As a reflection of the origin of the word, perhaps the most appropriate historical definition of franchise is the French definition; “droit limitant l’autorité souveraine au profit d’une ville, d’un corps…” (Dictionnaire Robert, 1993). This is very similar to the English version; “a privilege or exceptional right granted by the sovereign power to any person or body of persons” (Oxford English Dictionary, 1933). These definitions elucidate the customary use of the term in what we now recognise as Anglo-French Europe, from its origins to the mid 19th century.

In the second half of the 19th century the meaning of the word franchise was focused and refined within a commercial context. Nevertheless, the etymological analysis of the term retains a direct bearing on this research, particularly in relation to the common understandings that have consistently determined the meaning of franchise through to its contemporary usage. The sovereign, sovereign’s representative, corporation, principal or franchisor; the grant of a right, privilege or franchise agreement and the ville franche (Larousse, 2002, p. 450), town, body, person, corporation, agent or franchisee are germane to this research.

### 3.2.2 A history of franchise in commerce

Examples of trading practices that resemble some of our current perceptions of what a franchise entails, are observable in Roman times (Bell, 2003), in the twelfth century in organisations such as the guild system of the City of London (Mendelsohn, 1999) and, in Australasia, in 1810, in the grant by Governor Lachlan Macquarie of the right to import rum in return for the building of a hospital in Sydney that is still called the Rum Hospital (Bell, 2003; Germann and Grant, 2000).

The further evolution of the term franchise, in association with a corporate body rather than a sovereign or a sovereign’s delegated authority, is more recent. It did not “derive from
one moment of inventiveness from an individual” (Mendelsohn, 1999, p. 18), but developed in the second half of the 19th and the first half of the 20th century to define the way in which organisational effectiveness was evolving in response to factors being encountered within the commercial environment of the USA. Initial examples where one party granted a right to another party to manufacture or sell their particular product under a particular name, providing certain obligations were fulfilled were referred to as *product or trade-name franchises* (Mendelsohn, 1999). In the USA, the case of the McCormick Harvesting Machine Company in the 1850s, the Singer Sewing Machine Company in the 1860s and General Motors Corporation in the 1890s (Bell, 2003; Justis and Judd, 2003) instantiates this development.

The product name franchise was an evolutionary antecedent of the business format franchise (Bronson and Faircloth, 2000) and was the largest franchising segment through to the last decade of the twentieth century (Kaufmann and Dant, 1988). The initial expression of *business format franchises* was through such franchises as Rexall, Avon Cosmetics, Fuller Brush and Culligan. It was not until the 1950s that the development of business format franchises accelerated on the visible achievement of franchise systems such as McDonald’s, Kentucky Fried Chicken and the International House of Pancakes (Justis and Judd, 2003). It was the subsequent visible expansion of domestic USA franchises into overseas markets, such as Australia and NZ that identified franchising to those markets as an effective means of organisational structure and distribution.

Though both product name and business format franchises are recognised in research on franchising it is the latter that most differentiates franchising from other methods of distribution and organisational forms (Kaufmann & Dant, 1998). Hence the context for this research is business format franchising. Due to the dominance of this form, the use of the expression business format franchising is most frequently abbreviated to franchising in the literature and is similarly used in this research.
3.2.3 The development of franchising research

Researchers have approached franchising using different theoretical perspectives and disciplines (Elango & Fried, 1997). Not only is consensus difficult to discern, but common understandings are not easily reached (Combs & Ketchen, 2003). Combs and Ketchen identify franchising as a growth strategy for management researchers, a distribution channel for marketing researchers and a capital structure issue for finance researchers. Oxenfeldt & Kelly (1969) view franchising as a mode of organising for economists, while Bradach (1997) and Tuunanen (2007) view it as a mode of entrepreneurship. Other interpretations include describing franchising as a vehicle for entering business ownership for entrepreneurs (Kaufmann & Dant, 1998) and a venue for understanding contracts (Combs et al., 2004).

Elango and Fried (1997), in their literature review and synthesis, made an attempt to locate “all published research on franchising” (p. 69). Elango and Fried wrote a brief summary of each work that they encountered and then classified them. In what they considered to be the first major review of existing literature on franchising, these authors identified three major streams of research, the relationship between franchise systems and society, the relationship between the franchisor and franchisee and the operation of the franchise system.

Elango and Fried (1997) recommended that researchers pay more attention to the operation of a franchise system, noting that “the manner in which franchising systems actually work to create value has been ignored” (p. 76). They also observed that most research has been quantitative and that secondary data has frequently been used. In contrast they assert that qualitative research is almost non-existent and recommend the use of methods such as case studies, which capture details of context by studying phenomena in depth.

Combs and Ketchen (2003) utilised a meta-analysis to aggregate results from 44 studies to test ten hypotheses concerning resource constraint and agency theories. Apart from evidencing greater support for agency theory over resource constraint theory, they asserted
that “the results also highlight the need for future inquiry to include new theoretical approaches and richer data.” (p. 443). Combs and Ketchen also expressed reservations about the extent to which secondary data was used in research, as opposed to primary data.

Combs seems to have been sufficiently convinced of the necessity for new theoretical approaches to publish *Franchising: A Review and Avenues to Greater Theoretical Diversity* a year later (Combs et al., 2004). Combs et al. identified three similar franchising constructs, franchise initiation, subsequent propensity to franchise and franchise performance. They concluded that research emphasis needs to shift toward “…how franchising impacts different types of organisational performance” (p. 907) and recognised the lack of theoretical diversity in franchising research. They also examine how three theories, upper echelons theory, resource based theory and institutional theory can contribute to theoretical diversity in franchising research.

While the development of franchising research has been described, it is noted that the central research questions in this research, respond to the criticisms of past research and the recommendations for future research considered by each of the above (Elango & Fried, 1997; Combs & Ketchen, 2003; Combs et al., 2004). As the debate on ownership redirection and causality has been the dominant research focus in franchising over the last 35 years (Dant et al., 2008), the three theories that sought understanding of this debate are now examined to determine how they inform the central research questions.

### 3.2.4 Causal theories for franchising

#### 3.2.4.1 Introduction

Theories relating to causality have been the dominant focus of literature in franchising since the emergence of research in the late 1960s (Elango & Fried, 1997) and have been one of the “main preoccupations of franchising scholars for over 35 years” (Dant et al., 2008, p. 287). The three central theories of this preoccupation are capital scarcity theory, the broader
resource constraint or resource scarcity theory, and agency theory. These theories significantly inform the choice of franchising in comparison to other organisational forms.

3.2.4.2 Capital scarcity theory

Capital scarcity theory was an explanation offered by Oxenfeldt and Kelly (1969) for the decision to franchise, as opposed to retaining ownership of store chains. They suggested that firms selected franchising as a means of organisational growth due to the shortage of capital required to grow at a rapid pace in order to achieve critical economies of scale. On achieving these economies, they theorised that improvement in cash availability would result in firms buying back franchised units. Capital scarcity was the reason forwarded by Cravens, Merrilees and Walker (2000) for CarLovers International initiating a franchise in Australia in the early 1990s.

The capital scarcity theory has been subjected to consistent debate from its genesis. Opponents consider that the theoretical basis on which it was founded is limited by the recognition that franchisees are a comparatively expensive and therefore inefficient source of capital (Brickley & Dark, 1987; Norton, 1988a; Rubin, 1978) and that the sharing of risk does not reflect return in that the risk is concentrated with the franchisee who invariably commits a large proportion of his wealth to the franchise enterprise (Brickley & Dark, 1987; Norton, 1988b).

Capital scarcity theory could therefore offer a partial explanation for franchising. Combs and Ketchen (1999) revisited the capital scarcity hypothesis in a study of 91 restaurant chains in the USA between 1989 and 1993. By measuring the variables of price-to-earnings ratio, debt-to-equity ratio, liquid capital and return on assets, they observed that the former two were significantly related to expansion through franchising, but the latter were not. This enabled them to conclude that “…restaurant chains characterized by capital scarcity expanded through franchising more than their agency costs appeared to demand” (1999, p. 202).
The argument for, or against, capital scarcity theory as a causal explanation for franchising, is not resolved. Combs and Ketchen (2003) specifically identified this equivocality, and have perhaps illustrated it best by forwarding conclusions for both sides of the argument; supporting the theory in 1999, but opposing it in 2003. The reconciliation of the arguments for and against the role of capital scarcity theory in explaining franchising may be informed by regarding the capacity of the theory as partial, conditional and interdependent with other theories.

Capital scarcity theory is unlikely to directly inform the central research questions in this research. The capital scarcity theory was considered a possible explanation for the ownership redirection thesis from initial research by Oxenfeldt and Kelly in 1969, but, as the brand was not considered an asset before 1985 (Kapferer, 2004), the capital scarcity theory and the recognition of brand as an asset were not chronologically sequenced.

Capital scarcity theory seeks to explain the reason to franchise, whereas explanations relating to the brand within the franchise system occur only after the franchise is formed. Capital scarcity theory could, however, consider the financial cost of originating a brand and the likely cost of acquiring a stated degree of market share, brand recognition and brand penetration in a geographically defined market. These costs are either borne by the corporation or recovered from franchisees and will therefore be a part of the decision to franchise based on capital scarcity. Research on this particular aspect of capital scarcity is not evidenced.

3.2.4.3 Resource constraint or resource scarcity theory

Resource constraint theory can be interpreted as a reaction to a need to elaborate from the restrictive independent variable of capital scarcity and the concomitant lack of evident causality that has resulted in the enduring debate described above. Carney and Gedajlovic (1991) supported this elaboration in recognising that “…the limitations to growth in young
and small chains are likely to stem from lack of managerial resources, as much as, or more than, capital constraints” (p. 612).

In their consideration of 128 Canadian retail franchising systems, Carney and Gedajlovic (1991) posited that the application of resource scarcity theory views franchising as a response to shortages of capital, labour and managerial expertise. In accord with the earlier conclusions of Oxenfeldt and Kelly (1969), they observed that once this scarcity is satisfied, the theoretical preference would be to revert to central ownership. While providing empirical assessment of agency-theoretic explanations for franchising, Lafontaine (1992) found results consistent with growth constraints, not limited to capital, being reduced by franchising, while Combs and Castrogiovanni (1994) found that resource scarcity had “face validity and empirical support” (p. 39).

Research into resource constraint theory supplements the sole variable of capital constraint in capital scarcity theory with labor, managerial and other resource constraints. It is likely, therefore, that the causality offered by resource constraint theory should at least be equivalent to that provided by capital scarcity theory plus that which is incrementally added by the additional constraints identified. The causal contribution of resource scarcity theory is consistently qualified by researchers as associated with early stages of growth (Sen, 1993), franchise initiation (Combs et al., 2004), first mover advantage (Caves & Murphy, 1976) and the early stages of the path-dependent model (Carney & Gedajlovic, 1991).

The franchise brand is seldom mentioned as a resource to which resource constraint theory might apply. Elango and Fried (1997) however, identify resources that the franchisor may provide as including brand name, specialised knowledge, managerial assistance, proven concept, economies of scale, and other invisible assets. In this way the franchise brand becomes a resource that may be difficult to acquire for the franchisee. Whereas this does not provide a reason for franchising it does provide some contribution for a franchisee’s decision to join a franchise. The franchise brand is also identified by Combs and Ketchen (2003) as a
key franchisor input that has been found to be a source of competitive advantage. Norton (1988b) also found that brand name capital creates opportunistic incentives as a franchisee may gain benefit from the brand without contributing to it. These three examples of the consideration of brand as a franchisor input, contribution or entrepreneurial capacity problem, contribute to the decision whether or not to franchise on the basis of resource constraint.

The association of resource constraint theory with the early stages of growth also provides an incentive to recognise brand as one resource that benefits from the replication, geographical dispersion and local penetration that franchising offers in terms of the resource scarcity theory. FANZ (2009) supports this association by asserting that “for many organisations, franchising provides the quickest and most cost-effective way to build a brand” (p. 14).

The reconciliation of arguments within this review of resource constraint theory as a causal explanation of franchising builds on that forwarded for the causal power of capital scarcity theory. Resource constraint theory offers a partial, conditional explanation that is interdependent with other theories. Whereas the franchise brand can be viewed as a resource, input or contribution to the franchise, its effect on the decision to franchise has not been researched, though theoretical support is found in three instances for its importance to the franchise system as an input resource of the franchisor.

3.2.4.4 Agency theory

The etymology of franchising, echoed in the construct’s specific use in business format franchising, associates a right given by an authorised principal to an acceptable agent in return for an obligation in the form of valuable consideration. The nature of that right, grant or exemption, the consideration for it and the status of both principal and agent are defined by an agreement, warrant or contract.
Agency theory is directed at a relationship in which one party (the principal) delegates work to another (the agent), who performs that work on the basis of a contract between them (Eisenhardt, 1989; Jensen & Meckling, 1976). The relevance of agency theory to franchising is instantiated *prima facie* by the etymology of the former and the accepted definition of the latter. This is confirmed by Eisenhardt who identifies the domain of agency theory as “…relationships that mirror the basic agency structure of a principal and an agent who are engaged in co-operative behaviour” (1989, p. 59).

Franchising describes an agency relationship. The application of agency theory to franchising could, therefore, be tautologous, but it is the application of what is a unique, realistic, and empirically testable perspective (Eisenhardt, 1989) to the powerfully resonant construct of franchising that predicts the possibility of agency theory providing causal explanation for franchising. In this research there are multilayered agency relationships. The three identified internal stakeholder groups of franchisor and franchisor management, franchisee and franchisee management and single-operator franchisees or customer-contact employees provide opportunities for agency between the three layers.

The franchising relationship is imperfect, since the principal (franchisor) and the agent (franchisee or employee-manager) can be assumed to be self-interested, to possess divergent goals, to have bounded rationality and variable risk tolerance (Eisenhardt, 1989). Conflict within the relationships is almost inevitable due to this basic non-alignment. For instance, the franchisor gains income from system-wide sales, the franchisee from unit profitability and the employee-manager from a compensation package. The franchisor seeks to maintain franchise system standardisation, the franchisee will counter aspects of standardisation with the desire for autonomy, and the employee-manager will support standardisation only as far as personal and organisational goal alignment allow (Rubin, 1978).

Agency theory contributes to the identification of these areas of self-interest and non-alignment. It facilitates an assessment of control devices, including monitoring and goal
alignment incentives, such as residual claims (Fama & Jensen, 1983). The cost of monitoring is expected to be lower in a franchise relationship than in one involving employee-managers. Franchisee compensation includes the residual claims of the franchise unit, thereby increasing efficiencies in the franchisor-franchisee relationship. Conversely the employee-manager of a company-owned unit is likely to have either a fixed or incentive-based compensation that does not carry the same incentive value (Combs & Castrogiovanni, 1994). Although the initial assumption is that franchising lowers agency costs, there are agency costs associated with franchising which vary with factors such as the individual terms of the franchise agreement, geographical dispersion, customer demographics and brand strength. There will be occasions when franchising agency costs are greater than company-owned unit costs, in which case franchising will not be a preferred organisational structure. It is on such occasions that the plural form of franchising is evidenced. The plural form refers to the simultaneous existence of company owned and franchised units within the same franchise (Bradach, 1997).

Agency theory within the context of franchising has been focused on specific agency problems. These problems have been identified by Brickley and Dark (1987) as shirking, which Eisenhardt (1989) and Kaufmann and Dant (1998) refer to by the semantically neutral terms of moral hazard, quasi-rent appropriation, free rider problems and inefficient risk bearing. Since agency theory assumes a principal and an agent, the above problems could be assessed as problems that an agent causes for a principal, but most of the agency problems can be seen to operate in both directions within the agency relationship.

Free riding problems have been associated with the franchise brand. Combs and Ketchen (2003) identify the agency risk that franchisees take that the franchisor will not adequately promote the franchise brand. Correspondingly the franchisor may run the risk of the franchisee free riding on the brand by not promoting the brand in their local area and the franchisor also bears the risk of damage to the brand due to cost-cutting or non-conformance.
The franchise brand is evidenced as central to the franchise system. Brickley and Dark (1987) recognised significant agency problems relating to the franchise brand. They viewed the maintenance of the value of the franchise brand as an agency cost as not all of the agents or franchisees in a franchise could be expected to have a strong interest in terms of effort or the application of other resources to build or maintain the brand. They also identified brand damage or damage to the brand’s reputation as a significant agency cost.

The parties to a franchise agreement need to identify and control the above agency problems. This is achieved by monitoring different aspects of the franchisee business by remote information systems and personal visits. The costs associated with this monitoring are agency costs. Brickley and Dark (1987) in a study of 36 franchise systems in the United States covering more than 10,000 franchisee units, found that the cost of monitoring is higher as a function of spatial dispersal and therefore supported the corollary that company-owned units are more likely to be situated close to monitoring locations, but that geographically remote areas would tend to be franchised. Rubin (1978) suggested that these costs are likely to be lower in urban areas, due to the likely concentration of franchisees. Eisenhardt (1989) concluded that “the heart of principal-agent theory is the trade-off between (a) the cost of measuring behaviour and (b) the cost of measuring outcomes and transferring risk to the agent” (p. 61).

Agency theory has received wide, though sometimes qualified, empirical support as a causal explanation of franchising (Brickley & Dark, 1987; Carney & Gedajlovic, 1991; Combs & Castrogiovanni, 1994; Combs & Ketchen, 2003; Combs et al., 2004; Lafontaine, 1992; Norton, 1988a; Rubin, 1978). This support is more robust than that provided for the capital scarcity and resource constraint theories. It nevertheless remains a partial explanation (Carney & Gedajlovic, 1991; Kaufmann & Dant, 1998). Research that argues against the theory is not focused on its fallacy as much as the degree of causality that can be justified by it and its propensity to target the dysfunctional and problematic aspects of a relationship.
(Ekanayake, 2004), rather than the positive aspects (Carney & Gedajlovic, 1991). Sorenson and Sorensen (2001) observe that “the simple agency perspectives often used to explain franchising obscure the qualitative implications of different incentive and monitoring systems for managerial behavior.” (p. 723)

Perhaps a more balanced view is provided by a seminal text in this area. In her much cited assessment and review of agency theory Eisenhardt (1989) recommends that “agency theory presents a partial view of the world that, although it is valid, also ignores a good bit of the complexity of organisations” (p. 71). Eisenhardt’s recognition of complexity is particularly evidenced in the multiple layers of agency that can exist between the strata of a franchise structure. A franchise structure may include a franchisor, a national franchisee, a regional or area franchisee and a local franchisee and multiple principal-agent relationships can be recognized as existing between these strata. In addition, with the exception of the franchisor and local franchisee strata, the principal-agent relationships are further complicated by the recognition that the intermediary strata are both agents to the super-ordinate stratum and principals to the sub-ordinate stratum. This research of brand within NZ franchises focuses on one aspect of the complexity within franchises, that of the franchise brand.

### 3.2.4.5 Summary of causal theories for franchising

In certain qualified circumstances both capital scarcity and resource constraint theories offer some contribution to causal analysis, especially in the initiation phase of the franchise system. It does not seem surprising that agency theory provides the most robust, but partial, causal explanation of franchising due, in part, to the evidenced etymological symmetry. These theories, as complex and well researched as they are, cannot be expected to provide any large part of a causal explanation for what is a dynamic and highly complex business process that is rapidly changing in response to similar changes in the commercial environment.
Carney & Gedajlovic (1991) recommend moving toward a synthesis of the theories, since no single theory can account for a particular pattern of franchise ownership. The incorporation of elements of the three theories is recommended by Combs and Castrogiovanni (1994), who observed that the relative contribution of these three theories is uncertain.

A synthesis of these theories may provide an explanation for the choice of franchising as an organisational form in either the simple or plural forms, but neither alone nor together can these dominant theories significantly inform understanding of brand within franchise systems. Aspects of capital scarcity, resource constraint and agency theories can inform an understanding of brand in identifying brand as an asset that requires capital to build over time and as an input resource of the franchisor. The franchise brand is also identified as a potential area for agency costs as it is subject to free riding, and can be a source of inefficient risk bearing within the franchisor-franchisee relationship. These observations inform the central research questions, but peripherally, as they do not contribute to an understanding of the franchise brand to a significant extent.

3.2.4.6 Moving beyond the three dominant theories

The theories that provide some causal explanation for franchising provide little assistance to explain what actually occurs within a franchising system. Several authors suggest that researching how franchise systems actually operate represents an important direction for franchising research (Combs & Ketchen, 2003; Combs et al., 2004; Elango & Fried, 1997). This will require the application of different theories (Dant, 2008). This research chooses to move outside of the historical mainstream of franchising research to “think critically about the applicability of various theories to the specific context of franchising…” (Dant, 2008, p. 6). This is necessitated by the central research questions’ focus on one aspect of the operation of a franchise system, the franchise brand.
3.3 Brand

3.3.1 The development of the brand construct

Brand is derived from the Norse word *brandr* meaning to burn (Runkel & Brymer, 1997; Keller, 2008). This explains the way in which brand was, and still is, used to signify ownership by permanently marking objects, particularly livestock, with fire. This meaning has been extended to define a way of representing the ownership of objects other than livestock, including products and services. The existence of a brand or mark to certify the manufacturer of a product can be evidenced as long ago as 1300 B.C. in Indian ceramic articles. Brands, referred to at that time as marks, gained legal recognition as early as 1266 A.D. when a law was passed in England, requiring bakers to ensure that each loaf that they sold bore their mark (Keller, 2008).

It is likely that this initial phase of the meaning of brand endured well into the 20th Century. In 1960 the American Marketing Association (AMA) was using a definition for brand that was restricted to a description of the brand logo as an identifier and differentiator (de Chernatony, 2001). The AMA definition, which is perhaps the most cited, described a brand as “a name, term, sign, symbol or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors” (AMA, 1960, p. 1).

de Chernatony and Dall’Olmo Riley (1998) sought to lay the foundations for establishing a theory of brand by analysing literature and conducting focused interviews with 20 leading brand consultants. They did so, partly due to the plethora of definitions of brand, and to set boundaries for the brand construct which they saw as a prerequisite for the development of theory. To advance a definition for the brand construct they content analysed over one hundred articles from trade and academic journals. They identified 12 themes for setting the boundaries of the brand construct. By examining each one of these themes for
When de Chernatony and Dall’Olmo Riley (1998) submitted the 12 themes, within the two identified boundaries, to the 20 consultants they noted that only one held a definition of brand that conformed to the AMA definition. Hence, they posited that the AMA definition was too restrictive as it carried inadequate reference to intangible components and consumers’ perceptions of brand.

In purely functional terms a brand facilitates legal protection of ownership, differentiates between products and services and confirms authenticity and consistency. This functional interpretation has been assessed as limiting the leverage of the brand, especially as any competitive advantage conferred by a brand’s functional values is becoming increasingly short-lived (de Chernatony, 2006). The functional definition offered by the AMA has been extended to incorporate non-functional values that brand adds to the consumption experience (de Chernatony, 1998). The non-functional or affective characteristics complement the functional and together represent the total impression created in the consumer’s mind, including all its associations (Gordon, 1996). Functional characteristics are relatively easily duplicated and Kapferer (2001) contends that it is the non-functional characteristics that offer the potential for sustained competitive advantage. Both functional and non-functional aspects are incorporated into the definition forwarded by de Chernatony and McDonald (1992):

*A successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique, sustainable added values which match their needs most closely. Furthermore, its success results from being able to sustain these added values in the face of competition.* (p. 20)
Kapferer states that “one of the hottest points of disagreement between experts is the definition of a brand” (2004, p. 9). Though he refers to the classic definition advanced by Keller (2003); “a brand is a set of mental associations, held by the consumer, which add to the perceived value of the product or service” (p. 10). Kapferer, nevertheless, criticises this definition as providing inadequate attention to the product itself, rather than just the perception of that product and in rendering the definition excessively cognitive and without emotional reference. The difficulty of providing a concise definition of brand as a precursor to brand theory development is echoed by Gabbott and Jevons (2009) who conclude that the goal of defining a phenomenon, such as brand, which is socially constructed, is unattainable. They consider that the pursuit of a unified understanding of brand is bound to fail.

The three definitions referred to above, inform an understanding of brand. Other definitions certainly exist, and many of these were cited or referred to in the brand definition literature review conducted by de Chernatony and Dall’Olmo Riley (1998), but each offers only a partial understanding and the marginal increase in understanding added by each additional definition is small. The utility of providing a relatively brief definition of brand needs to be informed by Maio’s (2003) observation that the brand is a constantly shifting asset. She emphasises this constant development of the brand construct by referring to it as a dynamic, living entity, fed by the interaction among its stakeholders. Merz et al. (2009) have viewed the development of the brand construct over time as representative of four overlapping eras of literature arising from the ways in which the brand is viewed and the primary focus of a brand’s value (see p. 9 for a detailed account of these eras). The views of Maio and Merz et al. are reinforced by Dunn and Davis (2002) and Kapferer (2001) who see brand as constantly evolving and Keller (2000) who identifies the balance between continuity and change as critical to brand development.

The brand is therefore held to be evolutionary (de Chernatony, 2009; Merz et al. 2009), dynamic (Gabbott & Jevons, 2009) and carries both functional and affective or
emotional implications (de Chernatony & McDonald, 2003). No one definition of brand is universally held and its meaning has grown in complexity, particularly since the 1960 definition offered by the AMA. de Chernatony and Dall’Ollmo Riley (1998) propose that “brand definitions relate to the context within which they are used and thus managers may have several definitions, expressing different perspectives, contingencies and stages of brand development” (p. 96). This contextualisation of brand is confirmed by Gabbott and Jevons (2009) who observe brand to be both contextual and dynamic. Merz et al. (2009) extend this contextualisation and dynamism by referring to brand as “a collaborative, value co-creation activity” (p. 329).

The challenge of increasing the understanding of brand is not in providing a precise definition, but is more a quest to recognise the dynamism and context-dependency of the construct and then provide conceptual boundaries for it and describe some of the contexts and lenses through which the brand construct is viewed (Brodie & de Chernatony, 2009). In order to describe some of these contexts and lenses this research examines different types of brand: the product or service brand, the corporate brand and the franchise brand.

### 3.3.2 Product brands, corporate brands and the franchise brand

A product or service line brand, is related to the corporate brand through the brand architecture of the organisation, but tends to focus on consumers and distribution channels (de Chernatony, 2006). It is directed to an effective sales transaction with a prospect for the particular product or service that is branded. One of the most successful product brands is Coca-Cola, which was estimated to be the most valuable global brand in 2005, with an assessed worth of over US $67 billion (Berner & Kiley [2005], cited in Keller, 2008, p. 29).

In most franchise systems there are few product or service line brands. In some franchise systems, such as McDonald’s, product line brands, such as The Quarter Pounder and
The Big Mac, are well known, but many franchise systems are named for and concentrate on the one corporate brand as representative of their products and services.

This reflects what de Chernatony (2001) and Temporal (2002) describe as a move away from product line brands into corporate brands. This move allows corporations to use the corporate brand as a way of providing multiple offerings to their customer groups, as evidenced by McDonald’s success with its McCafe co-branding (Wright & Frazer, 2004). A corporate brand can also evoke associations of common product attributes and benefits (Keller, 2008). However, leveraging a corporate brand in this way can also be disadvantageous, since damage to the corporate brand can also affect all products sold under that brand.

That corporate brand is of increasing interest can be discerned from the observation by Maio (2003) that brands can drive up to 70% of a company’s market capitalisation. This remark was amplified by Bernstel (2003) who asserted that brands are a company’s most valuable assets. A corporate brand refers to the overall brand that represents an organisation (de Chernatony, 2001) and has been described by Kapferer (1998) as “the brand behind brands” (p. 222). de Chernatony (2006) expects a corporate brand to be “a projection of the amalgamated values of the corporation” (p. 31). He observes a move away from product branding and toward corporate branding as paralleling the move away from tangible assets and toward intangible assets. Kapferer (2004) has since elaborated this explanation by drawing comparisons with the German eine Dach-Marke (a roof mark) and the English house brand to support the contrived expression of suprabrand (Kapferer, 2001).

The research questions are more likely, therefore, to be informed by research on corporate brand than product or service line brand. In this research the corporate brand of the franchise is referred to as the franchise brand. Franchise systems consider their franchise brand to be sufficiently important to define and protect its use in great detail in both the franchise agreement and in operational manuals. Research that focuses on the franchise brand
Kaufmann and Eroglu (1998) consider that one of the most difficult management issues facing franchising is in establishing appropriate boundaries for the franchise format by constantly seeking to resolve the tension between the competing forces of standardisation and adaptation. Kaufmann and Eroglu identify four distinct components of a franchise, “product/service deliverables, benefit communicators, system and identifiers and format facilitators” (p. 70) and contend that each of these components can be collapsed into central and peripheral elements. In relation to the franchise brand, they assert that the system name, trade mark and logo are central, while colour schemes and décor are peripheral, though they note that this can change from one franchise to another. They assert that standardisation, which reduces costs and permits image stability and continuity across markets will focus on core elements, whereas more adaptive strategies can operate on peripheral elements. Though Kaufmann and Eroglu identify that maturity in industry, system and franchisee are mediating factors in the tension between standardisation and adaptation, their view of that which comprises a franchise brand was current for the time of their publication, but may now be superseded.

The tension between standardization and adaptation is, however, as current now as it was when Kaufmann and Eroglu published their research in 1998. Streed (2007) observes that franchising is closely associated with ideas of uniformity and standardisation and that the franchise brand is still central to the tension between standardization and adaptation, observed by Kaufmann and Eroglu (1998). Streed asserts that changes to the business model can jeopardise brand integrity and ultimately brand equity. Streed identifies the key question as identifying which brand components can be adapted while preserving franchise brand integrity.

More germane to this research is identification of whether changes, such as the peripheral changes noted by Kaufmann and Eroglu, in the franchise brand will unnecessarily
undermine the standardization of the franchise system or if changes in the franchise business model, as noted by Streed, undermine the integrity of the franchise brand. Possibly the franchise brand and the franchise business model are sufficiently similar to render the above arguments almost tautologous.

In order to inform the central research questions in this research and the observations of Kaufmann and Eroglu (1998) and Streed (2007), which are specifically directed at adaptations of the brand within or internal to, the franchise, internal brand is identified as another important lens (Gabbott & Jevons, 2009) through which the brand construct may be examined.

3.3.3 Internal brand

Brand has more recently been viewed as a collaboration of that which Schultz (2002) refers to as the people who are involved in creating the brand experience. de Chernatony (2001) and Maio (2003) refer to this group as the brand’s stakeholders, which exist both within and outside the organisation. Research on brand therefore requires both external and internal reference.

Internal brand incorporates this internal reference (Temporal, 2002). One aspect of the vigorous debate surrounding the brand construct is this bifurcation of brand into an internal and external reference. The importance of the separate reference to internal brand management is amplified by the growth of the service sector and the increasing importance of service in product-based brands (Cravens et al., 2000; de Chernatony, 2001). In these instances it is often the employee who delivers the service and thereby the brand experience, yet Burmann and Zeplin (2005) contend that employees are underestimated success factors in brand building. The service in a franchise is usually delivered by either the customer-contact employee or the single-operator franchisee.
The increased interest in the role of these customer-contact employees has led to a corresponding increase in this aspect of the brand research base, but through a confused array of semantic references to similar or equivalent concepts. These include inner branding (Bernstel, 2003), internal branding (Aurand, Gorschels & Bishop, 2005; Burmann & Zeplin, 2005; Ghose, 2002; Harris, 2001; Keller, 2008; Mitchell, 2002; Steinmetz, 2004; Tosti & Stotz, 2001; Vallaster, 2004; Vallaster & de Chernatony, 2005), brand orientation (Simmões & Dibb, 2001), internal marketing (Rafiq & Ahmed, 2000; Gummeson, 2000; Ballantyne, 2003; Varey, 1995), employee branding (Miles & Mangold, 2004), employee brand building (Morhart, Herzog & Tomczak, 2009), market orientation (King & Grace, 2006), internal relationship management (Miles & Mangold, 2004) and internal brand management (Maio, 2003; de Chernatony, 2006) all of which reference brand and internal stakeholders, especially employees.

The central research questions do not refer to employees, but to brand within NZ franchises. Most of the above researchers and authors refer to employees, and their research is generally based within corporations. This research on understanding brand within NZ franchises will refer to the same research base, but broadens the reference from employees to internal stakeholders. The broadening of this reference to internal stakeholders is justified by an observation by Maio (2003) that internal brand management involves defining and communicating the brand and brand values to employees and other stakeholders.

In section 1.4, p. 9, the structure of the franchise system was considered and three groups of interest defined, franchisors and franchisor management, franchisees and franchisee management, and customer-contact employees or single-operator franchisees. Each one of these groups may be considered an internal stakeholder or a close-in external stakeholder in a franchise in a similar, though not equivalent, way to which an employee is considered an internal stakeholder in a corporation. This justifies the relevance and use of research on internal brand to brand within franchise systems.
Ind (2003) defines internal branding as the relationship between the brands and employees within an organisation and Keller (2003) views internal brand as ensuring that members of the organisation are properly aligned with the brand and what it represents. Ind places employees at the core of internal branding, whereas Keller casts a wider net in using the expression, members of the organisation. These members can include members of a franchise system. Gaining an understanding of what is meant by internal branding necessitates examination of its semantic equivalents.

Miles and Mangold (2004) observe that, though employee branding has been the subject of significant research, there is little agreement on exactly what employee branding is. They conclude that employee branding is underconceptualised. Ahmed and Rafiq (2002) state a parallel observation for internal marketing, adding that the effective operationalisation of internal marketing is dependent on conceptual clarity. Steinmetz (2004) observes that little is written to define internal branding and Vallaster and de Chernatony (2005) observe that study of internal branding is eclectic and characterised by competing vocabularies and perspectives. Perhaps the most complete definition of internal marketing, the most widely used of the semantic equivalents of internal branding, is offered by Rafiq and Ahmed (2000):

*Internal marketing is a planned effort using a market-like approach to overcome organisational resistance to change and to align, motivate and inter-functionally co-ordinate and integrate employees toward the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer oriented employees.*

(p. 454)

Mitchell (2002) and Aurand et al. (2005) observe that this engagement of employees in the brand, leading to their representation of brand qualities to outside constituents is referred to as internal branding, employee branding, or internal marketing, terms which they regard as “essentially synonymous in literature” (p. 164). Steinmetz (2004) uses the term
internal branding as equivalent to internal marketing. The lack of conceptual clarity has resulted in the four central research questions avoiding the use of internal brand, internal marketing, their synonyms and semantic equivalents. Instead, *the brand within the franchise* or *the franchise brand* is used.

That employees are crucial to brands is also recognised by Gobe (2001) and echoed by Harris and de Chernatony (2001) and Ind (2003). They identify that employees are becoming central to the process of brand development and their attitude and behaviour can either reinforce and add value to, or undermine, the brand. Dunn and Davis (2002) specify that getting employees to understand the brand and align their behaviours accordingly is essential to delivering sustainable and profitable growth.

It is likely that employees will hold heterogeneous interpretations of the meaning of an organisation’s brand. Runkel and Brymer (1997) cited a study by Kuczmarski & Associates that concluded that more than a third of companies identified the most critical threat to the success of their brands as an internal lack of understanding of what their brand represents. This was echoed by Jacobs (2003) who observed that despite identifying that a brand’s success is achieved by ensuring that the delivery of the product or service quality is consistent with the value proposition and the brand promise, many corporations fail to teach employees what the brand means and Mitchell (2002) argued that executives ignore the critical internal audience of employees when developing and executing brand campaigns. The approach of these executives also runs contrary to the imperative defined by Temporal (2002) for the necessity to communicate the brand to employees in both general terms and in relation to their specific jobs by a sustained programme of communication and training.

Organisations that define their brand by careful reference to and dialogue with, employees, systematically eliciting relevant information from them (Gregory and Weichmann, 1997) are more likely to achieve a more common understanding of brand and a consequent alignment between organisational goals and brand values and employee goals and
values. The necessity to assess if congruent understandings of the franchise brand are evidenced in NZ franchises is reflected in the fourth central research question (RQ4).

The importance of dialogue concerning the brand was confirmed by Ind (2004) who advocated a similar, participative process to gain brand understanding. The process of employees developing an understanding of brand relies on extensive two-way communication and views the employee as the embodiment of the brand (de Chernatony, 2001). In addition to using the term embodiment to express the tangible and visible brand characteristics that employees can represent, de Chernatony (2001) refers to employees as “visual representations” (p. 5) and “manifestations” (p. 13) of the brand. Jacobs (2003) refers to employees being brand champions, brand advocates and brand ambassadors, Temporal (2002) as brand performers, while Simms (2003) refers to them as walking, talking brands. They above all communicate and describe through metaphor the close relationship between the brand and the employee.

That employees are crucial to effective brands was recognised by Gummeson (1987) in coining the phrase “part-time marketer” (p. 17) to cover employees who interact directly with customers, referred to in this research as customer-contact employees. The central role of employees in delivering the brand has been more recently reinforced by Burmann and Zeplin (2005), Gobé (2001), Harris and de Chernatony (2001), Harris and Ogbonna (2000), Ind (2003), King and Grace (2005), Martin, Martin and Grbac (1998) and Tosti and Stotz (2001). They identify that employees are becoming central to the process of brand development and their attitude and behavior can either reinforce and add value to, or undermine, the brand. Harris and Ogbonna (2000) observe that this importance is related to the crucial nature of the customer-contact employee as a link or interface between the organisation and its customers.

Several key organisational structures and processes have been identified as central to enhancing this interface between the organisation and its customers. A consistent recognition among researchers is that a pre-requisite for effective internal branding is the existence and
maintenance of a distinctive corporate culture that supports internal branding processes. Bernstel (2003), Burmann and Zeplin (2005), Harris and Ogbonna (2000), Ind (2003), Mitchell (2004) and Steinmetz (2004) all refer to this necessity. de Chernatony, Drury and Segal-Horn, (2003) and Vallaster (2004) focus on the alignment of organisational culture, organisational structure and brand, while several researchers point to the additional necessity for cross-functional integration within both culture and structure (Glassman & McAfee, 1992; Maio, 2003; Nissim, 2004; Rafiq & Ahmed, 2000; Tosti & Stotz 2001) and Guaspari (2002) and Steinmetz (2004) specify the integration of internal branding with the organisation’s business plan and objectives.

The thorough and complete articulation of a brand within an organisation and the communication of that articulated brand throughout the organisation are also seen as central to effective internal brand management. Romano (1996) identified that the most critical threat to long-term brand success is the internal understanding of what the brand stands for. Yet, this threat is not always identified, which may arise from the assertion by Gummeson (1991) that the crucial role of front-line employees in delivering the brand is often ignored. Simmoes and Dibb, (2001) observe that the way that brand is communicated and explained within the organisation is of the utmost importance and de Chernatony (2001) views knowledge of the brand as underpinning all other tasks relating to it.

The two processes of articulation and communication of the brand are reflected by Burmann and Zeplin (2005) who suggest that the organisation first needs to verbally articulate the brand in such a way that it is comprehensible to employees and which can be translated by them into day-to-day actions. Mitchell (2004) emphasises this point by concluding that even the vaguest of brand values must be translated into real life experiences. The process of researching, analysing, understanding and elucidating the brand is suggested by Tosti and Stotz (2001) and Steinmetz (2004) to be a pre-requisite for communicating the brand to internal constituencies.
Once the brand is articulated, the exact way in which communication is effected is related back to the organisational culture and the organisational structure of the organisation. The communication can be uni-directional, such that the brand is instilled (Bendapundi & Bendapundi, 2005) or it can take the form of a carefully structured dialogue between the organisation and the employees (Harris & de Chernatony, 2001; Jacobs, 2003; Tosti & Stotz, 2001) with the objective of aligning organisational, brand and employee goals. Vallaster and de Chernatony (2005) assert that this communication process can be understood by applying social discourse theory to internal brand building as it helps to identify which mechanisms facilitate intellectual and emotional bonds with the brand and surfaces the underlying processes that enable sense-making of brand-related stimuli.

The processes of brand articulation and communication are also influenced by the leadership styles and qualities prevalent in the organization or franchise. Vallaster and de Chernatony (2005) argue that brand leadership can be demonstrated throughout the organization and is not restricted to senior management, represented in this research by cohort Fo. They conclude that brand leaders need to be aware of, and responsive to, changes in brand understanding during internal brand building. Morhart et al. (2009) examine the differential effect of transactional and transformational leadership styles on employees’ brand building behaviour. From a survey of 269 customer-contact employees, they concluded that a medium level of transactional leadership maximizes the effectiveness of transformational leadership as a means of increasing brand-building behaviours and, in an additional field experiment, concluded that “brand-specific transformational leadership can be learned through management training” (p. 122).

The way in which internal brand, or the brand within the franchise, is articulated and communicated throughout the organisation informs the research questions in describing some of the catalysts and inhibitors to the creation and maintenance of brand understanding. Internal brand does not directly address what is to be communicated, nor does it explain how
to determine what brand is. It is more directed at the management of brand within an organisation.

This section of the review has examined definitions of the brand construct, compared the franchise brand with product or service brands and the corporate brand and considered internal brand as the management of the brand within an organisation. What actually comprises the brand that is to be managed is not yet fully elaborated. To facilitate this process, the brand construct is now deconstructed into its component parts of brand equity, brand image and brand identity. Doing so continues the process of triangulation by examining the brand construct through different lenses in order to build for it a more integrated conceptual picture.

### 3.3.4 Brand equity, brand image and brand identity

#### 3.3.4.1 Brand equity

The composite noun brand equity, associates brand with a word that was used historically mostly in finance and law, but within the commercial environment refers to the ownership of a company. Equity is calculated by subtracting liabilities from assets and represents the owner’s claim on the business (Kapferer, 2004). To the degree that brand equity is used to express the ability of a brand, as an intangible and conditional asset, to generate future income streams, Kapferer suggests that the term used should be brand asset.

Kapferer uses Leuthesser’s 1988 definition of brand equity as: “the set of associations and behaviour on behalf of the brand’s customers, channel members and corporation that permits the brand to earn greater volume or greater margin than it could without the brand name” (p. 13), but notes that this definition omits the product itself as a source of brand equity. Aaker and Joachimsthaler (2000) incorporate this product reference in their definition of brand equity as “the brand’s assets (or liabilities) linked to a brand’s name and symbol that add to (or subtract from) a product or service” (p. 17). Keller’s definition states that “brand
equity is the added value a product accrues as a result of past investments in the marketing activity for the brand” (p. xv). These definitions are similar and are elaborations of a more recent abbreviated one by Chiranjeev and Leuthesser (2001) who more simply define brand equity as “the differential effect of brand knowledge on customer response”

The definitions above see brand equity as an outcome of specific organisational behaviors relating to the brand. This outcome is a present outcome, but assumes that the outcome will be sustained over future periods. Brand equity is associated with or relies on particular qualities, such as brand associations, relative quality of products and services, customer loyalty and overall esteem toward the brand. Interbrand (2007) expresses these associations within the term reputational capital.

The initial research question is concerned with understanding brand within franchises. This question has an antecedent quality that an outcome aspect will not inform adequately. How we understand brand within franchises may be a contributor to brand equity, but a consideration of brand equity will only advance understanding of brand within franchises after the brand has been articulated.

There is no doubting brand equity’s importance. Kapferer (2004) and Keller (2008) both use it in the subsidiary title to their most recent books and Aaker devoted a whole book to Managing Brand Equity in 1991. Whether the term used is brand equity or brand asset, an industry has now formed relating to the valuation of brands. Brand equity drives brand value at a particular period of time. There is significant argument about how this brand value is quantified. Though debate continues about the relevance and importance of brand equity and the financial valuation of brands, the subject of brand value and brand equity has been brought into sharp focus more by the financial, rather than the marketing community, although “it was hardly mentioned before 1985” (Kapferer, 2004, p. 443).

Analysis of the cost of acquisitions has placed a value on brands that has been quantified by assessing the difference between purchase price and net asset value. Prior to the
recognition of a brand’s potential to deliver constant net income streams, the multiplicative factor between earnings and sale price was between eight and ten (Kapferer, 2004). When Nestlé acquired Rowntree in 1988, however, they put a value on its corporate and product brands, including KitKat, Quality Street, Polo and After Eight Mints, of £2.2 billion (de Chernatony & McDonald, 1998) in paying almost three times its stock price and twenty-six times its earnings. The Buitoni group was sold for 53 times its earnings. The distinction that Kapferer (2004) makes is that, prior to the 1980s, an organisation might seek to purchase a particular manufacturer of chocolate or pasta, but subsequently they sought to purchase the Kit-Kat or Buitoni brands.

The value of the most famous franchise system brand, McDonald’s, is estimated to have increased from US$18.2 billion in 1996 (de Chernatony & McDonald, 1998) to US$25.2 billion in 2004 and US$26 billion in 2005 (Keller, 2008). In this way the brand has become a proxy for a significant part of the intangible assets of this franchise organisation.

Brand equity is not just a function of the financial valuation of brands; rather the financial valuation over time is the outcome of brand equity. Other dimensions or drivers of brand equity include awareness, loyalty, perceived quality and associations (Aaker & Joachimsthaler, 2000). Brand equity is an aspect of brand that is quantified in the short term, but relates to the likely performance of the brand in the future. This directly contrasts with brand image.

### 3.3.4.2 Brand image

Where brand equity is strategic, the basis of competitive advantage and long-term profitability, brand image is tactical, driving shorter term results (Aaker & Joachimsthaler, 2000). de Chernatony (2006) asserts that defining the brand image directs management to understand the consumers’ perceptions of the brand as the image, as received, may be different to the intention of the corporation, or franchise, when sent.
Kapferer (2004) also believes that brand image is on the receiver’s side. The brand image refers to the way in which prospect groups respond to, and understand, the brand through the brand signals, messages and communications that they interpret. Keller (2008) concurs, in observing that brand image represents the consumers’ perceptions about a brand. de Chernatony and Dall’Olmo Riley (1998) cite Dobni and Zinkhan’s 1991 definition of brand image as “largely a subjective and perceptual phenomenon that is formed through customer interpretation, whether reasoned or emotional” (p. 429).

There is a degree of consensus about that which comprises the brand image. The greatest degree of consensus is observed in brand image being related to the perceptions of the external stakeholders. This does not inform the central research questions, which are specifically directed at the brand within NZ franchises, and is not directly concerned with the perceptions of external stakeholders.

### 3.3.4.3 Brand identity

If the brand image is on the receiver’s side, then brand identity is on the sender’s (Kapferer, 2004). Brand identity precedes brand image, as an organisation must be certain of what it wants to project, before it projects it. It is the understanding and interpretation of the brand identity by customer groups that is the brand image. Aaker and Joachimsthaler (2000) connect the brand image to the brand identity by referring to the brand identity as the internal brand image. This view echoes that of Kapferer (2004) in positioning the brand identity firmly within an organisation, but the use of the term image, as opposed to identity, confuses the distinction between recipient and sender that provides conceptual strength to Kapferer’s idea of brand identity.
Akutsu and Nonaka (2004) assert that the concept of brand identity was introduced to build brands strong enough to maintain and improve the value of brand assets while being dynamic, as opposed to static entities. They use Aaker’s 1996 definition of brand identity, “a unique set of brand associations that the brand strategist seeks to create or maintain. These associations represent what the brand stands for and imply a promise to customers from organisation members” (p. 287). Akutsu and Nonaka propose that brand equity is increased by defining the brand identity and conveying it effectively to customers. Yet the conveying of the brand identity seems more to be the function of the brand image.

Kapferer (2004) might take exception to aspects of Akutsu and Nonaka’s understanding of brand identity. Kapferer (2004) asserts that the concept of brand identity was initiated in Europe in the 1980s and has only slowly gained worldwide recognition. He observes that, in Aaker’s 1991 book, Managing Brand Equity, the term identity or brand identity is totally absent as an expression or concept. This omission was redressed when Aaker and Joachimsthaler (2000) described brand identity in their book on Brand Leadership, in which they assert that the brand identity helps to understand the customer, the competitors, and the brand itself.

In some ways, the development of the concept of brand identity is a reflection of the development of the brand construct itself. In the late 1900s the brand was the responsibility of the marketing department. This perspective of brand evolved to one based on the brand’s ownership by the customer and then to the more holistic view of brand espoused by Maio (2003) and de Chernatony (2006). This viewpoint is reflected in initial understandings of brand that were relatively functional and product based. Subsequently the focus on brand image can be seen to reflect the importance of the customer. The development of the concept of brand identity and its increasing importance to research on brand, reflects the holistic perspective and the need to articulate brand within the organisation and amongst what Maio (2003) refers to as internal and close-in external stakeholders.
de Chernatony (2006) views brand identity as a result of a perspective on brand that is holistic, but identifies a potential weakness of a perspective that is excessively focussed on brand identity, as it can lead to sub-optimal attention being paid to the customers’ perceptions. Kapferer (2004) amplifies de Chernatony’s observation by noting that a brand is simply a management tool for growing a profitable business. He asserts that there is a danger that the focus on brand, its management and components, becomes too singular and self-centred. Kapferer (2004) states the paradox that “it takes more than branding to build a brand” (p. 2).

Although the definitions of brand identity vary and its relative importance to branding is contentious, Aaker and Joachimsthaler (2000), Akutsu and Nonaka (2004), de Chernatony (2006), Kapferer (2004) and Keller (2008) reflect some consensus in viewing the brand identity as antecedent to brand equity and brand image and accepting brand identity as a focus of the organisation itself, as opposed to external stakeholders. de Chernatony and Dall’Olmo Riley (1998) adopt this consensus, but express it in a way that is helpful to the specific characteristics of franchises that the research question addresses. They observe that the brand has two distinct groups of key stakeholders, the organisation’s staff and the customers. These are referred to, in this research, as internal and external stakeholders, in recognition of the particular structure of franchises. de Chernatony and Dall’Olmo Riley assert that these internal stakeholders develop brand attributes that are inherent to the brand and that brand image and brand value, though central to the brand construct, emerge from the inherent qualities of the brand, developed by the internal stakeholders.

Brand identity is found to inform the central research questions directly, as this research aims to understand brand within NZ franchises. Whereas this focus also requires an understanding of the concepts of brand image and brand equity, the brand identity is antecedent to them and it is the brand identity that is firmly associated with the internal stakeholders of franchises.
Achieving a clear and mutually exclusive understanding of the three contributory brand components of brand equity, brand image and brand identity is unlikely. de Chernatony and Dall’Ollmo Riley (1997a) observed that “consensus is lacking on the brand’s components and on their relative importance” (p. 1074). In deconstructing brand to examine each of these three components in isolation, care must also be taken not to ignore their inter-relationships, and negate the holistic approach to brand that is now seen as essential to any examination of brand (de Chernatony, 2006; de Chernatony & Drury, 2005; de Chernatony & Dall’Ollmo Riley, 1998; Maio, 2003; Schultz & Shultz, 1998). The importance of an awareness of the interconnectedness of the components of brand and the contribution made to brand by a diversity of brand stakeholders is emphasised by Merz et al. (2009) who argue a service-dominant logic perspective of brand in concluding that brand is “a collaborative, value co-creation activity of firms and all of their stakeholders” (p. 329).

Although brand identity can be considered as brand from the sender’s perspective and brand image as brand from the receiver’s perspective (Burman, Hegner & Riley, 2009; Kapferer, 2004) they are closely inter-related and inter-dependent. Upshaw (1995), in his book *Building Brand Identity* expressed the complex and contextual nature of the brand construct by stating that “brands are complex animals that live in their own ecosystems of economic, social and competitive realities” (p. 42).

Akutsu and Nonaka (2004) suggest that brand equity explains a brand’s present situation, whereas brand identity “governs the brand” (p. 307). This comparison suggests that Akutsu and Nonaka afford a pre-eminence to brand identity over brand equity. The brand identity component of brand is emphasised since the brand identity is created, whereas the brand image is the customer’s perception of the brand and the brand equity is an outcome of effective brand identity and brand image management over time.
Aaker historically focused on brand equity in his research, initially to the exclusion of brand identity (Kapferer, 2004), but has recently identified brand identity as “the cornerstone of brand strategy” (Aaker and Joachimsthaler, 2000, p. 33). Aaker and Joachimsthaler also describe one function of brand identity as providing a first step toward creating brand equity measures by enhancing brand identity elements that differentiate the brand and assess brand identity as “one of the four pillars” (p. 40) of creating strong brands. The other pillars are identified as the brand architecture, brand-building programs and organisational structure and processes. Aaker and Joachimsthaler also suggest that the brand identity is aspirational, whereas the brand image represents the brand’s current associations.

Another respected academic of brand research is Kevin Lane Keller. In his 2008 book, *Strategic Brand Management: Building, Measuring and Managing Brand Equity* he asserts that the main focus of the book is brand equity. Kapferer (2004) asserts a different priority in observing that though brand image has tended to govern brand management in the past, partly due to its close identification of the brand with its customers, brand identity has now become “the core concept of brand management” (p. 82). Yet this is not the case for Keller (2008) who focuses on brand equity and devotes scant attention to either brand image or brand identity.

These diverse views on brand equity, brand image and brand identity seem to be geographically linked, in that the Europeans, de Chernatony and Kapferer, confer significant importance on brand identity and brand equity, but less on brand image. The Americans, Aaker, Joachimsthaler and Keller, confer significant primacy on brand equity, less on brand identity and less still on brand image. Brodie and de Chernatony (2009) observe that research on brand in the USA is derived from a “goods centric logic” (p. 95) of marketing management, which also tolerates a relatively narrow understanding of brand. Brodie and de Chernatony hold that new conceptualisations of branding are challenging this restricted view and evidence the recent 2008 conference that combined the European Marketing Academy
Conference (EMAC) and the Australia and New Zealand Marketing Academy Conference (ANZMAC) under the theme, *Towards new conceptualisations in branding*. This conference resulted in the development of a section of an issue in *Marketing Theory* that “captured the emerging theoretical views” (p. 96) on brand.

The construct of brand is the subject of significant academic research, but it is also a critical element of strategic management (Kapferer, 2004) in a rapidly changing environment. The concept itself is dynamic and contextual (de Chernatony, 2006). The process of describing and comparing the three brand components of brand equity, brand image and brand identity illuminates differences and commonalities between them, but not without some obfuscation. Keller (2008) states that “no common viewpoint has emerged about how to conceptualise and measure brand equity” (p. 37). de Chernatony makes a similar observation concerning brand identity which he observes “has attracted a lot of interest and has been interpreted in many ways” (p. 211). When the different perspectives of brand equity, brand image and brand identity are assessed, certain aspects of each are commonly held. Firstly, brand identity represents the brand prior to its communication to customer groups through the brand image. Secondly, though brand identity is a driver of brand equity and antecedent to it, there is no evidence that brand equity is a driver of brand identity. The central research questions are directed within franchises and it is therefore a consideration of brand identity that will inform them. In order to examine brand identity more closely, the use of models to advance understanding of brand and brand identity is examined.

### 3.3.5 Models of brand and brand identity

Not only is a definition of brand the subject of continuous discourse, but the nature of a brand’s components also lack consensus (de Chernatony & Dall’ Olmo Riley, 1997a). Akutsu and Nonaka (2004) assert that although the existence of branding is universally acknowledged it is difficult to describe what it is, while Kapferer (2004) noted that “explicit definitions of brand identity are still very rare” (p. 97). In order to access a greater
understanding of exactly what brand identity is, in relation to the central research questions, models of brand identity are examined, but not to the complete exclusion of other models. This is a reflection of the confusion of where brand identity finishes within the broader construct of brand.

It is predictable that leading authors and researchers on brand, such as de Chernatony, Kapferer and Aaker, identify a need to go beyond definition and establish a model for brand and brand identity. de Chernatony and Dall’Olmo Riley (1998) suggested that models are gaining more attention as a means of increasing understanding of brands as they are a representation of reality that can assist understanding and communication. Though models can increase understanding of complex reality, they are not without disadvantages. de Chernatony and Dall’Olmo Riley (1997a) observe that mental models are context-specific, are static and can be self-fulfilling to the instigator of the model, as such, they can serve to restrict, as opposed to facilitate, understanding. This research refers to a model for brand identity, as opposed to a definition, partly to reflect the evidenced lack of any concise definition that has achieved broad consensus, and partly due to the increasing complexity of the concept which a model is more able to address.

de Chernatony (1998) proposed such a model in 1993, the shape of which is illustrated in Figure 3.2. He referred to it as the atomic model, as it is graphically represented by eight components surrounding the brand essence, in a diagrammatically similar way to the electrons surrounding a nucleus. Such a graphic representation not only incorporates functional and non-functional characteristics, but indicates a fluidity and inter-relationship between them.

This model also emphasises the idea of the brand essence, the nucleus of the shape. The brand essence facilitates the articulation and communication of the core values of the brand (Akutsu & Nonaka, 2004; de Chernatony, 2006).
In 1997, de Chernatony and Dall’Olmo Riley (1997a) conducted a review of “the key published models of the components of brand” (p. 1074). Seeking the opinion of 20 brand experts with respect to these models resulted in the identification of 14 different interpretations or perspectives of brand. These interpretations viewed brand as; logo, legal instrument, company, shorthand, risk reducer, positioning, personality, cluster of values, vision, adding value, identity, image, relationship and evolving entity. de Chernatony and Dall’Olmo Riley found that the published models varied in their presentation of the elements of brand, their comparative importance of different elements to the model and in specifying the inter-relationships of the elements.
They identified two models that incorporated many of the identified elements. These two models identified both tangible and intangible elements of the brand, and incorporated emotional and representational, or symbolic, elements. The two models cited were one by Kapferer (1992) and one by de Chernatony (1993). These two models were the antecedents of de Chernatony’s (2006) atomic model and Kapferer’s (2004) brand identity prism. de Chernatony selected his atomic model as the basis of a proposition, submitted to data analysis, collected from 20 depth interviews, that: “the atomic model of the brand represents a useful model and can reflect brand consultants’ conceptions of brands” (p. 1078).

In examining this proposition, de Chernatony and Dall’Olmo Riley (1997a) found that, though all the elements of the atomic model were included in the experts’ conceptualisation of brand, additional elements were found to be missing. These included the brand’s mission and vision, the organisation’s beliefs, the value systems underpinning the brand and the organisation’s heritage. In addition, the atomic model was found by two experts to be too static and might consequently be limited in response to dynamic markets. Considering that experts’ observations led to a revised model; the twin vortex model, illustrated in Figure 3.3. The model features one vortex that engages brand within an organisation and one that engages it inside the consumer’s mind, while elucidating the relationship between the vortices.

The twin vortex model portrays the brand as dynamic, complex and implicates a future arising from the trajectory that the vortices have through time. In discussing the double vortex model, de Chernatony and Dall’Olmo Riley (1997b) noted that brands are conceived within organisations, but their success is decided by consumers. They identified the left hand vortex as representing managers building the brand inside the firm, while the right hand vortex represents consumers’ perceptions of the brand. Applying the discussion and understandings gained in section 3.3, leads to the conclusion that de Chernatony and Dall’Olmo Riley’s left hand vortex is the brand identity and the right hand vortex is the brand image.
In the second edition of his book *From Brand Vision to Brand Evaluation*, de Chernatony (2006) returns to a version of his 1993 atomic model refined after “interviews with leading-edge brand consultants and, as a consequence of its application in brand management workshops” (p. 286). The model is used to specify “the eight resourcing components needed to provide the detail about the final form of the brand” (p. 295). It is possible that this reversion to the earlier model was a reaction to the over-complication of the double vortex model. The initial point of the model is to assist understanding of a complex reality (de Chernatony and Dall’Olmo Riley, 1997a), but as the representation of that reality increases in complexity, so it more closely represents the reality itself and becomes a paradox.
in being a conceptual model that describes the complexity of reality to such a close degree that it may restrict more than advance that understanding.

Kapferer (2004), in the development of his model for brand identity, differentiates between brand image and brand identity, proposing that whereas the brand image is on the receiver’s side, the brand identity is on the sender’s. He claims that the brand identity precedes the brand image, as an organisation must know what brand information to send and how to send it, before it is received. For Kapferer therefore, the brand identity is initially developed within the organisation, but with reference to external stakeholders. He refers to his hexagonal model for brand identity as the “brand identity prism” (2004, p. 107), illustrated in Figure 3.4. Kapferer does not provide a model for brand itself or a complementary model for brand image, the model offered by Kapferer focuses on the brand identity component of brand which to Kapferer is the central concept of brand. de Chernatony (2006) assesses Kapferer’s model as facilitating an evaluation of the coherence and integration of the brand by determining the extent to which its six different components reinforce each other.

Aaker and Joachimsthaler (2000) state that “the brand identity is the foundation of any effective brand building programme…” (p. 292). They offer a model for the elaboration of brand identity and detail the different aspects of their model, which is illustrated in Figure 3.5, p. 88. The elaboration of the brand identity follows a number of recommended steps and procedures, but the structure and initial conception and development of the brand identity is not itself elaborated.
Figure 3.4
The prism model of brand identity

Upshaw (1995) produced a model, illustrated in Figure 3.6, which represents brand identity. The model has similarities with both de Chernatony’s (2006) atomic model of brand and Kapferer’s (2004) model of brand identity, particularly in positioning the various contributors to brand identity around the brand essence, which is graphically represented at the centre of his circular model. Upshaw’s model, however, focuses more on the management of the brand identity, rather than the brand identity itself. The elements of marketing communications, promotion/merchandising and selling strategies, provide guidance on brand identity management rather than that which comprises the brand identity. In this, Upshaw’s model is similar to the model of brand identity elaboration, offered by Aaker and Joachimsthaler (2000).
Figure 3.6
Upshaw’s model of brand identity

Five models that inform brand identity have been examined. Three of these models; the atomic model, the brand identity prism and the twin vortex model, were placed on a continuum of brand understanding by Billot (2008c). Billot elaborated the naïve-complex spectrum of brand understanding by Goodyear (1996) in presenting a continuum that began at a point, as the minimalist model of brand understanding and finished with the twin vortex model (de Chernatony & Dall’Olmo Riley, 1997a) as the most complex. The point was chosen to represent the minimalist understanding, as a point is dimensionless and does little other than differentiating itself from another point. The twin vortex model, as the other extreme, has been considered above, in Figure 3.3, as a model that combines over a dozen brand components and their inter-relationship and includes representation of the model’s trajectory through time. This model is placed at the complex end of the continuum on the basis of the observation that the model is becoming sufficiently complex to reduce the
Figure 3.7
The naïve-complex continuum of brand understanding

Shape 1

Shape 2

Shape 3

Shape 4

Shape 5

Shape 6

Source: Developed for this research using model outlines from de Chernatony (2006), Kapferer (2004) and de Chernatony and Dall’Olmo Riley (1997a).
understanding that it is designed to facilitate.

In between these two extremes Billot (2008c) placed a number of diagramatic models to represent observed understandings of the brand and brand identity. The continuum is illustrated in Figure 3.7. The one-dimensional model represented brand understanding that was restricted to the functional characteristics of brand, while the two-dimensional model incorporated both functional and non-functional characteristics, but lacked the integration and interdependence of those characteristics. de Chernatony’s (2006) atomic model comprised eight aspects of brand that were illustrated to be mutually supportive and interdependent, but also highly dynamic in relation to each other component and to the central aspect of the model, while Kapferer’s (2004) brand identity prism extended the complexity of understanding represented by the two dimensional model by specifying six mutually supportive and interdependent facets around a central core, the brand essence.

In specifying this naïve-complex continuum of brand understanding Billot (2008c) sought to emphasise the evolutionary development of the brand and brand identity and the different degrees of sophistication with which that understanding could be expressed, both for different understandings of the same brand at one point in time, different understandings of one brand over a period of time and for different understandings of different brands. The continuum, formed from a composite of models, provides an opportunity to assess brand understanding, by positioning evidenced understanding of a particular brand on the continuum.

The Upshaw (1995) and the Aaker and Joachimsthaler (2000) models are concluded to inform the management of the brand identity, more than informing that which comprises brand identity. The double vortex model (de Chernatony & Dall’Olmo Riley, 1997a) includes representation of both brand identity in the left hand vortex and brand image in the right, but is assessed to be over complicated and requires that the model is bifurcated to isolate brand identity. The atomic model by de Chernatony (1993, 2006) is referred to by the author as “the
atomic model of the brand” (p. 286). Whereas it incorporates brand essence at its graphic
centre and involves the inter-relationships of eight facets of brand, it is assessed to be unlikely
to address the central research questions directly, as it is unclear whether the model is
addressing the brand within the organisation, the brand outside the organisation, or both.

Kapferer’s (2004) brand identity prism, however, is unequivocal in representing brand
identity. The relevance of this model is reinforced by the conceptual clarity and robustness
provided by Kapferer in defining the model as the brand identity prism, in stating that brand
identity precedes image, is on the sender’s side of brand communication, is created and
developed inside the organisation and is the central concept of brand.

This research employs Kapferer’s (2004) model as it elaborates that part of the brand
construct that is the focus of this research of brand within NZ franchises. It is also assessed to
more directly address the central research questions and its use is reinforced and corroborated

3.3.6 An interpretation of Kapferer’s model

Kapferer (2004) asserts that elucidation of brand identity has been too diverse to be
effective. He observes that “many ad hoc lists have been proposed in the brand literature, with
varying items. One of the sources of this diversity is their lack of theoretical basis” (p. 106).
Kapferer employs what he considers as the constructivist school of communication theory to
propose that the communication of brand and brand messages theorises one who speaks
(source representation) and one who is the addressee (recipient representation). Kapferer’s
brand identity prism reflects this communication process in identifying the sender and the
receiver of the brand identity.

Kapferer’s model (2004) takes the shape of a hexagonal prism to represent brand
identity. The six facets of that prism are physique, personality, culture, relationship, self-
image and reflection. These six facets are positioned as faces of the hexagonal prism, while the brand essence occupies its central space.

The physique facet of the brand identity is a combination of salient and emerging features. It includes the logo and wider brand graphic structure, determining how the brand will look in any situation in which the brand may be used. The physical appearance of the brand, particularly in relation to the logo and its associated graphics is often the first thing that comes to mind when the word brand is mentioned, or when a particular brand name is used. However, the physique also includes a variety of other physical structures that are not initially connected with the brand. One such obvious example is the particular shape of the Volkswagen Beetle or the Coca Cola bottle. Such a physical structure may not be as obvious with a service brand but such physical referents to the brand can be used in the type of vehicle used in the delivery of the service and the particular uniform characteristics of the staff.

Identifying the degree to which the NZ franchises articulate the physique facet of Kapferer’s model generates the contributory research questions (CRQ1):

To what extent does the expression of the physique of the franchise brand within NZ franchises conform to the physique facet of Kapferer’s model?

The personality of the brand indicates the sort of personality characteristics the brand would possess were it a person. The use of the concept of the personality of the brand has been an aspect of marketing advertising for some time. Kapferer however suggests that the personality characteristics that can be ascribed to the brand are limited and provides a list of relevant traits in order to restrict this facet of the brand identity. If the physical facet of the brand identity is the most obvious, the personality facet is also readily interpreted as it is relatively straightforward to transfer familiar personality traits such as calm, cold or caring to a brand identity. One of the most effective ways of communicating this brand personality is by using a person that is widely known to have and represent similar values to the brand. The existence of a brand personality is examined by the contributory research question (CRQ2):
To what extent does the expression of the personality of the franchise brand within NZ franchises conform to the personality facet of Kapferer’s model?

The culture of the brand is another of the six facets of the brand identity. Kapferer (2004) interprets the brand culture as a set of values feeding the brand’s inspiration. In this context the brand culture refers to the fundamental ideals that the brand represents. The culture facet is the source of the brand’s aspirational power and links the brand to the organisation. To be effective the brand culture must be in complete alignment with the organisational culture. The third contributory research question (CRQ3) examines:

To what extent does the expression of the culture of the franchise brand within NZ franchises conform to the culture facet of Kapferer’s model?

The brand is also asserted to define a relationship that is reflected in the exchange between the branded product or service and the relevant consumer. This is particularly the case in the services sector where the relationship is defined by the experience that both supplier and consumer have at the point of that exchange and is expressed in the contributory research question (CRQ4):

To what extent does the expression of the relationship of the franchise brand within NZ franchises conform to the relationship facet of Kapferer’s model?

The brand identity also incorporates a reflection facet. Kapferer (2004) sees this as the reflection or image of the buyer that the brand tends to address. This refers to the way in which the customer wishes to be seen by others as a user of the product or service. It provides a model with which to identify and is therefore related to the personality that the brand is seen to project. The customer reflection of the brand references the way in which the customer requires the brand to portray them, it helps them build their own identity. The contributory research question (CRQ5) asks:
To what extent does the expression of the customer reflection of the franchise brand within NZ franchises conform to the customer reflection facet of Kapferer’s model?

The sixth facet of the hexagonal model represents the way in which the brand refers to self-image. Kapferer states that “if reflection is the customer’s outward mirror… then the self-image is the customer’s own mirror” (p. 110). Through the way in which we relate to a brand we think differently about ourselves. This is examined in the contributory research question (CRQ6):

To what extent does the expression of the self-image of the customer of the franchise brand within NZ franchises conform to the self-image facet of Kapferer’s model?

The brand essence summarises the brand by identifying a continuing key, or central, value or values, and is situated at the visual centre of the prism model (Kapferer, 2004). Kapferer asserts that the brand essence tries to summarise the richness of the brand identity in a way that is easy to convey, but requires the other six facets of the brand identity to support its meaning.

de Chernatony (2006) proposes that the brand essence is “a useful means of conceptualizing the core of the brand” (p. 225). To de Chernatony the brand essence defines its central nature and enables employees to have a clear representation of its uniqueness. Aaker and Joachimsthaler (2000) view the brand essence as “the hub of a wheel linked to all of the core identity elements” (p. 45). This metaphor of the hub of a wheel resonates, not only with the centre of Kapferer’s (2004) brand identity prism, but also with the hub of Upham’s circle and the nucleus of de Chernatony’s (2006) atomic model.

Akutsu and Nonaka (2004) see the brand essence as expressing the intrinsic qualities of a brand in a sentence or two. Keller (2008) compares brand essence with the expression brand mantra, which is a brief expression of the most important aspects of a brand and its core
associations. Keller refers to the brand essence as the enduring deoxyribonucleic acid (DNA) of a brand.

As the centre of the model chosen to represent brand identity, the importance of the brand essence is amplified by the recognition that of all the aspects, definitions, models and theories relating to brand, it is the concept that carries by far the greatest consensus. The authors referenced, who have different views on the components of brand and on their relative importance, conceptualise brand essence in a very similar way, in terms of both describing what it is, what it does and its relationship to their definition and, or, model of brand. This generates the contributory research question which examines the brand essence, (CRQ7):

*To what extent does the expression of the brand essence of the franchise brand within NZ franchises conform to the brand essence as the central aspect of Kapferer’s model?*

Kapferer (2004) considers that the physique and personality facets communicate an image of the sender, the reflection and self-image facets communicate an image of the receiver, while relationship and culture bridge the gap between the sender and the recipient. Kapferer’s model also sees physique, relationship and reflection as providing the brand’s outward expression, while the personality, culture and self-image are incorporated within the brand itself.

The model offered by Kapferer (2004), and supported by de Chernatony (2006) provides a template against which this research assesses the understanding of the franchise brand in NZ franchises. The model strongly resonates with aspects of research on internal brand, detailed in section 3.3.3. Its faceted structure facilitates the articulation of what the brand identity is, and reinforces the contribution that the culture of the organisation makes in supporting the brand identity. Nevertheless, it is more focused on what the brand identity is, rather than how knowledge of that brand identity will be created, articulated, communicated and operationalised within the organisation.
3.4 A knowledge-based perspective of franchises

“Franchising is a knowledge-based business” (FANZ, 2009, p. 19). FANZ asserts that the franchisor licenses knowledge to the franchisee and the franchisee applies this knowledge in managing their business. These statements are based on the replication objective of franchising. Mendelsohn (1999) states in defining characteristic two (section 2.5) that the franchisor must first develop a successful business format or system. It is this system that is replicated in franchising. Much of the system is based on the franchisor’s knowledge as specified in manuals, web-sites and other codified knowledge while the rest is not able to be codified and is replicated to a degree by the franchisor, during that which Mendelsohn (1999) identifies in defining characteristic three (section 2.5), as the training prior to initial start-up and that which is transferred during what is described in characteristic four (section 2.5), as the continuing relationship that the franchisor has with the franchisee. Thus the defining characteristics of a franchise are consistent with the characteristics of a knowledge-based organisation.

Grant (2002) views the knowledge-based perspective as a focus on, or appreciation of, the role of knowledge in the success of the organisation. He views the knowledge-based perspective as complementary to theories, including the resource-based view, the capability-based view and organisational learning, as opposed to a theory in itself. He also concurs with Akutsu and Nonaka (2004) in recognising a correspondence between the value of land in the agrarian economy, that of capital in the industrial economy and knowledge in the economy of the late 20th and 21st centuries.

This thesis takes a view of knowledge, and the inter-relationship of knowledge with data, information, understanding and wisdom that is consistent with Barabba et al. (2002), Nonaka (2002) and Nonaka and Takeuchi (1995), in drawing a clear distinction between these concepts. Whereas data consist of representative symbols, they have no utility until their
information potential is processed by an agent into information. This descriptive information is used within a socially-constructed process of knowledge conversion that facilitates an understanding of the relevant object, event or phenomenon. Wisdom represents the application of understanding that takes account of the value of the outcome of that application. Thus, a hierarchical value chain is established from data to information to knowledge to understanding to wisdom.

One of the central characteristics of the knowledge-based view of the organisation is its concentration on intangible, as opposed to tangible, assets. Grant (2002) suggests that “primary assets are technology and brands rather than physical and financial assets” (p. 134). He suggests that the knowledge-based view of the firm is less of a theory than a set of ideas about the existence and nature of the firm that emphasise the significant role of knowledge. The knowledge based view augments and extends existing theory and management techniques. Conner and Prahalad (2002) suggest that a knowledge-based view is the essence of the resource-based perspective.

The basic assumptions of the knowledge-based perspective are that knowledge is an important productive resource and that different types of knowledge vary in their transferability. That knowledge is subject to economies of scale and scope, that it is created by human beings and that many different types are needed in the manufacture of a product or delivery of a service. The challenge of coordination of organisational knowledge is to deploy the knowledge of many individuals in the delivery of a product or service. Nonaka and Takeuchi (1995) developed a theory of knowledge creation that sought to answer the challenge specified.

3.4.1 Nonaka and Takeuchi’s (1995) theory of knowledge creation

Whereas Grant (2002) exhibited reticence to label the knowledge-based perspective of the organisation a theory, Nonaka and Takeuchi (1995), in their book *The Knowledge*
Creating Company, elucidated their theory of knowledge creation. Their theory is based on an ontology which recognises different levels of knowledge creating entities; individual, group, organisational and inter-organisational, and an epistemology that recognises two types of knowledge; tacit and explicit. They refer to the interaction between tacit and explicit knowledge as knowledge conversion. In their theory, illustrated in Figure 3.8, when the two types of knowledge interact they do so through four knowledge conversion processes; socialisation, externalisation, combination and internalisation. These four conversion processes, widely known by the acronym “SECI” (Nonaka, Konno & Toyama, 2001, p. 14), are the mechanisms by which individual knowledge is amplified throughout an organisation.

Figure 3.8
The SECI knowledge creation and conversion process


Socialisation refers to the conversion of tacit knowledge into tacit knowledge and represents the creation of new tacit knowledge in individuals by sharing experiences. An example of socialisation is the holding of informal meetings and gatherings outside of the work environment.
Externalisation refers to the process of converting tacit knowledge into explicit knowledge. This process involves the articulation of tacit knowledge so that it can be converted into explicit knowledge. This is facilitated by a number of techniques, including

**Figure 3.9**
The SECI knowledge creation spiral

metaphors, models and analogies and can be evidenced within an organisation when a manager shares his tacit knowledge with fellow employees by converting tacit knowledge into a conceptual model or a prototype.

Combination refers to the process of combining different sorts of explicit knowledge in order to create more complex or meaningful explicit knowledge. Operationally, this would include the preparation of a report from a number of different sources, both hard copy and digital, in order to explain a concept of organisational relevance. This would also include the justification for the prototype developed as the product of the externalisation conversion process.

Internalisation refers to the conversion of explicit into tacit knowledge. Nonaka and Nishigushi (2001) view this conversion process as seeing by doing. Internalised knowledge broadens, extends and re-frames the tacit knowledge of organisational members. Operationally this would involve managers promoting the understanding of shared organisation values by discussion within cross-functional teams.

Nonaka and Takeuchi (1995) identify a knowledge spiral that is interpreted as the four knowledge conversion processes working at different levels of their ontology. These levels are individual, group, organisational and inter-organisational. The interaction of tacit and explicit knowledge being converted by the SECI process and being ontologically amplified in a knowledge creation spiral is represented in Figure 3.9.

The initial expression of the knowledge creation theory by Nonaka and Takeuchi (1995) was extended by Nonaka and Konno (1998) to describe where organisational knowledge can be created. They proposed the concept of $Ba$, which defines the relational as opposed to spatial site for knowledge creation, and described the conditions for $Ba$ for each of the SECI knowledge conversion processes. von Krogh, Ichijo and Nonaka (2000) distanced themselves from the idea of knowledge management as they asserted that knowledge cannot be managed as much as enabled. They described different types of knowledge enablers that
were consistent with both the SECI knowledge conversion processes and the “enabling context” (p. 7) or Ba. Nonaka and Nishigushi (2001) emphasised that knowledge separated from Ba becomes information as such information is not anchored in the beliefs of its holder. Nonaka and Takeuchi (2004) revisited their 1995 theory and in doing so addressed knowledge management, but confirmed the primacy of tacit knowledge, observing that explicit knowledge represented the “tip of the iceberg” (p. 16), in that it is more obvious, but less powerful than tacit knowledge. In this more recent research they defined knowledge management as “the process of continuously creating new knowledge, disseminating it widely through the organisation, and embodying it quickly in new product, services, technologies and systems” (p. ix).

3.4.2 Knowledge creation theory applied to brand

The knowledge creation theory developed by Nonaka and Takeuchi (1995) underlined the importance of tacit knowledge, as well as explicit knowledge. Akutsu and Nonaka (2004) take this knowledge creation theory and apply it to what they refer to as “branding capabilities” (p. 287). They suggest that much of what brand entails lies deep within us. de Chernatony (2006) posits that applying Nonaka and Takeuchi’s (1995) model to brand knowledge enables managers to better surface and understand their organisation’s brand by illustrating the likely branding activities that would encourage each of the four stages. de Chernatony (2006) also interprets the knowledge creation spiral, illustrated in Figure 3.9, as allowing the individual, the group and the organisation to iteratively develop more sophisticated and congruent interpretations of the organisation’s brand. de Chernatony (2006) did not specifically consider Akutsu and Nonaka’s (2004) research on branding capabilities using the theory of knowledge creation, but did draw on Nonaka and Takeuchi’s (1995) theory to reinforce the way in which managers might share similar mental models of the organisation’s brands. de Chernatony considers that the focus on explicit knowledge to
articulate the brand represents the tip of the iceberg, and that the full potential of brand
remains to be exploited. de Chernatony interprets Nonaka and Takeuchi’s (1995) theory and
the way in which it can explain the creation and maintenance of brand knowledge.

de Chernatony (2006) interprets the four-stage SECI process to create brand
knowledge. The socialisation stage would be accomplished by a member of staff shadowing
another for a period of time and conversing with that staff member about how their actions
relate to the shadower’s understanding of the brand. This generates the research question
(CRQ8):

*What evidence is there that socialisation processes are used to increase brand
understanding in NZ franchises?*

The externalisation stage would involve the pairs, of shadower and shadowed, meeting
with other pairs in a group to surface their ideas relating to the brand. de Chernatony (2006)
suggests that this would encourage the development of a shared brand language, in terms of
metaphors, models and analogies, as the tacit knowledge is surfaced to the group as explicit
knowledge. This generates the research question (CRQ9):

*What evidence is there that externalisation processes are used to increase brand
understanding in NZ franchises?*

The combination stage would involve the summary of brand language and metaphors
to confirm or adjust the codified information held on the organisation’s brand. This generates
the research question (CRQ10):

*What evidence is there that combination processes are used to increase brand
understanding in NZ franchises?*

In the internalisation stage the modified knowledge of the brand is communicated to
the organisation’s members and behaviour congruent with this modified knowledge of the
brand reinforced. This generates the research question (CRQ11):
What evidence is there that internalisation processes are used to increase brand understanding in NZ franchises?

Akutsu and Nonaka (2004) suggest that future brand-related research will be expected to systematically elucidate the organisational ability to develop valuable brands and that this will necessitate the creation, expression and sharing of tacit brand knowledge. Akutsu and Nonaka assert that the clarification and elaboration of the brand identity model corresponds to the externalisation and combination processes in Nonaka and Takeuchi’s (1995) theory of knowledge creation. However, tacit knowledge can be created only by sharing socialising experiences with those already rich in tacit brand knowledge, which they see as the process of socialisation from the Nonaka and Takeuchi model. They assert that the other knowledge creating process, externalisation, can best be achieved by employing manuals in which tacit knowledge has been converted into explicit knowledge. Akutsu and Nonaka present a model for their view of branding capabilities which incorporates aspects of what they refer to as Aaker’s model of brand identity. This is illustrated in Figure 3.10.

In addition to assessing the existence of the individual SECI processes, evidence is also sought for the extent to which the overall SECI process, as defined by Nonaka and Takeuchi’s (1995) theory and Akutsu and Nonaka’s (2004) application of that theory to “branding capabilities” (Akutsu & Nonaka, 2004, p. 295). This is expressed in the contributory research question (CRQ12):

To what extent is Nonaka and Takeuchi’s (1995) knowledge creation theory compatible with brand knowledge creation in NZ franchises?

de Chernatony (2006) concludes that a brand is an amalgam of interpretations and that the knowledge creation spiral can be used to confirm and re-confirm the organisation’s brand identity and lead to a more unified approach to supporting understanding of the brand by applying Nonaka and Takeuchi’s (1995) theory and the SECI processes of knowledge conversion. This is expressed in the contributory research question (CRQ13):
What evidence is there of a brand knowledge creation spiral that increases the likelihood of more sophisticated and congruent understanding of the brand in NZ franchises?

**Figure 3.10**
The SECI theory and SECI spiral applied to brand

**Figure Description:**
- **Accumulation and creation of tacit knowledge (Socialization, Internalization)**
- **Externalization of brand concept combination for commercialization of products**
- **Defining and refining of brand identity (Externalization, Combination)**
- **Practice of brand identity execution system**
  1) Presentation of brand position
  2) Execution of communication program
  3) Monitoring by tracking
- **Socialization at a place (ba) where brand users gather**

Akutsu and Nonaka (2004) observe that argument concerning brand identity is verbally expressed and therefore linguistically encoded as explicit knowledge. The contribution of tacit knowledge that is not encoded is not as readily appreciated, yet it is the differentiated values of a brand identity that are important due to the sustainable competitive advantage that accrues to their inability to be codified and subsequently transmitted (Windsperger & Gorovaia, 2008).

3.4.3 Contractible (explicit) and incontractible (tacit) knowledge in franchising

Research that examines the knowledge creation theory applied to brand within franchises has not been evidenced. A study by Windsperger and Gorovaia (2008), which provided a property rights view on the choice of knowledge transfer mechanisms in 83 Austrian franchise firms examines parallel concepts within franchising. Windsperger and Gorovaia concluded that non-contractible knowledge was closely related to tacit knowledge, and contractible knowledge to explicit knowledge. Windsperger and Gorovaia employed a property rights view to examine the choice of knowledge transfer mechanisms in franchising firms. They found that the degree of contractibility of knowledge determines the information richness of the knowledge transfer mechanism. Therefore, if the franchisor’s knowledge is contractible or explicit, knowledge transfer mechanisms with a lower degree of richness are more effective and the converse applied to franchisors’ knowledge that was non-contractible or tacit.

Windsperger and Gorovaia (2008) consider that as service franchising firms have greater non-contractible knowledge, the use of rich transfer mechanisms should be evident. They concluded that franchisors have to select knowledge transfer mechanisms according to the contractibility of the knowledge that is the subject of the transfer, hence “a successful franchisor has to match the knowledge transfer strategy to the information processing requirements of the different types of system-knowledge” (p. 21). Windsperger and Gorovaia
identified rich knowledge transfer mechanisms that are compatible with transferring tacit knowledge as including training, personal visits, council and conference meetings, whereas less rich knowledge transfer mechanisms that are compatible with transferring explicit knowledge included reports, handbooks and manuals, databases, fax, intranet and internet. This generates the contributory research question (CRQ14):

*What evidence is there to suggest that tacit brand knowledge is matched to rich information sources and explicit brand knowledge to less-rich information sources in NZ franchises?*

### 3.4.4 Congruence of brand understanding

Answers to the contributory research questions generated by the preceding arguments concerning brand within NZ franchise systems will offer cumulative support for the first three central research questions. The importance of the brand within the franchise (RQ1) will be assessed without the requirement of contributory research questions. The extent to which brand understanding can be compared with the model of brand identity by Kapferer (2004) (RQ2) is assessed by considering answers to CRQ2 through CRQ7. The degree to which the SECI knowledge conversion processes indicate that brand knowledge creation and maintenance within NZ franchises is compatible with Nonaka and Takeuchi’s (1995) theory and the existence of a brand knowledge spiral and matching of tacit and explicit knowledge to compatible information sources (RQ3), is assessed by considering answers to contributory research questions CRQ8 through CRQ14. This research will also examine the congruence of this brand understanding, and its creation and maintenance, throughout the franchise structure (RQ4).

This examination of congruence of understanding, which is similar to an assessment of the alignment of individual and group brand understandings with that which is articulated for the franchise generates the following contributory research questions (CRQ15):

*Is brand understanding congruent within each cohort, within each franchise?*
and (CRQ16):

Is brand understanding congruent between the three cohorts, within each franchise?

3.5 A research hiatus circumscribed by related research

Significant research has been directed toward franchising and brand, as separate constructs, since the 1960s. As the review of literature is progressively focused toward the identified nexus of brand and franchises, and is contextualised to NZ franchise systems, a void in research is identified with increasing clarity. The position, nature and size of this void can be estimated and circumscribed by detailing the limited research that most closely addresses this research. This is facilitated by reference to four contributions to research that provide a shape for this hiatus that is more topological than geometric.

Pitt et al. (2002) observed that research that addresses internal brand management within the chosen context of franchising is extremely limited and sought to address this limitation by offering “empirical insights” (p. 419). The main objective of their research was to identify brand management practices within franchises and explore their relationship with brand performance, which they sought to attain by using a case-study of one Australian franchise system. Pitt et al. reference a 10-point brand report card, originally advanced by Keller (2000), to design and test an instrument to measure brand management practices.

The quantitative analysis that they employed to test the responses to their elaboration of Keller’s (2000) brand report card, encouraged them to conclude that only the internal dimension of brand management is a significant predictor of overall brand management effectiveness. Pitt et al. (2002) accepted the limitations of collecting data from a convenience
sample of one franchise, but asserted that “in spite of its limitations, this study offers some empirical insights into the brand management practices of a franchise organisation” (p. 419).

In examining the role of employees in the delivery of the brand using ten interviews with managers in a hospitality service organisation in Australia, King and Grace (2005) identify, from a manager’s perspective, recurrent themes that ensure that the service quality delivered is aligned with the brand’s values. They assert that managerial attention to these themes will increase the success of employees in delivering a service that is consistent with brand values and will reduce employee role ambiguity and conflict. The themes identified include control, foundation, internal marketing, management role, direction, employee satisfaction, enhancers and element of control. For future research King and Grace recommended examining the employees’ perspective, as their research sample was restricted to managers.

Burmann and Zeplin (2005) also focus on the role of employees, but adopt a behavioral approach to internal brand management by identifying two new behavioral constructs, brand citizenship behavior and brand commitment. These constructs contribute to ensuring consistency of the brand identity. Their conclusions, based on a review of relevant literature and 11 interviews with brand consultants and brand experts, resulted in the development of a theoretical model that identifies four contextual factors; culture fit, structure fit, employee know-how and disposable resources. They assert that these contextual factors when combined with brand-centred human resource management, brand communication and brand leadership, generate brand commitment, which results in employees exhibiting brand citizenship behaviour. Burmann and Zeplin (2005) view internalisation of the brand identity as a driver of “complete congruence between brand and personal values” (p. 285).

The research by Windsperger and Gorovaia (2008) was examined in section 3.4.3. Their research provides a boundary to the hiatus because it is conducted within franchises and implicates Nonaka and Takeuchi’s (1995) theory, in terms of its clear distinction between
tacit and explicit knowledge. It is somewhat ironic that research involving property rights theory should provide evidence of the circumscription of the research hiatus asserted. Despite the tangential illumination of the central research questions, the research by Windsperger and Gorovaia is determined to be parallel to this research in that its context is franchising and it considers contractible (explicit) and incontractible (tacit) knowledge and the suitability of rich and less-rich information transfer processes to communicate each of the two types of knowledge.

The findings by Grace and King (2005) and Burmann and Zeplin (2005) utilise data from interviews with managers to identify effective ways in which employees can deliver the brand. In each case the sample studied, as a proportion of the sampled population, restricts significant generalisation. This restriction is echoed by the research conducted by Pitt et al. (2002), which is conducted within a franchise.

Windsperger and Gorovaia (2008) detail a survey without these impediments to generalisation. Their survey incorporates robust sampling procedures and they are able to generalise conclusions to the researched population. Their generalisations inform the research question, but somewhat tangentially, as their empirical research involves property rights theory, which is not included in this research.

These four studies identify research topics that are contiguous with, but somewhat different to, this research and thus circumscribe the current void in extant research in relation to understanding the brand within NZ franchises. They provide this research with conceptual and theoretical references. Although the four studies cited above directly inform this research, none approaches the particular context and locus chosen.
3.6 Summary

The initial expression of the research question is: *How is brand understood within NZ franchises?* This initial form was expanded to four central research questions:

- **RQ1** *How important is the franchise brand to the success of the franchise?*
- **RQ2** *In what ways is the brand understood within NZ franchises?*
- **RQ3** *How is the understanding in RQ2 created and maintained within NZ franchises?*
- **RQ4** *Are the findings in RQ1, RQ2 and RQ3 consistent throughout the franchise structure?*

This chapter has collapsed the above central research questions and examined their deconstruction by framing and re-framing relevant concepts, constructs and theories, with reference to extant literature, in order to inform them. This process led to the generation of a number of contributory research questions which are expressed in Table 3.1. The contributory research questions are listed within Table 3.1, directly below the central research question that they are expected to inform.

**Table 3.1**
The research questions

<table>
<thead>
<tr>
<th>RQ</th>
<th>How is brand understood within New Zealand franchises?</th>
</tr>
</thead>
<tbody>
<tr>
<td>RQ1</td>
<td><em>How important is the franchise brand to the success of the franchise?</em></td>
</tr>
<tr>
<td>RQ2</td>
<td><em>In what ways is the brand understood within NZ franchises?</em></td>
</tr>
<tr>
<td>CRQ1</td>
<td>To what extent does the expression of the physique of the franchise brand within NZ franchises conform to the physique facet of Kapferer’s model?</td>
</tr>
<tr>
<td>CRQ2</td>
<td>To what extent does the expression of the personality of the franchise brand within NZ franchises conform to the personality facet of Kapferer’s model?</td>
</tr>
</tbody>
</table>

*(table continues)*
<table>
<thead>
<tr>
<th>CRQ3</th>
<th>To what extent does the expression of the culture of the franchise brand within NZ franchises conform to the culture facet of Kapferer’s model?</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRQ4</td>
<td>To what extent does the expression of the relationship of the franchise brand within NZ franchises conform to the relationship facet of Kapferer’s model?</td>
</tr>
<tr>
<td>CRQ5</td>
<td>To what extent does the expression of the customer reflection of the franchise brand within NZ franchises conform to the customer reflection facet of Kapferer’s model?</td>
</tr>
<tr>
<td>CRQ6</td>
<td>To what extent does the expression of the self-image of the customer of the franchise brand within NZ franchises conform to the self-image facet of Kapferer’s model?</td>
</tr>
<tr>
<td>CRQ7</td>
<td>To what extent does the expression of the brand essence of the franchise brand within NZ franchises conform to the brand essence as the central facet of Kapferer’s model?</td>
</tr>
<tr>
<td>RQ3</td>
<td>How is the understanding in RQ2 created and maintained within NZ franchises?</td>
</tr>
<tr>
<td>CRQ8</td>
<td>What evidence is there that socialisation processes are used to increase brand understanding in NZ franchises?</td>
</tr>
<tr>
<td>CRQ9</td>
<td>What evidence is there that externalisation processes are used to increase brand understanding in NZ franchises?</td>
</tr>
<tr>
<td>CRQ10</td>
<td>What evidence is there that combination processes are used to increase brand understanding in NZ franchises?</td>
</tr>
<tr>
<td>CRQ11</td>
<td>What evidence is there that internalisation processes are used to increase brand understanding in NZ franchises?</td>
</tr>
<tr>
<td>CRQ12</td>
<td>To what extent is Nonaka and Takeuchi’s (1995) knowledge creation theory compatible with brand knowledge creation in NZ franchises?</td>
</tr>
<tr>
<td>CRQ13</td>
<td>What evidence is there of a brand knowledge creation spiral that increases the likelihood of more sophisticated and congruent understanding of the brand identity in the NZ franchises?</td>
</tr>
<tr>
<td>CRQ14</td>
<td>What evidence is there to suggest that tacit brand knowledge is matched to rich information sources and explicit brand knowledge to less-rich information sources in NZ franchises?</td>
</tr>
<tr>
<td>RQ4</td>
<td>Are the findings in RQ1, RQ2 and RQ3 consistent throughout the franchise structure?</td>
</tr>
<tr>
<td>CRQ15</td>
<td>Is brand understanding congruent within each cohort, within each franchise?</td>
</tr>
<tr>
<td>CRQ16</td>
<td>Is brand understanding congruent between the three cohorts, within each franchise?</td>
</tr>
</tbody>
</table>

*Source: Developed for this research*
The context for this research is NZ franchises. The NZ franchising sector and that which comprises a franchise in NZ was elaborated in Chapter 2. The comparative absence of independent research on the NZ franchising sector was also detailed against the contemporaneous debate, initiated by the MED, concerning the need for franchise-specific regulation in NZ.

This chapter also elaborates the franchising context, but does so by interpreting the development of both the franchise construct and franchising research in a more global context. The three theories that seek to explain the reason to franchise; capital scarcity, resource constraint and agency theory, which have dominated franchising research over the last 35 years (Dant et al., 2008), were not found to directly inform the central research questions directly. These theories are predominatly focused on the causality thesis; whereas this research and its associated research questions seek to inform one aspect of the operation of franchises. In doing so, this research responds to specific recommendations by Combs and Ketchen (2003), Combs et al., 2004, Dant (2008) and Elango and Fried (1997), by employing theories outside the three dominant ones, to examine the operation of a franchising sector in an international context, by using primary and rich data.

The construct of brand was then examined, initially employing etymological and definitional approaches. As these were found to only partially inform the construct, a number of different perspectives were employed to frame and re-frame the construct in different ways, in order to triangulate its meaning. To facilitate this process the franchise brand was compared to product, service brands and corporate brands. Another frame or perspective was provided by closely examining internal brand, as the research problem is situated within NZ franchises. Finally, three components of the brand construct; brand equity, brand image and brand identity were examined separately and compared with, and differentiated from, each other.
This process refined the brand construct sufficiently to conclude that the brand identity component of the brand construct best informed the central research questions.

Due to the lack of consensus observed for definition of the brand construct, models of brand and brand identity were examined. A brand identity model by Kapferer (2004) was found to most directly address the central research questions. During the elaboration of this model seven contributory questions were generated.

Having refined the concept of brand identity, within the construct of brand, the focus of the review was directed to the creation and maintenance of brand knowledge conversion processes that advance brand understanding within NZ franchises. To deliver this outcome the franchise structure was evidenced to be an example of a knowledge-based organisation. The knowledge-based perspective was examined and a theory developed by Nonaka and Takeuchi (1995) was concluded as informing the central research questions most directly.

This theory was then observed when applied to brand by Akutsu and Nonaka (2004) and de Chernatony (2006). This observation led to the generation of four contributory research questions. No research was evidenced which applied Nonaka and Takeuchi’s (1995) theory of knowledge creation to brand within franchises, but research by Windsperger and Gorovaia (2008) was referred to as they examined tacit and explicit knowledge, using the property rights semantic equivalents of incontractible and contractible knowledge, in Austrian franchises. This research generated an additional contributory research question.

The research therefore uses a model for brand identity that is supported by a constructivist communication theory (Kapferer, 2004). Kapferer’s model is theoretically supported, is used and critiqued by de Chernatony (2006), and resonates with the interpretive framework that the researcher identifies with, (elaborated in Chapter 1). These observations reinforce the strength of the research design.

Kapferer’s (2004) model is expected to provide answers to that part of the research problem which examines what is to be understood in the understanding of brand within NZ
franchises, but it does not examine the how question. This is examined by the application of Nonaka and Takeuchi’s (1995) theory as applied to brand by de Chernatony (2006) and Akutsu and Nonaka (2004). Takeuchi and Nonaka (2004) assert that the theory that was offered in the book *The knowledge creating company* is regarded as one of the most cited in knowledge management literature. The peer review indicated by these citations reinforces the use of Nonaka and Takeuchi’s theory and, thereby, the strength of theoretical support for this research.

An important part of the chain of evidence for this research has been provided by elucidating the research problem, expressing an initial research question that is directed at responding to that problem, collapsing this initial question into four central research questions and examining relevant literature and extant research to generate 16 contributory research questions, answers for which will directly inform the central research questions and thereby address the research problem.

The way in which these research questions will be answered requires the design of a methodology which is ontologically and epistemologically consistent and which gradually reduces the uncertainties that the research questions define. This methodology will be discussed in Chapter 4.
CHAPTER 4: METHODOLOGY

4.1 Introduction

The first three chapters have described the purpose of the current research, detailed the research context of NZ franchises and positioned this research within an ongoing research debate in relation to topics that resonate with the four central research questions. Additionally, the use of a theoretically supported model of brand identity (Kapferer, 2004) and a theory of knowledge creation (Nonaka & Takeuchi, 1995) was justified to facilitate the specification of 16 contributory research questions, presented in section 3.6. The preceding chapters have also increased the researcher’s understanding of the central research questions and their constituent concepts, constructs and theories. This is consistent with the spiral research process described in section 1.5.2.

The first three chapters have also instantiated the importance of the research and circumscribed a significant gap in extant research that this research seeks to address. This chapter identifies and justifies the selected methodological approach, together with appropriate strategies, processes, methods and techniques that will produce data, which, when analysed, will inform the research questions. The organisation of this chapter is illustrated in Figure 4.1.

In section 4.2, the choice of a qualitative methodology is justified. In section 4.3 the means of supporting the authenticity of findings using such a qualitative research methodology is detailed (Lincoln & Guba, 1999), including the operationalisation of authenticity, in section 4.4. This section concludes with the specification of 16 methods and techniques that support authenticity, recommended by Carson et al. (2001), Creswell (2003) and Patton (2002). In section 4.5, the particular method of case-based research is specified as a
legitimate strategy of inquiry within a qualitative methodology (Creswell, 2003) and the
sampling methods to determine the cases selected are elaborated. This includes the delineation

Figure 4.1
Outline of Chapter 4
Methodology

Source: Developed for this research
of three cohorts and 44 participants that provide a multi-layered or nested nature to the case-based research (Patton, 2002). In section 4.6, ethical considerations relating to the case-based research are detailed. The data collection methods of in-depth interview and document analysis are justified, in section 4.7, and the manner in which they are operationalised within the data collection phase is detailed. Section 4.8 summarises the chapter.

4.2 The choice between the quantitative, qualitative and mixed-methods approaches

Justifying a choice between a quantitative, qualitative or mixed methods approach to finding answers to the research questions implies that these three methodologies are mutually exclusive. More realistically, they are labels that represent simplified models of complex ideas and research may involve aspects of each (Neuman, 2003). Patton (2002) asserts that the research challenge is more one of matching methods to research, rather than adhering to a narrow methodological orthodoxy.

In this research the choice of methodological direction responds to a number of influences. These influences include philosophical considerations, the nature of the central research questions and the limitations of extant theory to specifically inform the central research questions and their constituent concepts and constructs.

4.2.1 Justification of a qualitative methodology; philosophical considerations

Ontological and epistemological parameters identified by the researcher are detailed in section 1.5. The researcher identifies with a relativist ontology and an interpretive epistemology and identifies most closely with the interpretive framework that, in Denzin and Lincoln’s (2004b) typology, is referred to as constructivist. A constructivist researcher will tend to follow a qualitative approach (Creswell, 2003; Neuman, 2003), because the constructivist recognises knowledge as co-created by the knower and the known and sees
knowledge, not as having its own independent reality and existence, but being dependent on, and produced by, social interaction. The research questions will therefore be addressed by the researcher through the views of other participants in the research. Creswell (2003) asserts that such an exploration of a phenomenon, which in this research is the understanding of brand within NZ franchises, through the views of the participants, best responds to a qualitative methodology.

4.2.2 Justification of a qualitative methodology; the nature of the research questions

The nature of the central research questions is another determinant of the choice of methodology selected (Creswell, 2003). The initial expression of the research problem in section 1.3 as, *How is brand understood within NZ franchises?* confirms that an exploratory approach will be needed to define not just what the question means but to clarify the central constructs of brand and franchise, and their meaning in relation to that initial expression. Creswell (2003) asserts that exploratory research responds to a qualitative methodology.

Creswell (2003) also suggests that if little research has been completed on the research topic that the research questions address, then it merits a qualitative approach. Creswell specifically notes that such a choice of a qualitative methodology is emphasised if a particular group or sector has not hitherto been adequately addressed by extant research. The three groups addressed in this research are defined as franchisor and franchisor management, franchisee and franchisee management and customer-contact employees or single-operator franchisees. Though much research has focused on the franchisor cohort, this has not been the case for the franchisee or the customer-contact employee or single-operator franchisee cohorts, within the chosen context of franchising (Dant, 2008; Dant et al., 2008). Franchising in NZ was described in Chapter 2, and was evidenced to be a domain in which there is a dearth of research. The lack of relevant research, both with reference to two of the three
coHORTS IDENTIFIED WITHIN FRANCHISING, AND RELATING TO NZ FRANCHISING, CONFIRMS THE APPROPRIATENESS OF A QUALITATIVE METHODOLOGY (CRESWELL, 2003).

4.2.3 JUSTIFICATION OF A QUALITATIVE METHODOLOGY; THE INCOMPATIBILITY OF EXISTING THEORIES

Section 3.2.4 examined the three dominant theories in franchising, capital scarcity theory, resource constraint theory and agency theory. It was concluded that although capital scarcity, resource constraint and agency theory inform the research questions peripherally, they are chronologically mismatched as these theories focus on the causality of franchising and the support or refutation of the ownership redirection thesis (Dant et al., 2008), whereas the research questions focus on the operation of existing franchises. Capital scarcity, resource constraint and agency theory seek to explain why the decision is made to franchise, as opposed to preferring corporate ownership or a mixture of the two, but these theories do not seek, in the first instance, to explain the operation of franchises once the ownership decision has been made (Elango & Fried, 1997). The lack of existing theory relating to the central research questions supports the use of a qualitative methodology in this research (Creswell, 2003).

4.3 QUALITATIVE RESEARCH

Qualitative research approaches the argument of ensuring the “accuracy of findings” (Creswell, 2003, p. 195) by using terms such as quality (Patton, 2002), plausibility (Neuman, 2003), validation (Stake, 1995), trustworthiness (Carson et al., 2001; Lincoln & Guba, 1999), authenticity (Denzin & Lincoln, 2003a; Lincoln & Guba, 1999), credibility (Janesick, 2003; Patton, 2002) and interpretive sufficiency (Christians, 2003). There is much argument about the appropriateness of each of these terms and how they are interpreted within a qualitative
methodology as opposed to the justification of the accuracy of findings in a quantitative methodology.

The accuracy of findings in quantitative research is embedded in methodological designs which follow specific definitions and understandings of numerically-expressed measures of reliability, validity and generalisability. These carry a substantial amount of consensus with respect to their meaning in both theory and practice. The need to balance the sometimes competing requirements of reliability, the different types of validity, and generalisation to various populations of interest, is well understood (Babbie, 2001).

In choosing a qualitative methodology there is no less need to ensure that the research completed is rigorous and provides trustworthy, authentic, credible and accurate findings (Carson et al., 2001; Creswell, 2003; Lincoln & Guba, 1999). This research will employ the construct of authenticity as a referent to examine the accuracy of findings. Authenticity means giving a fair, honest and balanced account from the viewpoint of the participants in the social interaction being studied (Denzin & Lincoln, 2003a).

Authenticity may be approached from two different directions. One direction is to elucidate what might be termed qualitative proxies by elaborating that which Janesick (2003) refers to as the quantitative “trinity” (p. 69) of reliability, validity and generalisability and then identifying comparable qualitative research methods and procedures that are equivalent to, though not the same as, the quantitative measures. The alternative direction is to determine the theoretical basis for the quantitative measures of validity, reliability and generalisability and establish qualitative criteria from this more original referent source.

Neuman (2003) adopts the first of these two directions in interpreting reliability and validity from a qualitative perspective. To Neuman, reliability means dependability or consistency, which provides an expectation that results from an experiment, test or instrument will yield the same results over many separate uses. The degree to which reliability is made relevant is dependent on the qualitative researchers’ epistemological positioning on the
continuum between foundationalism, where reliability is central, and philosophical hermeneutics, where it is at best peripheral (Schwandt, 2003).

To Neuman (2003), validity suggests truthfulness and refers to “how well the social reality being measured through the research matches with the constructs researchers use to understand it” (p. 179). Validity can be approached by the qualitative researcher with more confidence than reliability. Neuman (2003) provides three features that support validity in qualitative research. The first is plausibility, which means that the data represent persuasive descriptions and are inter-subjectively authenticated. The second feature is the presence of numerous pieces of diverse empirical data, with the third being evidence of dense, dynamic and coherent connectivity across and within this diverse data. These three features of qualitative research all provide cumulative support for validity. Neuman asserts that these three features can provide qualitative equivalents for face, content, criterion and construct validity in quantitative methodology. Tashakkori and Teddlie (2003) referred to a number of sources to compile a list of 35 types of validity and observed that the “list is not exhaustive” (p. 12). The 35 types of validity comprise 17 types of quantitative validity and 18 types of qualitative validity. Tashakorri and Teddlie conclude that, with so many types of validity, the expression has lost much meaning.

Carson et al. (2001) assert that generalisability is not a measure that qualitative research should pursue, as qualitative research focuses on particularities and seeks idiographic, as opposed to nomothetic, explanation. Yet others promote the primacy of particularity over generalisability, but do not exclude generalisability (Stake, 1995) and yet others seek ways to generalise from the particular by using concepts such as extrapolation (Patton, 2002). The degree of generalisability sought or achieved within a qualitative methodology will depend on the research design, the particular way in which the research questions or propositions are expressed and the specific manner in which data are collected to inform them. Nevertheless, generalisability has to be approached with great care in research
that utilises a qualitative methodology. The assumption should be that a qualitative methodology does not afford the opportunity to generalise beyond the context in which it is situated, and that any departure from this assumption warrants careful justification.

This research adopts the position that it is more appropriate to ensure the authenticity of the research by using qualitative referents as opposed to qualitative equivalents of quantitative referents. To use the approach proposed by Neuman (2003) indicates a reliance on positivist or post positivist principles and aspects of quantitative methodology. Whereas Neuman (2003) justifies mixing aspects of qualitative and quantitative methodologies, the latter has not hitherto been used or justified by this research, therefore the identification and use of qualitative proxies for the quantitative trinity is eschewed.

Researchers approaching from the alternative direction of substantiating the accuracy of findings by interpreting the original sources of the quantitative measures of validity and reliability include Carson et al. (2001), Creswell (2003), Lincoln and Guba (1999) and Patton (2002). Lincoln and Guba seek to establish the authenticity of the research through qualitative constructs that parallel the quantitative constructs that answer the original questions relating to truth value, applicability, consistency and neutrality as opposed to Neuman’s (2003) approach of identifying qualitative proxies for the quantitative measures of reliability and validity, and, to a lesser extent, generalisability.

Lincoln and Guba (1999) suggest that the qualitative researcher, and more particularly the social constructivist researcher, uses credibility, transferability, dependability and confirmability to parallel the source referents of Janesick’s (2003) quantitative trinity. Lincoln and Guba (2003) consider that this approach is rooted in the axioms and assumptions of the constructivist paradigm, and therefore resonates with the philosophical assumptions underpinning this research. Lincoln and Guba (1999) provide detailed processes and techniques to maximise the presence of each of these four qualitative attributes in research. This research uses the approach elaborated by Lincoln and Guba, which is contextualised to
the human and social sciences by Creswell (2003) and Patton (2002) and to qualitative marketing research by Carson et al. (2001).

The original referents of credibility, transferability, dependability and confirmability are now discussed and then particularised into 16 research techniques that support them. These 16 techniques are then examined to determine the extent to which each is employed within this research, thereby providing considerable evidence to support the authenticity of this research and the accuracy of its findings.

4.3.1 Credibility

Lincoln and Guba (1999) suggest that credibility is supported by seven techniques. The first is the demonstration of prolonged engagement with the research and the context within which the research is conducted. Such a prolonged engagement can facilitate the testing of misinformation introduced by either the researcher or other participants in the research. It is also possible to argue that understanding any phenomenon cannot be achieved without reference to a thoroughly specified context within which the phenomenon is embedded. Creswell (2003) suggests that prolonged engagement enables the researcher to develop an in-depth understanding of the phenomenon under study and can provide detail that lends credibility to narrative.

Persistent observation of the field of interest is the second technique. It converts the prolonged engagement from passive immersion to salient interaction. Lincoln and Guba (1999) conclude that if prolonged engagement provides scope for research, persistent observation provides it with depth.

A third technique is triangulation. Lincoln and Guba (1999), Creswell (2003), Carson et al. (2001) and Patton (2002) all identify the technique of triangulation as an important means of supporting the accuracy of findings in qualitative research. Triangulation has its genesis in stellar marine navigation and refers to taking measurements from two points on a
base line in order to establish position accurately. In qualitative research this refers to making observations from different viewpoints, which should result in a more comprehensive or accurate description of the phenomenon being studied. Triangulation may be effected by sources or measures, investigators or observers, methods, and theories, but not all of these triangulations are appropriate for a qualitative methodology (Lincoln & Guba, 1999). Triangulation of measures results in the researcher using two different measures or sources of measure for the same phenomenon. Triangulation of observers means using two different observers (or investigators or researchers) within the same data collection method and then combining the data from them. Triangulation of theory involves the use of multiple theoretical perspectives within the research design and triangulation of method means mixing aspects of both qualitative and quantitative methodologies within research.

The fourth technique is peer debriefing of the enquiry process, which Creswell (2003) believe enhances accuracy by engaging a qualified peer, or peers, to review and question the research through its various stages so that it may resonate opinions other than the researcher’s. Carson et al. (2001) suggest that this technique may identify bias and self-validation and provide new insights. Peer review will also provide an opportunity to refine research questions and methodological designs on an iterative basis and allows the researcher the opportunity for catharsis that can neutralise opinion and emotion that might negatively impact on the research (Lincoln & Guba, 1999).

The fifth, negative case analysis, is a technique that involves continually revisiting hypotheses and propositions until one is defined for which the analysis of data can find no other explanation. Patton (2002) asserts that the consideration of negative or disconfirming cases is no less important than confirmatory cases in contributing to the shaping and re-shaping of emergent patterns, themes and theories.

Referential adequacy is the sixth technique and involves the storage and availability of a portion of the data collected. These data are not used by the researcher, but by other
researchers who may use them to arrive at different conclusions to the research for which they were collected.

The seventh is member-checking, which Lincoln and Guba (1999) conclude is the most significant technique for establishing the credibility of qualitative research. Member-checking involves continuously, on both a formal and informal basis, reviewing the data and its analysis with those from whom it was collected, allowing participants the opportunity to correct what they understand to be errors of fact and interpretation. Creswell (2003) extends this technique by recommending the presentation of the research findings to a focus group meeting of research participants and encouraging feedback and discussion on these findings. This sort of presentation also encourages summarising, which Lincoln and Guba view as a first step toward data analysis.

4.3.2 Transferability

Transferability refers to the provision of a sufficient description of the methodological procedures to enable another party to determine if a transfer of the data could be considered from the chosen context to another. Transferability is a referent to the quantitative measure of generalisability, but Patton (2002) also identifies a process of “analytic induction” (p. 493) which was initially promoted as an exhaustive analysis across multiple case studies in order to prove universal, causal explanations, but which is now more restricted to testing and re-testing extant theory in social research.

Lincoln and Guba (1999) suggest that transferability cannot be evidenced by the researcher, who they view as the sending-researcher. Transferability can only be evidenced by a receiving-researcher when that researcher chooses to replicate the research in a context that they identify. Nevertheless the sending-researcher can ensure that archived data bases are sufficient to facilitate such receiving-researchers to make transferability judgements, though that which qualifies as sufficient is not completely resolved.
4.3.3 Dependability

Dependability can be achieved by stepwise replication, which refers to the process of dividing the responsibility for data collection, analysis and findings to two different researchers or teams of researchers. There is some doubt whether this is appropriate, particularly for a qualitative methodology that is prescribed by social constructivist assumptions. For, as the research is conducted by different researchers, the research is expected to be different in all aspects.

Dependability can also be achieved by requiring a third party with no interest in the research to completely and carefully audit the collection, analysis and interpretation of data. Lincoln and Guba (1999) specify the detailed audit of process and product detailed by Halpern in 1983 as a template for such an audit. Ryan and Bernard (2003) suggest that the use of computer aided qualitative data analysis software (CAQDAS) can promote dependability by removing some of the bias inherent in qualitative data analysis techniques.

4.3.4 Confirmability

Confirmability can be encouraged by a similarly thorough audit defined for dependability, though Lincoln and Guba (1999) suggest that triangulation and a reflexive journal can dovetail with this audit process. The reflexive journal involves the maintenance of a chronologically written account of the many issues facing the researcher throughout the research. As triangulation is considered a core technique and a research audit a technique that can require considerable resources, it is likely that the reflexive journal can contribute significantly to the confirmability of research.
4.4 The operationalisation of authenticity

Carson et al. (2001) draw on the work of several qualitative researchers, including Denzin and Lincoln (1994), Lincoln and Guba (1998), Pettigrew (1979), Wallendorf and Belk (1989) and Zeithaml, Berry and Parasuraman (1993) to offer 13 techniques to improve the quality of research results. Creswell (2003) recommends eight primary strategies to check the accuracy of findings. The techniques proposed by Carson et al. and the strategies by Creswell, operationalise much of Lincoln and Guba’s (1999) analysis of credibility, transferability, dependability and confirmability, detailed in section 4.3. This research employs a comprehensive list of these techniques by using the 13 forwarded by Carson et al. (2001) and adding two additional techniques which are offered by Creswell’s (2003) eight primary strategies.

Patton (2002) identifies five different criteria for enhancing the accuracy of findings and supporting the authenticity of research. The five criteria are differentiated for “different perspectives and within different philosophical frameworks” (p. 546). One additional technique is added to the 15 obtained by combining the work of Carson et al. (2001) and Creswell (2003) to reflect Patton’s criteria for social constructivist research. This technique is to evidence praxis within the research. Praxis is not referred to by Carson et al., Creswell or Lincoln and Guba (1999), but is added to the 15 techniques, due to its specific identification by Patton for qualitative research based on constructivist assumptions. Praxis refers to the conversion and application of theory to practical situations.

Amalgamation of the techniques identified by Carson et al. (2001), Creswell (2003) and Patton (2002) results in a total of 16 techniques which support credibility, transferability, dependability and confirmability and, thereby, the authenticity of research and the accuracy of its findings. The manner in which these 16 techniques have been operationalised into this research is presented in Table 4.1.
Table 4.1
16 techniques to advance the quality of findings and thereby the authenticity of this research

<table>
<thead>
<tr>
<th>Research technique proposed by Carson et al. (2001)</th>
<th>Manner in which the technique is incorporated into this research</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Researching in the field, in the natural setting of the phenomenon.</td>
<td>All interviews were conducted at the franchise site for each franchise cohort selected.</td>
</tr>
<tr>
<td>2. The use of purposive sampling.</td>
<td>The franchise cases were purposively selected (see section 4.5) from the franchise population.</td>
</tr>
<tr>
<td>3. Comparing results across different contexts.</td>
<td>Three different franchises were selected, representing three different contexts.</td>
</tr>
<tr>
<td>4. Depth and intimacy of interviewing. One-to-one conversations/ discussions.</td>
<td>Each of the 44 in-depth interviews was held in private and on a one-to-one basis.</td>
</tr>
<tr>
<td>5. Prolonged and persistent observation.</td>
<td>The researcher’s experience within the context of franchising spans nearly 20 years and contact with the three case studies was irregular, but continuous, over a period of 18 months. This included initial meetings with the chief executive officer of each franchise, visits to the franchisor management and three franchisee sites in order to conduct interviews, follow-up meetings with the chief executive officer of each franchise and a final de-briefing to the three franchises at the completion of the first draft of the research.</td>
</tr>
<tr>
<td>6. The use of negative case analysis.</td>
<td>The multi-layered nature of the case studies (section 4.5.1) facilitated both vertical and horizontal comparison of cases at different levels of the organisation and between different units of analysis.</td>
</tr>
<tr>
<td>7. Debriefing by peers</td>
<td>The opportunity for peer debriefing, outside of the supervisory team, occurred in a number of ways: (1) Acceptance of a refereed paper by the International Society of Franchise Associations (ISOF) (Billot, 2008a); Acceptance of a refereed paper by the Australian and New Zealand Academy of Management (ANZAM) (Billot, 2008c). (2) Public submission by the researcher to the MED Review of franchising regulation (Billot, 2008b), which was the subject of public comment by Lord (2009) and which was referred to in the resulting cabinet paper to the Hon. Simon Power, Minister of Commerce (MED, 2009). (3) Presentation of papers and progress reports at ISOF, ANZAM, ANZAM doctoral workshop and several meetings of the Asia Pacific Centre for Franchising Excellence. (4) Request for specific peer review from qualified professionals and academics to which papers and chapters were submitted for comment.</td>
</tr>
</tbody>
</table>

*(table continues)*
<table>
<thead>
<tr>
<th>Research technique proposed by Carson et al. (2001)</th>
<th>Manner in which the technique is incorporated into this research</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Maintaining a journal or memorandum of what was said or thought throughout the research.</td>
<td>A research journal has been kept, but sporadically, though a more detailed journal was kept as part of the data analysis process, within the nVivo (QSR Pty. Limited, 2008) CAQDAS.</td>
</tr>
<tr>
<td>9. Triangulation</td>
<td>Triangulation of sources was ensured by collecting data in two ways; in-depth interviews and document analysis. Triangulation was also used in a manner identified by Patton (2002) in capturing and respecting the multiple perspectives of the various participants in the research by identifying multi-layering or nesting of cases.</td>
</tr>
<tr>
<td>10. Member checking</td>
<td>Each interview was transcribed, checked by the researcher, corrected and sent to the participant for comment, and to afford that participant the opportunity to include revisions in the data prior to data analysis.</td>
</tr>
<tr>
<td>11. Independent audits</td>
<td>The research was audited at a number of milestones by an experienced academic who was not part of the supervisory team, but who could not be considered completely independent of the research.</td>
</tr>
<tr>
<td>12. Having a number of interviewers conduct interviews</td>
<td>This technique was not used in this research, largely due to logistic and funding issues.</td>
</tr>
<tr>
<td>13. Presenting the findings to a focus group of the original participants and seeking their feedback through discussion.</td>
<td>Each chief executive of each of the franchise case-studies received a one hour debriefing after data collection was complete and the findings were presented to a focus group in each franchise case, subsequent to the first draft, but prior to submission of the thesis.</td>
</tr>
<tr>
<td>Additional techniques proposed by Creswell (2003)</td>
<td>Manner in which the technique is incorporated into this research</td>
</tr>
<tr>
<td>14. The use of rich, thick description to accentuate a shared experience.</td>
<td>This was incorporated after the initial data analysis by re-coding all 44 interviews on the basis of providing greater voice to participants and responding to Creswell’s (2003) technique. Data analysis was conducted at three levels of intensity; classical context analysis, key words in context and narrative.</td>
</tr>
<tr>
<td>15. Clarify bias that the researcher brings to the study.</td>
<td>Section 1.4 and 1.5 detail the researcher’s philosophical assumptions and preferred research processes.</td>
</tr>
</tbody>
</table>

*(table continues)*
The partial or total incorporation of each of 15 of the 16 techniques, detailed in Table 4.1, incrementally increases the authenticity of this research and the accuracy of its findings. Authenticity is identified within this research in many ways, the 15 techniques incorporated instantiate this, but there are also a multitude of minor actions that build on these techniques to imbue the research with authenticity. The metaphor of the completion of a painting, which is an extension of the “palette of methods” (p. xii) described by Stake (1995), informs the researcher’s understanding of this process of authentication. The techniques described in Table 4.1 may represent the visible essentials and pre-requisites for a painting, such as the easel, the palette and the paints, but it is the thousands of small brush strokes applied by the painter (researcher) that actually produces the painting itself.

This metaphor can be compared and contrasted with the metaphor used by Neuman (2003), Patton (2002) and Schwandt (2003) who view the qualitative researcher as a bricoleur. A bricoleur performs bricoler, which is a French term that includes a meaning of making creative and resourceful use of whatever materials are to hand, and includes the possibility of improvisation. Neuman views the bricoleur researcher as creating a collage while Schwandt views the creation as a montage. These metaphors, in the form of verb and noun, imply that the researcher is “adept” (Neuman, 2003, p. 147).

The metaphor of a painter and a painting is more limited than the bricoleur and the collage. The painting metaphor defines the medium and the materials, the outcome is more defined and the process allows less scope for improvisation. As such, it is considered a more...
appropriate metaphor for a comparatively inexperienced researcher who cannot be considered *adept*.

### 4.5 The selection of case-based research

The choice of a qualitative methodology has been justified and specific processes and techniques identified to ensure the authenticity of this research and the accuracy of its findings. Answering the research questions, however, requires observation of the phenomenon in the setting in which it occurs (Carson et al., 2001; Creswell, 2003).

Creswell (2003) identifies five “strategies of inquiry” (p. 183) to facilitate this observation; narrative, phenomenology, ethnography, case study and grounded theory. He advises that the study of individuals is best achieved by narrative or phenomenological strategies, culture-sharing behavior of individuals and groups by ethnography, while case studies or grounded theory will be chosen when the area of study is to “explore processes, activities and events” (p. 183). The research questions are concerned with the process of understanding brand in franchise systems, and are therefore compatible, within Cresswell’s typology, with the use of case-based research or grounded theory.

Grounded theory is employed to build a theory faithfully and rigorously from the evidence collected (Neuman, 2003). Theory is developed during the data collection process and is said to be grounded in the data (Patton, 2002). This research uses an extant and theoretically supported model (Kapferer, 2004) and an extant theory of knowledge creation (Nonaka & Takeuchi, 1995) to facilitate data collection and analysis and to enhance understanding of a process within the context of franchise systems. It is concluded that grounded theory is inappropriate for this research. For grounded theory to be appropriate the theory and research questions would be grounded in the data and would occur simultaneously with data collection.
Creswell (2003) offers both grounded theory and case-based research as suitable strategies of enquiry to answer the sort of central research questions expressed in this research. Though grounded theory is concluded to be unsuitable to this research, case-based research is entirely appropriate (Creswell, 2003). The appropriateness of this strategy of inquiry to this research is supported by Yin (2003) and Carson et al. (2001). Yin views case-based research as particularly appropriate for practical business situations, while Carson et al. specify this business context to marketing, in observing that case-based research in marketing is appropriate to answer research questions which ask how and why. The initial expression of the research problem as, *How is brand understood within NZ franchises?*, satisfies the criteria forwarded by both Yin and Carson et al.

Explicating a process or phenomenon within a bounded entity, in this case a franchise, is referred to as a case study (Merriam, 1988). Yin (2003) suggests that the case study allows a researcher “to retain the holistic and meaningful characteristics of real-life events” (2003, p. 2) including organisational processes, such as that addressed by this research.

Case-based research has a long and distinguished history across many disciplines (Miller & Salkind, 2002). It is sometimes focused on one particular case, to respond exclusively to the qualities and complexities of that case. Stake (1995) refers to this as an intrinsic case study. In other instances the study of a case is used to explicate an in-depth description of a process, a program or activity within the case (Miller & Salkind, 2002). Stake (1995) refers to this use as an instrumental case study.

Case studies may include multiple cases in which one is described, compared and contrasted with another to provide further insight. Stake (1995) refers to these as collective case studies, but cautions that data collection and analysis should always occur within the case before cross-case analysis is attempted. The in-depth understanding required for a collective case study involves collecting data in more than one way, partially to add richness to the data
and partially as a means of triangulation of sources which increases the accuracy of the findings.

This research uses collective, instrumental case-based research, in which the same research questions address the same issues, themes or problems in each case. Data analysis involves initially developing issues, themes and patterns within-case and only subsequently engaging cross-case analysis. This process is conducted over a similar time period, which, in this research, was approximately 15 months.

Case studies help to connect the micro level of theory development with the meso-level, which relates to organisations or groups, but not industries or larger populations. The case study seeks causal explanation, but within a specific context. Carson et al. (2001) describe a continuum for research using the case study method from exploratory or inductive to confirmatory or deductive. There is some controversy about how much induction or theory building as opposed to deduction or theory testing should occur in case-based research. Eisenhardt (1989) for instance supported its use for inductive reasoning about a problem, whereas Yin (2003) supported the deduction end of the scale and advocated an extremely structured process to justify such deduction. Carson et al. (2001) advocate that case-based research can be both exploratory (inductive) and confirmatory (deductive) with a continuous interplay between the two.

An initial step in collective, instrumental, case-based research is to select the cases in which the selected process of interest is examined. The process in this research is the understanding of brand and the selection required is of franchises from the population of NZ franchises.

4.5.1 Selecting the franchise cases

The choice of a qualitative methodology impacts on the sampling of cases selected for this research. Qualitative enquiry “typically focuses in depth on relatively small samples”
Whereas the rationale for sample choice in quantitative research is derived from statistical probability theory, and responds to randomness and representativeness, sample choice in qualitative research holds to the converse rationale. This rationale identifies the research problem and the research questions as elucidating the purpose of the research. It is the purpose of the research that determines the sampling strategy, which is consequently referred to as purposeful, purposive or judgement sampling (Neuman, 2003; Patton, 2002).

Yin (2003) suggests that the number of cases selected is dependent on the nature of the research and the number of case replications needed to ensure the certainty of any findings. There are no definitive guidelines on the sample size in collective case-based research. Carson et al. (2001) and Perry (1998b) have suggested minimums and maximums on the basis of other research and place the minimum at two to four and the maximum at 10 to 15. Patton (2002) observes that the validity and meaningfulness generated is more to do with the information-richness of the cases selected and the skills of the researcher than with the size of the sample.

This research will include a minimum of three cases, which is in the middle of the minimums assessed by Carson et al. (2001) and Perry (1998b), though the facility exists for more cases to be added if the data from these three cases do not sufficiently inform the research questions. Eisenhardt and Graebner (2007) recommend that cases be added using theoretical sampling until data saturation is reached, which is a similar position to the data redundancy described by Lincoln and Guba (1999).

Having initially specified a minimum of three cases, recognition of the multi-layered nature of each case is emphasised. (Patton 2002) identifies that though an “overall evaluation case study” (p. 298) is defined, there will be other cases nested and layered within it. As a case study is referred to as bounded by space or time (Stake, 2003), there will be cases within
each franchise system case. Each individual participant can be considered a case, as can each cohort within each franchise system and even a particular visit to a particular franchisee site.

Table 4.2
The four central research questions re-stated

<table>
<thead>
<tr>
<th>Research question number</th>
<th>Research question</th>
</tr>
</thead>
<tbody>
<tr>
<td>RQ1</td>
<td>How important is the franchise brand to the success of the franchise?</td>
</tr>
<tr>
<td>RQ2</td>
<td>In what ways is the brand understood within NZ franchises?</td>
</tr>
<tr>
<td>RQ3</td>
<td>How is the understanding in RQ2 created and maintained within NZ franchises?</td>
</tr>
<tr>
<td>RQ4</td>
<td>Are the findings in RQ1, RQ2 and RQ3 consistent throughout the franchise structure?</td>
</tr>
</tbody>
</table>

Source: Developed for this research

The four central research questions, initiated in section 1.3, are repeated in Table 4.2. They form the basis of three of the four criteria that will be used for the selection of the sample cases:

- The franchise cases must have originated in NZ as the questions refer to NZ franchises.

- The franchise cases were assessed as requiring a degree of maturity (five years was set as the required level) to ensure that the franchise has had sufficient time to build a franchise system that displays national coverage within NZ.

- The franchise cases required at least 20 franchisees, as this supports the previous criterion, and ensures that there is some form of franchisor management structure in place, in order that research is enabled throughout the three defined cohorts that represent key aspects of the franchise structure.
• Each franchise case represents a different industry sector, as defined by Statistics New Zealand (Statistics New Zealand, 2000), in order to avoid the over-representation of one particular industrial sector.

Having established the criteria for the case sample selection, set parameters for its size and defined the logical basis for sample selection, the sampling process is specified further by reference to two particular types of purposive sampling, sequential and theoretical sampling (Neuman, 2003). Sequential sampling involves the repeated selection of cases until a saturation point is reached at which the further selection of cases no longer informs the research questions, while theoretical sampling encourages the researcher to apply new insights and understandings to inform that sequence of purposive selection so that additional cases added to the sample are likely to produce data that will inform the research questions either in a similar way to previous cases selected or in a contrary way. This is referred to as replication logic (Yin, 2003). Selecting cases based on similarity is referred to as literal replication, whereas selecting cases based on difference is referred to as theoretical replication. In this research, each case added to the selection sequence is viewed as an experiment within a series of experiments (Carson et al., 2001). Figure 4.2 illustrates the purposive and sequential processes involved in case selection.

No register or complete database of franchises in NZ exists. There is no definitive knowledge of how many franchises exist to inform the purposive selection of samples chosen for this research. The initial purposive sample was therefore completed by sourcing a list of 207 franchises (Franchise New Zealand, 2007), from what is purported to be a total population of 350 active franchises (MED, 2008). This list supported sufficient information about each of the 207 franchises to apply the criteria developed above, with the exception of the industry criterion, which was applied as each additional case was sequentially added to the sample. Fifty-three franchises satisfied the criteria.
Figure 4.2
The process of case selection

Estimated population of NZ franchises (FANZ, 2009) → 350

Franchises identified with sufficient information to apply selection criteria. (Franchise NZ, 2007) → 207

Selection criteria applied. → 53

Purposeful selection assisted by NZ academic and NZ consultant academic → 7

Theoretical selection of franchise A → 1

Theoretical selection of franchise B → 1+1=2

Theoretical selection of franchise C → 1+1+1=3

Data Saturation

Source: Developed for this research
This list was discussed with a NZ marketing academic and a NZ franchise consultant, who is also an academic, to produce a short-list of seven franchises. These seven franchises were identified as both satisfying the established criteria, and displaying the greatest likelihood of informing the research questions. These seven were then prioritized to provide a sequence in which they could best inform the research. Only the first franchise, Franchise A, was significant at this stage, since the other six would be reviewed after data collection was complete in the first franchise case, in order to select the most appropriate subsequent franchise case, Franchise B. This process was repeated at the end of data collection in Franchise B to identify Franchise C. Should additional franchise cases be required this process of case selection would be repeated through to Franchise F. The way in which the sampling design was operationalised in this research is illustrated in Figure 4.2.

4.5.2 The units of analysis

The primary unit of analysis in this research is the franchise case; a secondary unit of analysis is the cohort. Identifying two different units of analysis necessitates collection of data, and data analysis and the expression of findings at these two levels (Patton, 2002). The fourth research question, Are the findings in RQ1, RQ2 and RQ3 consistent throughout the franchise structure? demands research throughout the franchise structure and this is achieved by collecting data within three defined cohorts that represent distinct parts of the franchise structure. This same research question could be interpreted to enquire if the findings in RQ1, RQ2 and RQ3 are consistent at the individual level, but this is not offered in this research. The individual participant’s voice is seen to contribute to informing the four central research questions because of the participant’s identification with a cohort and a franchise. In this way the participant offers data for analysis in various forms (Leech & Onwuegbuzie, 2005). It is offered as rich text through specific quotation, it is also reduced for use as key words in
context and reduced further as coded text for classical content analysis and finally reduced to quantitised text in which coded text is converted into scales in order to more fully inform the research questions.

4.5.3  Description of franchises A, B and C

Franchise A had 49 franchisees, was represented throughout New Zealand and boasts a high end-user recall of over 90% for their franchise brand (D. Thackery, personal communication, 23 April, 2007). Franchise A is in the accommodation, café and restaurant sector. The second, Franchise B, satisfied the same criteria as Franchise A, had 21 franchisees, was in the personal and other services sector and was expected to complement the theoretical sampling logic engaged in the selection of Franchise A. Franchise C, with 270 franchisees in NZ and over 1600 globally, is one of the oldest franchises in NZ and one of the few to have successfully expanded internationally. Franchise C is in the transport and storage sector. Table 4.3 illustrates the relationship between each franchise case, cohort and participant. Thus three cases are examined for this research, Franchise A, B and C.

Within each case three cohorts are identified, cohort Fo, Fe and ESOFe. Forty-five individual participants, nine representing the voice of the franchisor or franchisor management, nine representing the voice of the franchisee and franchisee management and 27 representing the voice of the customer-contact employee or single-operator franchisee are identified, but one selected member of ESOFe cohort in Franchise A declined to be interviewed at the last moment and was not replaced, mostly for logistical reasons.
<table>
<thead>
<tr>
<th>Franchise Case</th>
<th>Cohort</th>
<th>Participant</th>
<th>Number of Interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Franchise A</td>
<td>Fo</td>
<td>P1 (Trevor), P2 (Roger), P3 (Dean)</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Fe</td>
<td>P1 (Nigel), P2 (Tui), P3 (Hark)</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>ESOFe</td>
<td>P1 (Len), P2 (Maureen), P3 (Ted), P4 (Emily), P5 (Malcolm), P6 (Pru), P7 (Simon), P8 (Jenny)</td>
<td>8</td>
</tr>
<tr>
<td>Franchise B</td>
<td>Fo</td>
<td>P1 (Don), P2 (Jay), P3 (Raj)</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Fe</td>
<td>P1 (Tony), P2 (Jay), P3 (Liam)</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>ESOFe</td>
<td>P1 (Tina), P2 (Milly), P3 (Jason), P4 (Tim), P5 (Sam), P6 (Rata), P7 (Ned), P8 (Miles), P9 (John)</td>
<td>9</td>
</tr>
<tr>
<td>Franchise C</td>
<td>Fo</td>
<td>P1 (Victor), P2 (Sue), P3 (Beryl)</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Fe</td>
<td>P1 (George), P2 (Herb), P3 (Penny)</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>ESOFe</td>
<td>P1 (Ethel), P2 (Kate), P3 (Gibby), P4 (Rina), P5 (Will), P6 (Cam), P7 (Sher), P8 (Sheila), P9 (Diana)</td>
<td>9</td>
</tr>
</tbody>
</table>

**Source:** Developed for this research

Consistent with the spiral process that this research is considered to have followed, preliminary data analysis was completed within Franchise A, while data collection was ongoing in Franchise B and preliminary data analysis was completed within both Franchises.
A and B while data was collected in Franchise C. It became evident during the data collection in Franchise C that data saturation was evidenced and that there was little benefit to this research in selecting further cases.

4.5.4 Description of the cohorts

Within each case three cohorts were identified that reflect the structure of a franchise system. A cohort is a category of people who share a similar experience at a specified time period (Neuman, 2003). The three cohorts were selected to reflect distinct groups of stakeholders in the structure of the franchise system, as each cohort group is distinct, yet all contribute to understanding of the franchise brand. The choice of the three cohorts also reflects the inside-but-outside structure of a franchise, in that, though the three cohort groups are all part of the same franchise and share the same brand, they represent different and independent legal entities, each with its own objectives and preferred processes.

Franchisors experience a similar reality of franchising with other franchisors and franchisees experience a similar reality to other franchisees. Yet, franchisors and franchisees experience a different reality of franchising. This justifies their identification as cohorts. The third cohort within each franchise case is the customer-contact employee or single-operator franchisee. Again, this category of franchise stakeholders share a similar experience in being the interface between the franchise and customer groups, but that experience is different to that of franchisors and franchisees. Including both single-operator franchisees and customer-contact employees is considered valid within this research, as the common experience that defines their cohort is direct contact with the customer. Depending on the nature of the franchise, direct customer contact experience is sometimes delivered by a single-operator franchisee, as is often the case in home services franchises, sometimes by customer-contact employees, as is often the case for large retail franchises and sometimes by both.
For this research the cohorts within each of the three cases, Franchises A, B and C are identified as cohort Fo (franchisors and franchisor management), cohort Fe (franchisees and franchisee management) and cohort ESOFe (customer-contact employees and single-operator franchisees). For cohort ESOFe, direct customer contact was concentrated on customer-contact employees for Franchises A and B, but on single-operator franchisees for Franchise C.

4.5.5 Description and selection of the participants

In each cohort participants were nominated by the franchise. The researcher offered guidance to the franchisor and franchisee concerning the selection of participants. For Franchises A, B and C there were three participants recommended by the researcher and subsequently nominated for cohort Fo. The participants recommended were the franchisor or chief executive officer (CEO), the marketing manager and the franchise manager. In franchises A and B the participants were as specified, but due to the illness of the CEO in franchise C, the three participants were the marketing manager, the franchise manager and the franchise development manager.

For cohort Fe the recommended participants were three franchisees or franchisee managers from each of the three franchises. The nominated participants for cohort Fe were as recommended. For cohort ESOFe the recommended participants were three participants from each of the franchisee participants in cohort Fe. Participants were requested to display heterogeneity in terms of gender, age, experience and tenure; insofar as this could be achieved with three participants. The researcher asserts that the recommendations were closely adhered to in the ESOFe cohort.

Having selected the cases, defined the cohorts and identified each individual participant, data were collected to inform the research questions. In case-based research more than one method of data collection is used (Stake, 1995). In this research the main data collection method employed was the semi-structured, in-depth interview. Data was also
collected using document analysis, though this method proved to be limited, providing an element of triangulation of sources, but not informing the central research questions to the same extent as the in-depth interviews. The use of these in-depth interviews was on a one-to-one basis and required careful consideration of ethical issues.

4.6 Ethical considerations

Though this separate section is used to deal with ethical considerations, they have been integrated throughout the entire research process. Demanding ethical standards are expected for all types of research, but it should be noted that identification with social constructivist assumptions serves to raise the ethical standards bar higher, as the researcher is aware that the primary data collection method of in-depth interviews will be a collaboration for data as much as a collection of data.

The research problem and research questions are carefully expressed so that they do not refer to any group of people who could be further marginalised by that expression. The objectives of the research are demonstrably transparent and there is no attempt to use deception, disguise or covert research methods.

Specific efforts were made in the interview protocol and guide in Appendix 2 and the methodological operationalisation of techniques in Table 4.1, to ensure that chief executive officers of each selected franchise case and individual participants in the in-depth interviews were fully, openly and honestly informed of the purpose of this research and the nature of their involvement in it. The efforts made to member-check particularly support this effort and provide participants with the opportunity to verify, and if necessary contest their own involvement and contribution.
This research clearly explains the sampling methods used and provides an adequate indication of sampling parameters, to provide confidence that franchise cases and individual participants were recruited following ethical principles. Informed consent was sought and granted from the chief executive officer on behalf of each franchise case and by each individual participant. The voluntary nature of participation and the right to withdraw that participation was fully explained in the letter presented to each participant. Samples of the letters relating to recruitment, informed consent, confidentiality and anonymity for the franchise cases and in-depth interviews are included in Appendix 3.

In addition to sound ethical principles being embedded throughout the research, there were some formal cultural, legal and organisational ethical obligations to be satisfied. There was only one participant that clearly identified as maori and the interview with this participant (Franchise B, Cohort ESOFe, P9) fulfilled the principles of protection, participation and partnership, contained in the Treaty of Waitangi 1840. The research fully conformed to the requirements of the Human Rights Act 1993 and the Privacy Act 1993. The Human Rights Act 1993 protects participants from discrimination within the research process and protects their rights as individuals, especially if the research seeks, in any way, to restrict them. The Privacy Act 1993 provides for confidentiality of information, improper use of information outside of the specific informed consent provisions contained within this proposal and details the rights of participants to access to information. This information includes, where necessary, their right to provide a different version of information that is held for the purposes of this research and which is directly associated with a participant’s name or sufficient information that allows the participant’s identity to be established.

The ethics policies of the Human Research Ethics Committee at Griffith University were followed. The research was found to satisfy the conditions set by this committee on the basis of the supply of detailed information, including the letters, interview guide and prompt questions in Appendixes 2, 3 and 4. The approval No. MKT/26/06/HREC was extended so
that it was current for the entire period in which data was collected. Data collection by in-depth interview was not commenced until approval was forthcoming. This approval was granted in November 2006 and the first in-depth interview was conducted on 20\textsuperscript{th} March 2008.

## 4.7 Data collection

### 4.7.1 In-depth interviews

The principal method of data collection was in-depth interviews with 15 participants, from three different cohorts, in each franchise case study, yielding a total of 45 interviews. Perry (1998b) recommends somewhere between 35 and 50 interviews, held at different hierarchical levels within the organisation. Perry argues that the appropriate epistemological basis for case studies in marketing is realism, but this research, bases its selection of case-based research on its identified suitability for constructivist research supported by Creswell (2003) and Patton (2002). Nevertheless Perry (1998b) offers many research design and more detailed sampling and interview strategies that this research incorporates.

In-depth interviewing is among the most widely used research tool in marketing research (Carson et al., 2001). The use of the expression interview in this research is used in order to access extant research that can condition the interview, and its conduct. The researcher, however, views the interview more as a directed conversation. The direction is applied by the researcher’s objective for each interview, which is to record, for subsequent analysis, the participant’s response to questions that are expressed to surface the participant’s understanding of aspects of their franchise brand, in their own words. The data so recorded informs the contributory research questions. A total of 45 interviews were scheduled. Of the
45 participants nominated, only one in franchise A, cohort ESOFe, declined to participate, thereby reducing the number of interviews for data analysis to 44.

The interviewing methods follow specifications advanced by Bernard (2000), Carson et al. (2001), Dick (1990), Ellis and Berger (2003), Holstein and Gubrium (2003) and Patton (2002). These specifications are incorporated into an interview guide, contained in Appendix 2. An interview guide is regarded by Bernard as essential for producing “reliable and comparable qualitative data” (p. 191). Central to this interview guide is the use of the expressions ‘facilitator’ and ‘participant’. These expressions represent the researcher’s determination to disavow, or at least minimise, the effects of hierarchy and asymmetry of control and power within the interview process (Holstein & Gubrium, 2003). The interview is accepted by the researcher as an intervention and the researcher’s role is identified as an active participant. The interview outcome is therefore a negotiated accomplishment between the researcher and the participant (Denzin & Lincoln, 2003c). It is viewed by the researcher as one in which controlled dialogue, as opposed to interrogation, is promoted (Ellis & Berger, 2003) and in which the researcher seeks to empower each participant so that they are encouraged to voice their own authentic views. The researcher, who conducted each of the 44 interviews, is a trained mediator and thereby asserts that the interview conditions specified above, and in the interview guide in Appendix 2, were met in every interview.

Patton (2002) identifies three types of in-depth interview, the informal conversational interview, the interview guide and the standardised open interview, though he observes that these three types are not mutually exclusive. Patton’s interview guide type is concluded to meet many of the demands of this research design. The features of such an interview are that topics and issues are specified in advance, but the interviewer decides the order in which the topics are covered and the wording of any prompt questions is decided by the interviewer at the time. This encourages comprehensiveness in the data and the systematisation ensures
comparable data for each interview, although this very systematisation may inhibit a natural and spontaneous response from the participant.

Fontana and Frey (2003) view interviewing types more as existing on a continuum, rather than specifying types in the manner of Patton (2002). They view the continuum as moving from the structured interview, where the interviewer asks all respondents the same questions, in the same order and plans for a limited set of response categories, to interviews as negotiated texts.

Assessing these two perspectives, this research labels its primary data collection method as semi-structured, in-depth interviews. This corresponds, though not exactly, to the interview guide in the Patton (2002) typology and is envisaged as somewhere between the two extremes of the continuum proposed by Fontana and Frey (2003), who conclude that the type of interview should respond to the type of research and the research design.

The questions asked during the interviews were conditioned by the 16 contributory research questions. Each interview was recorded, transcribed in an NVivo8 (QSR Pty. Ltd., 2009) format, corrected by the researcher and member checked. A sample transcript of an interview is included as Appendix 5. Table 4.4 illustrates the interviews in each of Franchises A, B and C and specifies the duration of each interview for each participant within each cohort.

As there was a significant amount of data in these transcriptions, totaling 1013 minutes or approximately 17 hours of recording, and the coding was focused on the contributory research questions, computer-assisted qualitative data analysis software (CAQDAS) was engaged. The CAQDAS used was NVivo8 (QSR Pty. Limited, 2009), which is particularly suitable for dealing with subtle codes and performing a deeper level of analysis on qualitative data. The need to surface a deeper level of analysis from themes that were evidenced as emergent, particularly in the latter stages of data collection, confirmed the
election of NVivo as the preferred CAQDAS. The use of such software not only accelerates data analysis, but confers a degree of epistemological neutrality (Ryan & Bernard, 2003).

**Table 4.4**  
Interview schedule and structure

<table>
<thead>
<tr>
<th>Franchise</th>
<th>Franchise A</th>
<th>Franchise B</th>
<th>Franchise C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cohort Fo Franchisors &amp; franchisor management</td>
<td>P1 42</td>
<td>P1 41</td>
<td>P1 36</td>
</tr>
<tr>
<td></td>
<td>P2 21</td>
<td>P2 37</td>
<td>P2 32</td>
</tr>
<tr>
<td></td>
<td>P3 36</td>
<td>P3 33</td>
<td>P3 43</td>
</tr>
<tr>
<td>Cohort Fe Franchisees &amp; franchisee management</td>
<td>P1 22</td>
<td>P1 31</td>
<td>P1 33</td>
</tr>
<tr>
<td></td>
<td>P2 28</td>
<td>P2 50</td>
<td>P2 49</td>
</tr>
<tr>
<td></td>
<td>P3 34</td>
<td>P3 24</td>
<td>P3 32</td>
</tr>
<tr>
<td>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</td>
<td>P1 15</td>
<td>P1 30</td>
<td>P1 17</td>
</tr>
<tr>
<td></td>
<td>P2 20</td>
<td>P2 18</td>
<td>P2 7</td>
</tr>
<tr>
<td></td>
<td>P3 14</td>
<td>P3 18</td>
<td>P3 9</td>
</tr>
<tr>
<td></td>
<td>P4 14</td>
<td>P4 16</td>
<td>P4 19</td>
</tr>
<tr>
<td></td>
<td>P5 15</td>
<td>P5 13</td>
<td>P5 17</td>
</tr>
<tr>
<td></td>
<td>P6 13</td>
<td>P6 18</td>
<td>P6 20</td>
</tr>
<tr>
<td></td>
<td>P7 13</td>
<td>P7 12</td>
<td>P7 10</td>
</tr>
<tr>
<td></td>
<td>P8 15</td>
<td>P8 12</td>
<td>P8 9</td>
</tr>
<tr>
<td>Total elapsed time of interviews in minutes</td>
<td>306</td>
<td>361</td>
<td>346</td>
</tr>
<tr>
<td>Average duration of interviews in minutes</td>
<td>22</td>
<td>24</td>
<td>23</td>
</tr>
</tbody>
</table>

**Key:** e.g. P1 42, where P1 represents the participant number within a particular cohort, within a particular franchise and 42 represents the duration of the interview with participant P1, in minutes.  
*Source: Developed for this research*
4.7.2 Document analysis

Document analysis was selected as a method of data collection to complement the primary method of semi-structured in-depth interviews. Apart from further informing the contributory research questions, document analysis allowed a degree of triangulation during data analysis. Documents, together with records, artefacts and archives are sometimes referred to as material culture (Hodder, 2003). Hodder asserts that material culture offers a particularly rich source of information about organisations.

Artefacts and archives represent a residue of human activity and are sources of data as material traces of human behaviour (Hodder, 2003). Documents and records are also material traces, but are more readily accessible for research in organisations. Lincoln and Guba (1999) distinguish between documents and records in noting that records attest a formal transaction whereas documents are part of a personal technology that can be accessed more readily than interviews, but which still incorporate the richness commensurate with communication that is initiated for personal reasons. This personal technology can be expected to be written and presented using the language of the initiator and media with which they choose to communicate their ideas.

In order to be consistent in informing the central research questions through the views of the participants (Creswell, 2003) this research selected documents as an alternative and additional source of data to the in-depth interview. Stake (1995) and Patton (2002) observe that documents are a particularly rich source of information about organisations. Stake refers to them as the “…spoor of contemporary organisations” (p. 235). Hodder (2003) confirms that documents can elaborate that which is hidden from oral language.

The ability to convert access to documents into a source of data is restricted by philosophical, theoretical and confidentiality issues. The philosophical issue relates to the meaning that a constructivist can place on a method of data collection that is inert, one which does not arise from or through social interaction. The theoretical restriction relates to
meaning, in that the meaning of a text is connected to its writing and its reading, rather than the text itself. Hence the researcher, in using data from documents, is obliged to assess the context in which the documents were created as well as negotiating with the context in which they are analysed. The confidentiality restriction is mostly commercial. There are many documents that organisations, and franchise systems in particular, guard carefully, as they may be central to the intellectual property of the franchise.

In this research the philosophical and theoretical restrictions inform the researcher to qualify the data analysis and contribute to the development of that which Patton (2002) expresses as the necessary skill of the qualitative researcher in using documents. The confidentiality restriction was respected and negotiated on the introduction of the research and the researcher to the franchise cases. Appendix 3 includes the letters used to advance this process. This restriction was limited by agreeing not to take most written materials from the franchise site, with the exception of written materials that could be accessed in the public domain. The researcher operationalised this restriction by converting data that may be considered confidential into an external source within the NVivo data analysis.

The type of documents included in data collection included the franchise manuals, franchise agreements, internal franchise newsletters, advertising material initiated by the franchise and portions of minutes, memorandums and communications, digitally held in Microsoft Word (.doc), Rich Text Format (.rtf) or Adobe format (.pdf) that the franchise gave permission to be searched for the words brand, brands and branding.

Apart from the restrictions to data collection noted above, one of the attributes of documents is their reflection and confirmation of power relationships (Hodder, 2003). Most of the documents analysed were initiated by the franchisor and released to the researcher by the franchisor. Few documents were available, or made available, that represented the voice of the other cohorts, such as cohort Fe and cohort ESOFe. The limited breadth and depth of documents referring to brand and the uni-directional nature of the communication processes
that they represented restricted the contribution of document analysis as a source of rich data. Patton (2002) observes, however, that it is entirely appropriate to note the absence of occurrence as an aspect of triangulation, particularly if the absence of occurrence is compared to occurrence in another source of data. The limited contribution of the document sources to the data analysis, in terms of both quantity and quality of data, resulted in these document sources being afforded the equivalent valence of one data source, equivalent to one interview, in subsequent data analysis, for each franchise case.

4.8 Summary

A qualitative methodology has been justified and observed to maintain the linkages that are consistent throughout the research design from relativism to interpretivism to social constructivism to exploratory research. This was also reflected in the expression of the research problem, central research questions and contributory research questions. Sixteen techniques were identified to support the authenticity of the selected qualitative methodology and the accuracy of its findings. Fifteen of these 16 techniques were evidenced, partially or totally, within this research.

Case-based research has been supported as the strategy of inquiry (Creswell, 2001). A purposive approach to sample selection was adopted for the cases, cohorts and participants, incorporating both sequential and theoretical sampling criteria. In this way three initial franchise cases, three cohorts within each franchise case and 45 individual participants representing those franchise cases and cohorts were identified and described. The way in which collective, instrumental, case-based research (Stake, 1995) could best respond to the research questions was concluded to be the collection of data by semi-structured depth interviews and document analysis. Detailed protocols were described for the primary method
of data collection chosen and the process of document analysis was specified to ensure methodological and ethical integrity for the data collection processes.

Having confirmed the qualitative methodology, the case-based strategy of inquiry, specified the case samples and operationalised two methods of data collection, the data is presented for analysis against the central and contributory research questions in Chapter 5.
CHAPTER 5: DATA ANALYSIS AND FINDINGS

5.1 Introduction

Data collection was effected by conducting semi-structured, in-depth interviews with 44 participants, representing three cohorts within each of three franchise cases. Each interview was digitally recorded, transcribed, corrected by the researcher and member-checked to provide participants the opportunity to assess the transcription and, if necessary, correct it. This primary source of data was supplemented with document analysis, mainly for the purpose of triangulation of data sources.

The data analysis was first completed for the individual cases, as illustrated in Figure 5.1; Franchise A in section 5.2, Franchise B in section 5.3 and Franchise C in section 5.4. This responds to the observation by Stake (2003), that an early focus on comparisons between cases is likely to diminish the importance of the cases themselves. These individual case findings are extended during the cross-case analysis that is presented in section 5.5. The data analysis and findings of the three individual cases and the cross-case analysis are summarised in section 5.6.

5.1.1 The Data Analysis Process

The progressive individual case analysis from Franchise A to B and then to C reflects the method in which data were collected and analysed, but the linearity of the presentation does not reflect the more complex chronology of data collection and analysis. Though data was collected at discrete and mutually exclusive time intervals between the three franchise cases, analysis overlapped. Partial analysis of data is inevitable as patterns emerge and insights occur even before the transcripts are checked (Lincoln & Guba, 1999; Patton, 2002) and Stake (2003) observes that there is no particular moment when data analysis should begin.
Figure 5.1
Outline of chapter 5
Data analysis and findings

5.1 Introduction

5.1.1 Levels of data analysis

5.2 Franchise A

5.1.2 Operationalisation of Nvivo CAQDAS

5.2.1 Research Question 1

- 5.2.1.1 Level 1 Analysis
- 5.2.1.2 Level 2 Analysis

5.2.2 Research Question 2

- 5.2.2.1 Level 1 Analysis
- 5.2.2.2 Level 2 Analysis
- 5.2.2.3 Level 3 Analysis

5.2.3 Research Question 3

- 5.2.3.1 Level 1 Analysis
- 5.2.3.2 Level 2 Analysis

5.2.4 Research Question 4

- 5.2.4.1 Level 1 Analysis

5.2.5 Summary of Findings

5.3 Repeat for Franchise B

5.4 Repeat for Franchise C

5.5 Cross-case analysis

5.6 Summary

Source: Developed for this research
Partial analysis also facilitates and informs the sequential, theoretical sample selection employed by this research. Nevertheless, intense data analysis for Franchise A was completed before intense analysis was conducted on data from Franchise B. Similarly intense data analysis for Franchise C was conducted on completion of the intense analysis for Franchise B.

Data analysis seeks patterns in data (Neuman, 2003). In this research the patterns are sought by determining the manner in which the data inform each of the four central research questions. This is achieved by progressively intensifying the focus of the analysis on the data and using progressively less-coded data by engaging richer descriptions, more directly expressing the voice of participants. The process of analysing the textual data from both interviews and document analysis is determined more by the sociological tradition of providing a window into experience, than the linguistic tradition that analyses the structure and development of the text (Ryan & Bernard, 2003).

Three stages or levels of analysis are employed, and in each one a different method of analysis is used to understand and interpret the data. The levels of analysis employed to analyse each of the four central research questions, in each of the three franchise cases, is illustrated in Table 5.3, p. 165. The application of different techniques to analyse the same textual data is supported by Ryan and Bernard (2003) in their “typology of qualitative analysis techniques” (p. 260) and by Leech and Onwuegbuzie (2005) who assert that using different data analysis tools results in triangulation processes similar to Lincoln and Guba’s (1999) triangulation of sources. The use of three levels of analysis also supports the achievement of a balance between reducing the significant volume of data as transcribed text and transcribed documents into code, while also preserving the rich text afforded by the nearly 17 hours of interviews with 44 participants. The three levels of data analysis employed are illustrated in Table 5.1.

The data analysis for Franchises A, B and C follows similar procedures. The data analysis in Franchise A may appear to be more detailed as, in reporting the findings for
Franchise B, more attention is given to the differences to that found for Franchise A. This is also evident for the analysis for Franchise C, which focuses more on the differences with Franchises A and B. This is not intended as a basis of comparison so much as to avoid excessive repetition of defined patterns and to enable a focus on negative case analysis and rival explanations.

Table 5.1
The three levels of data analysis

<table>
<thead>
<tr>
<th>Level of data analysis</th>
<th>Method of data analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>Classical content analysis to reduce text to code, followed by quantisation of code as a manifest frequency effect and a manifest intensity effect, both represented by visual scaling and numerical values.</td>
</tr>
<tr>
<td>Level 2</td>
<td>Key words in context (KWIC) analysis.</td>
</tr>
<tr>
<td>Level 3</td>
<td>Narrative analysis.</td>
</tr>
</tbody>
</table>

*Source: Developed for this research*

5.1.1.1 The first level of data analysis

The first level of analysis uses classical content analysis by reducing textual data to codes. Coding involves two simultaneous activities, data reduction and analytical categorisation into themes (Neuman, 2003). Miles and Huberman (1994) observe that “coding is analysis” (p. 56). Classical content analysis assumes that many of the codes, representing research questions or themes of interest have already been identified (Ryan & Bernard, 2003), as opposed to grounded theory, where the codes are elicited from the data.

In this research 20 different codes were employed as a result of splitting codes, merging codes and adding codes in the initial phases of the data analysis. Sixteen of these 20 codes endure from selection prior to data analysis. These include RQ1, which surfaces the voiced importance of the franchise brand, CRQ1 (contributory research question one) through to CRQ7, which refer to facets of Kapferer’s (2004) brand identity model, CRQ8 through to
CRQ12, which refer to aspects of Nonaka and Takeuchi’s (1995) theory of knowledge creation, CRQ13 which examines the brand knowledge spiral, CRQ14 which emerges from research by Windsperger and Gorovaia (2008) on contractible (explicit) and non-contractible (tacit) information transfer and CRQ15 and CRQ16 which reflect elements of congruence of brand understanding throughout the franchise structure. Four other themes were coded as they emerged at different stages of the data analysis process. These include the articulation of the brand, its communication throughout the franchise, brand attributes and brand training.

Having identified and described the codes, various lengths of text were coded to each of the 20 derived codes. Having coded all collected text from both interviews and document analysis, the coded text was then assessed for each data source, by counting the number of times text from a specified textual source was coded to a specified code. Miles and Huberman (1994) identify verifying a hypothesis, maintaining analytical integrity and identifying patterns more easily as three reasons for counting codes or themes. The latter two reasons are particularly relevant to the early stages of this data analysis.

Subsequent to counting the portions of text that had been coded to a particular code for a particular source (interview or document record), each portion of coded text was reviewed to determine the significance of the coded text to informing the particular code to which it had been coded. The degree of significance facilitated the assessment of the intensity with which the coded portions of text from a source informed the theme or research question to which the code was assigned. The criterion for assessing this intensity is presented for each assessment of intensity by a key that clearly explains the meaning of the different degrees of intensity.

The process detailed transforms qualitative data in the form of text to a numerically represented form of data. This is identified by Tashakkori and Teddlie (2003) as quantitising. Quantitising can utilise scores, scales or clusters in order to more fully describe a target phenomenon. In this research the process of quantitisation of qualitative data recognises manifest effects (Leech & Onwuegbuzie, 2005; Tashakkori & Teddlie, 2003) in that the
effects quantify observable content in the form of coded text. The quantitised manifest effect can be further subdivided into a frequency manifest effect which represents the frequency of occurrence of an effect and an intensity manifest effect which represents the frequency of each significant statement within each theme, central research question or contributory research question. Leech and Onwuegbuzie (2005) view the process of quantitisation of manifest effects as a means of enhancing qualitative data.

The frequency and intensity manifest effects identified in this research are referred to as occupancy and shading density, respectively. Occupancy and shading density are manifest effects that are specifically identified and elaborated for data analysis in this research. Occupancy refers to an effect which measures, in a binary form, whether or not a data source was coded for an identified code, and is identified as a manifest frequency effect. Whereas occupancy does not address the intensity with which coded textual data informs the research question or theme to which the text is coded, shading density refers to an effect which measures both the frequency and significance of the coding of a data source for one, or more, of the 20 identified codes, and is identified as a manifest intensity effect. Both occupancy and shading density are effects that correspond to a typology of effects by Onwuegbuzie and Teddlie (2003).

Occupancy records a value of either 0 or 1 depending on whether a particular text source has been coded to a particular code, or not. If it has not been coded, the occupancy value is 0, if it has been coded the occupancy value is 1. These values are represented by a visual scale, detailed in Table 5.2, that uses a blank cell to represent an occupancy value of 0 and a shaded cell, with five degrees of shading between 20% black and 100% black, to signify occurrence or a value of 1.

Shading density, as a manifest intensity effect, indicates both the number of times that the text from a participant interview or document has been coded and the degree to which the
researcher assesses that the text significantly informs the understanding of a particular theme or research question to which it has been coded.

Table 5.2
Occupation (O) and shading density (SD)

<table>
<thead>
<tr>
<th>Shading density (SD)</th>
<th>Visual value</th>
<th>Shading density value</th>
</tr>
</thead>
<tbody>
<tr>
<td>blank</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>20% black</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>40% black</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>60% black</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>80% black</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>black</td>
<td></td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Visual value</th>
<th>Occupation value</th>
</tr>
</thead>
<tbody>
<tr>
<td>blank</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>black</td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Developed for this research

The values of shading density are 0, 1, 2, 3, 4 and 5, corresponding to the five visual levels of shading density represented by 0%, 20%, 40%, 60%, 80% and 100% black. For each assessment of shading density a key provides an explanation of the criterion for the different shading density values and the corresponding degree of shading. The way in which the manifest frequency effect of occupancy and the manifest intensity effect of shading density are assigned values and corresponding visual shading densities is specified in Table 5.2.

Occupancy and shading density carry meanings, explained above, that are limited to the context of this research. They are referred to in order to facilitate the data analysis and the way in which it informs the research questions. The measures of occupancy and shading density increase in meaning as they are used throughout this data analysis. Their use will be repeated for the three individual franchise cases and for the cross-case analysis, for each of
the four central research questions. In this way occupancy and shading density are used in 27 tables within this data analysis to represent qualitative data. Onwuegbuzie and Teddlie (2003) observe that this use of tables follows the example of Becker, Greer, Hughes and Strauss (1977) who used “more than 50 tables and graphs in their qualitative work, which provided effect size interpretations of their qualitative data” (p. 360).

Occupation and shading density are characteristics of a data source and a code representing a theme or research question. Occupation and shading density can therefore be expressed visually and arithmetically for all data sources for all coded research questions and themes, thus producing a matrix of unit-to-code cells (Ryan & Bernard, 2003). Each cell contains the representation of occupancy and shading density for one particular source (participant interview text or document text) for one particular code (research question, contributory research question or theme). Miles and Huberman (1994), concluded that such matrices were useful to represent the intersection of two or more qualitative dimensions. They suggest that, once constructed, patterns, themes, contrasts, comparisons, clusters and counting can be used to analyse them.

In the first level of analysis the manifest effects of occupancy and shading density are not interpreted from the unit of analysis of a participant or document source. They are intended to benefit from the data reduction that coding can provide and are analysed by code or codes (research questions, contributory research questions and themes) and by cohorts or franchise cases. As the first level of analysis is designed for breadth, rather than depth and focus, individual participants are simply identified by an alphanumeric code (Pn, where n is a whole number between 1 and 9), within their cohort, as opposed to the alias given to them in Table 4.3.

Table 5.5 and Table 5.7 are examples of coding matrices representing the manifest effects of occupancy and shading density. Table 5.5 (p. 170) is a single row, 15 column matrix representing the coded text of participant interviews and documents in Franchise A to
RQ1 (research question one), which relates to the importance of the franchise brand. Table 5.7 (p. 173) is a 9 row, 15 column matrix, wherein the nine rows each address a contributory research question or theme which, in turn, inform RQ2 (research question two), which relates to brand understanding while the 15 columns represent interview and document sources.

The *occupancy* manifest frequency effect is calculated for any group of cells of the matrix by dividing the number of shaded cells by the total number of cells in the group. The *shading density* manifest intensity effect is calculated for any group of cells of the matrix by dividing the total *shading density* value shaded for that group of cells by the maximum shading density value, which is itself calculated by multiplying the total number of cells in the group of cells by the maximum shading density value of five, represented in Table 5.2. This research follows recommendations of Onwuegbuzie and Teddlie (2003) in expressing the manifest effects as percentages and Sandelowski (2001) in also expressing these effects as scales. This dual representation facilitates both a visual analysis and a numerical one.

The visual assessment involves determining the degree to which a matrix is shaded and the degree of intensity or “blackness” of that shading. The numerical assessment expresses *occupancy* and *shading density* values as percentages. A single cell, a group of cells and a whole matrix can be ascribed an *occupancy* and a *shading density* value, expressed as (Occupancy, Shading Density).

5.1.1.2 The second level of data analysis

The second level of analysis is derived, where applicable, from questions, patterns, inconsistencies, rival explanations and negative case analysis observed in the level one analysis. This level of analysis mines the data to a greater depth in answering specific aspects of each research question. The analysis is presented in tabular form that permits limited text and uses key words in context (KWIC) analysis (Leech & Onwuegbuzie, 2005; Ryan & Bernard, 2003).
This technique involves the identification of concordance by listing identified words and phrases and analysing them within an appropriate context. In this research the words or phrases were portions of text that were coded to particular research questions or themes and the context was defined by expanding the key word or phrase, which is italicized in the KWIC tables, to the nearest punctuation mark on each side of the text, or beyond that punctuation mark if the context so demanded.

5.1.1.3 The third level of data analysis

The third level of analysis involves no data reduction, but uses the rich text of the participants’ voices to detail aspects of the analysis identified in either of the two previous levels. In this third level of analysis the researcher is presenting a narrative, using selected parts of the textual data gathered, in order to elucidate a particular research question or theme.

<table>
<thead>
<tr>
<th>Franchise</th>
<th>Research question</th>
<th>Level 1 analysis</th>
<th>Level 2 analysis</th>
<th>Level 3 analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Franchise A</td>
<td>RQ1</td>
<td>√</td>
<td>√</td>
<td>×</td>
</tr>
<tr>
<td>Franchise A</td>
<td>RQ2</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Franchise A</td>
<td>RQ3</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Franchise A</td>
<td>RQ4</td>
<td>√</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Franchise B</td>
<td>RQ1</td>
<td>√</td>
<td>√</td>
<td>×</td>
</tr>
<tr>
<td>Franchise B</td>
<td>RQ2</td>
<td>√</td>
<td>×</td>
<td>√</td>
</tr>
<tr>
<td>Franchise B</td>
<td>RQ3</td>
<td>√</td>
<td>×</td>
<td>√</td>
</tr>
<tr>
<td>Franchise B</td>
<td>RQ4</td>
<td>√</td>
<td>×</td>
<td>√</td>
</tr>
<tr>
<td>Franchise C</td>
<td>RQ1</td>
<td>√</td>
<td>√</td>
<td>×</td>
</tr>
<tr>
<td>Franchise C</td>
<td>RQ2</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Franchise C</td>
<td>RQ3</td>
<td>√</td>
<td>×</td>
<td>√</td>
</tr>
<tr>
<td>Franchise C</td>
<td>RQ4</td>
<td>√</td>
<td>×</td>
<td>×</td>
</tr>
</tbody>
</table>

Key:

√ Level of analysis is employed for this research question
× level of analysis is not employed for this research question

Source: Developed for this research
This process produces the researcher’s narrative in using portions of transcribed text from a negotiated interview, or from a document. The analysis of the narrative is recognised as the experiential product of the researcher as opposed to the authentic representation of participants (Silverman, 2003). Table 5.3 illustrates which of the three levels of analysis are used for each franchise case, for each research question.

5.1.2 The operationalisation of the NVivo CAQDAS

Having decided that level one analysis will rely on coding portions of text and levels two and three on identifying and retrieving portions of text, it was determined that a CAQDAS would be employed. The CAQDAS selected for this research was NVivo 8, which was designed for deep levels of analysis and removes many of the time-consuming manual tasks associated with analysis, including classifying, sorting, re-calling and organising (QSR Pty Ltd., 2009). This enables the researcher to focus on the coding and subsequent analysis of the data, thus recognising that the analysis itself is completed by the researcher not the CAQDAS (Yin, 2009).

The CAQDAS thereby supports the analysis, as does repeated reference to literature. Though literature does not directly inform the analysis, it is referenced to contextualise the analysis and to support the emphasis on certain aspects of it and the selection of particular themes and research questions for analysis at levels subsequent to level one analysis. The way in which NVivo8 was employed within this research is illustrated in Table 5.4.

Cases were set up for each Franchise case (Franchise A, Franchise B and Franchise C) and each interview was identified as an Internal Source within each of these cases, and was entered as data into NVivo in this way. Each source was described by attribute. The attributes used were the franchise case to which each interview source was attributed (Franchise A, Franchise B and Franchise C) and its identifying cohort (franchisor and franchisor management cohort Fo, franchisee and franchisee management cohort Fe and customer-contact employee or single-operator franchisee cohort ESOFe). The document analysis was
referred to as an *External Source* and was referenced in the same way as an interview. Hence there were a number of document analysis sources for each franchise case, each representing a different document source.

**Table 5.4**
The NVivo structure used in data analysis.

<table>
<thead>
<tr>
<th><strong>Internal sources</strong></th>
<th><strong>External sources</strong></th>
<th><strong>Attributes</strong></th>
<th><strong>Free nodes</strong></th>
<th><strong>Tree nodes</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Franchise A; interviews (14)</td>
<td>Franchise A; document analysis</td>
<td>Case study</td>
<td>Articulation</td>
<td>Socialisation</td>
</tr>
<tr>
<td>Franchise B; interviews (15)</td>
<td>Franchise B; document analysis</td>
<td>Cohort</td>
<td>Communication</td>
<td>Knowledge acquisition of brand</td>
</tr>
<tr>
<td>Franchise C; interviews (15)</td>
<td>Franchise C; document analysis</td>
<td>Brand training</td>
<td></td>
<td>Combination</td>
</tr>
<tr>
<td>Data analysis journal</td>
<td></td>
<td></td>
<td></td>
<td>Internalisation</td>
</tr>
</tbody>
</table>

**Importance of the brand**

**Congruence of brand understanding**
- Congruence within cohorts
- Congruence between cohorts
- Lack of congruence within cohorts
- Lack of congruence between cohorts

**Facets of Kapferer’s (2004) model of brand identity**
- Physique
- Personality
- Culture
- Relationship
- Customer reflection
- Self-image
- Brand essence

**Brand attributes**

*Source: Developed for this research*
Many of the nodes, or themes, identified for coding purposes were generated prior to data collection in Franchise A. Several were added, particularly during the coding process and others were reviewed several times during data collection and data analysis, when coding indicated a theme or relationship between themes that had not been evidenced thus far or when a particular node was considered redundant or was merged with another. The initial coding used Free Nodes only, but subsequent analysis involved the identification of Tree Nodes. The identification of Tree Nodes, in which child nodes are all hierarchically related to the same parent node, was primarily based on the contributory research questions (Table 3.1, p.111), which were, in turn, based on Kapferer’s (2004) model of brand identity, Nonaka and Takeuchi’s (1995) theory of knowledge creation and Windsperger and Gorovaia’s (2008) research on the contractibility of knowledge transfer mechanisms. As the prompt questions in Appendix 4 were similarly derived, it was expected that data could be coded to the Free and Tree Nodes in such a way that analysis would address the four central research questions.

Data analysis followed the spiral process explained in Section 1.5.2, in that each interview in the first franchise case selected, (Franchise A), was read, coded and re-coded several times. This re-coding was partially a reaction to the continual changes to themes and nodes as the data analysis progressed, but was also a practical device to spread the coding load such that the researcher was not simultaneously coding an interview or a document over the 17 Tree Nodes and three Free Nodes illustrated in Table 5.4. Each data source was coded initially for the Free Nodes (articulation of the brand, communication of the brand, and brand training), then each interview was coded for the seven facets of Kapferer’s (2004) model of brand identity (physique, personality, relationship, culture, reflection, self-image and brand essence), then for Nonaka and Takeuchi’s (1995) SECI theory of knowledge creation (socialisation, externalisation, combination and internalisation) and then for the evidenced presence or absence of congruent brand understanding both within and between cohorts. The final two Tree Nodes (importance of the brand to the success of the franchise and brand
attributes) were then coded. A final coding check was completed on each interview that highlighted each section of text that had been coded and the node to which it had been coded. This final step in coding allowed a review of all codes to all nodes and concluded a process in which the researcher incrementally added to in-depth knowledge of the text through repetitive immersion in that text.

A journal was kept as an Internal Source; Memorandum, so that the development of the data analysis could be accessed at a future date, thus satisfying some of the requirements for transferability and dependability, recommended by Carson et al. (2001), Creswell (2003), Lincoln and Guba (1999) and Patton (2002). This memorandum or data analysis journal forms part of the NVivo database for this research. The database is not included as an appendix, as this would compromise the confidentiality and anonymity requested by the three franchise cases and offered to the 44 participants.

5.2 Franchise A

Fourteen interviews were conducted in Franchise A, as one member of cohort ESOFe declined to be interviewed and was not replaced. Each research question was addressed through prompt questions, but initially, the semi-structured interviews were closer to directed conversations than structured interviews. This reflected the researcher’s need to understand the context in which the interviews were conducted. Each interview elaborated the context and developed the researcher’s specific and contextual knowledge, resulting in a progressive confidence in adding structure to the interview.

5.2.1 Research question one (RQ1) is examined for Franchise A

How important is the franchise brand to the success of the franchise?
5.2.1.1 Research question one (RQ1); level one analysis

At this stage of the data analysis there is no optimal template against which the overall occupancy and shading density in Table 5.5 can be assessed. The level one analysis will be restricted to expressing the occupancy and shading density in the table as percentages, adding detail to the visual representation provided by the matrix. The occupancy and shading density values for R1 in Table 5.5 are (67, 37).

The voiced importance of the franchise brand is subjected to level two analysis to further investigate the above values. The level two analysis in Table 5.6 uses the words that articulated each participant’s assessment of the importance of the franchise brand by italicising any expression that refers to importance and presenting it within the context in which it was voiced.

Table 5.5
Coding matrix for the importance of the brand (RQ1) for Franchise A

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisor and franchisor management)</th>
<th>Cohort Fe (Franchisee and franchisee management)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
<th>Document Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P1</td>
<td>P2</td>
<td>P3</td>
<td>P1</td>
</tr>
<tr>
<td>Row (Rn)</td>
<td>RQ1</td>
<td></td>
<td>How important is the franchise brand to the success of the franchise?</td>
</tr>
<tr>
<td>R1</td>
<td>Importance of brand</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key:

<table>
<thead>
<tr>
<th>Shading density value</th>
<th>SD %age</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>No response was coded for the importance of the brand.</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>The brand is of little importance to the success of this franchise.</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>The brand is important to the success of this franchise.</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>The brand is very important to the success of this franchise.</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>The brand is critically important to the success of this franchise.</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>The brand is the most important contributor to the success of this franchise.</td>
</tr>
</tbody>
</table>

Source: Developed for this research
### 5.2.1.2 Research question one (RQ1); level two analysis

#### Table 5.6
Key words in context (KWIC) for the importance of the brand (RQ1) for Franchise A

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisors and franchisor management)</th>
<th>The importance of the franchise brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dean</td>
<td>So brand is <em>important</em>. It’s probably <em>the second most important</em> thing to the success of the franchise. The No. 1 is the delivery of our service to our end-user customer.</td>
</tr>
<tr>
<td>Roger</td>
<td>The brand is <em>very, very important</em>, but not as important as it used to be.</td>
</tr>
<tr>
<td>Trevor</td>
<td>I’d like to say <em>very, very important</em>, but it can be knocked around by an unsuccessful franchisee.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cohort Fe (Franchisees and franchisee management)</th>
<th>The importance of the franchise brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigel</td>
<td>It’s <em>very important</em>.</td>
</tr>
<tr>
<td>Mark</td>
<td><em>Very</em>. I think that it’s strong so that the result is that I would have difficulty doing anywhere near as well without the brand.</td>
</tr>
<tr>
<td>Tui</td>
<td>I think it’s <em>not extremely important</em>. I would have made a successful café, no matter what brand it was. So, I think it’s important, but not extremely important.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
<th>The importance of the franchise brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Len</td>
<td></td>
</tr>
<tr>
<td>Maureen</td>
<td></td>
</tr>
<tr>
<td>Emily</td>
<td></td>
</tr>
<tr>
<td>Rod</td>
<td><em>Very</em>. I think that the name says everything in a café. If it’s got a bad name then obviously nobody would go there, but I think you need a good name to carry on a business or even to spread out a business.</td>
</tr>
<tr>
<td>Malcolm</td>
<td><em>Very important</em> I think. We’re in a mall which means there are quite a few cafes here and the brand would have to really have to stand out and be unique compared to other ones.</td>
</tr>
<tr>
<td>Pru</td>
<td><em>Very important</em>. It brings the people in and people are the people that make the business.</td>
</tr>
<tr>
<td>Simon</td>
<td></td>
</tr>
<tr>
<td>Jenny</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Developed for this research*

The importance of the brand to the success of the franchise business is supported throughout the structure of Franchise A. The terms used to express this importance were unequivocal, with *very important* being the most frequently-used expression. Tui expressed the only dissenting note in observing that she was more important to the success of the
franchise business than the brand and confidently declared, “I would have made a successful
café no matter what the brand was”. The expression that most closely corresponds to the
shading density of 37% is derived from the key to Table 5.5, “The brand is important to the
success of this franchise”.

5.2.2 Research question two (RQ2) is examined for Franchise A

In what ways is the brand understood within NZ franchises?

5.2.2.1 Research question two (RQ2); level one analysis

Table 5.7 illustrates that, for Franchise A, the degree of occupancy is 37%. The shading
density is 10% (37, 10). Table 5.7 illustrates that the voiced understanding of brand is focused
on its physique (R1) and the culture that supports the brand (R3). The occupation and shading
density for these contributory research questions are (53, 20) and (47, 11), respectively, in
comparison to (37, 10) for the whole matrix. Few blocks of text were coded for the
relationship facet of brand identity (R4), and none for personality (R2), customer reflection
(R5) and self-image (R6).

The inference drawn from an assessment of Table 5.7 is that the understanding of
brand expressed in Franchise A is weighted toward functional characteristics. This is
exaggerated by the document analysis, for which sufficient text was coded to provide
complete evidence of the physique, with the addition of a limited degree of relevant coding
for brand articulation and brand attributes, but no expression of other facets of Kapferer’s
(2004) model of brand identity. The occupation and shading density for culture (47, 11)
reflects that participants have given voice to the culture facet of the brand identity, which is a
non-functional characteristic. This is a possible inconsistency which may need alternative
explanation and is further explored in the level two analysis, presented in Table 5.9.
Table 5.7
Coding matrix for brand understanding (RQ2) for Franchise A

<table>
<thead>
<tr>
<th>Participant</th>
<th>Cohort Fo (Franchisor)</th>
<th>Cohort Fe (Franchisee)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
<th>Document Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P1</td>
<td>P2</td>
<td>P3</td>
<td>P1</td>
</tr>
<tr>
<td>Row (Rn)</td>
<td>Research Question 1</td>
<td><strong>In what ways is the brand understood within NZ franchises?</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R1</td>
<td>CRQ1 (Physique)</td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>R2</td>
<td>CRQ2 (Personality)</td>
<td>20%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>R3</td>
<td>CRQ3 (Culture)</td>
<td>40%</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>R4</td>
<td>CRQ4 (Relationship)</td>
<td>60%</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>R5</td>
<td>CRQ5 (Customer reflection)</td>
<td>80%</td>
<td>80%</td>
<td></td>
</tr>
<tr>
<td>R6</td>
<td>CRQ6 (Self-image)</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>R7</td>
<td>CRQ7 (Brand essence)</td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>R8</td>
<td>Articulation</td>
<td>20%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>R9</td>
<td>Brand attributes</td>
<td>40%</td>
<td>40%</td>
<td></td>
</tr>
</tbody>
</table>

Key:

<table>
<thead>
<tr>
<th>Shading density (SD) value</th>
<th>SD %age</th>
<th>Quantisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>There was either no response coded for this aspect of RQ2 or coded responses were assessed as insufficiently relevant and not informing RQ2.</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>At least one relevant response was coded for this aspect of RQ2, and one response was considered to directly inform RQ2.</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>At least two relevant responses were coded for this aspect of RQ2 and two responses were assessed as directly informing RQ2.</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>At least three relevant responses were coded for this aspect of RQ2 and three responses were assessed as directly informing RQ2.</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>Several relevant responses were coded for this aspect of RQ2, more than three of these were assessed as directly informing RQ2.</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>Several relevant responses were coded for this aspect of RQ2 representing a fully articulated understanding of the facet.</td>
</tr>
</tbody>
</table>

Source: Developed for this research
Eleven of the 15 data sources expressed a relevant view concerning the brand essence (R7), an occupation of 73%, in that they could readily identify such an aspect of the franchise brand as brand essence. Further, all participants were able to voice some brand attributes (R10), an occupation of 100%. The brand essence occupies the centre of Kapferer’s (2004) model of brand identity, both visually and conceptually. The nature of these understandings of brand essence and brand attributes is therefore examined in greater detail in the level two analysis, in Table 5.8.

The franchise brand is articulated (R8) only within cohort Fo and for one participant in cohort Fe, and these articulations are partial. An occupation of 33% and a shading density of 9% indicate a limited breadth and depth of voiced brand articulation in Franchise A. The articulation of a brand is a pre-requisite for understanding the brand (Burmann & Zeplin, 2005; de Chernatony, 2001; Jacobs, 2003; Simmões & Dibb, 2001) and is therefore subjected to level three analysis, in section 5.2.2.3.

Table 5.7 indicates that the understanding of the franchise brand can be compared with the brand identity prism elaborated by Kapferer (2004) but that the comparison is limited. The hexagonal prism used to model the understanding of Kapferer is more complex than the brand understandings expressed in Franchise A.

It is concluded that the understanding represented in Table 5.7 is closer to the two-dimensional shape positioned on the continuum established by Billot (2008c). Both functional and non-functional brand characteristics are identified, but there is no evidence of integration or mutual support of these characteristics. The understanding of brand identity in Franchise A would therefore be placed between shapes three and four in that continuum (Figure 3.7).

5.2.2.2 Research question two (RQ2); level two analysis

Three codes, or themes, were identified for level two analysis. Brand essence and brand attributes will be analysed together, as they are conceptually related in that the brand
essence is considered a distillation of brand attributes (Upshaw, 1995). The culture facet of brand identity is also subjected to level two analysis. The occupation and shading density for these three domains of interest were relatively high, when compared to that of the total matrix in Table 5.7, which was (37, 10). For brand essence, occupation and shading density were (73, 17), for brand attributes (100, 27) and for the culture facet of brand identity (47, 11).

The relationship between brand essence and brand attributes is surfaced in answers to the following two questions from the list of prompt questions in Appendix 4. “What sort of words do you associate with the franchise brand? What sort of qualities and attributes do you think it has?” and “You have used many/ several words to describe the franchise brand. Which word would be chosen if you were asked to select the one that was at the heart/ the core and represented the essence of the brand? Which word could you not throw away?” Table 5.8 presents the single word or short phrase answers to these questions, within the defined context. The key word or key words are italicised.

Table 5.8 specifies the word or phrase that participants selected as the brand essence of the franchise brand and lists other brand attributes that were coded for each interview. The most frequently coded word for brand essence is coffee (4), the other seven responses are heterogeneous. There is little congruence in the understanding of the brand essence evidenced in Franchise A. There is no cohort within which the brand essence is expressed congruently. The greatest congruence is in reference to the core product of the franchise, coffee.

Kapferer (2004) asserts that the brand essence summarises the richness of the brand identity in a way that is easy to convey and de Chernatony (2001) observes that the brand essence enables employees to have a clear representation of the uniqueness of the brand. The expectations for the brand essence detailed by Kapferer and de Chernatony are not met within Franchise A.

1 Note that the italicisation of the franchise brand is used in the text to represent the name of the brand for each franchise case. Though the name of the brand was used in the question directed to interview participants, it is masked in the text to preserve the requested confidentiality of the franchise cases. Where the franchise brand is italicised within text that is already italicised, then it is contained in [ ] brackets.
Table 5.8
Key words in context (KWIC) for brand essence and brand attributes
for Franchise A

<table>
<thead>
<tr>
<th>Cohort Fe</th>
<th>Key Words</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trevor</td>
<td>I’d have to say <em>iconic</em>.</td>
<td>Excellence in food, coffee and service. Consistency for the customer. A safe brand rather than a young brand. I think in New Zealand it’s got history.</td>
</tr>
<tr>
<td>Nigel</td>
<td><em>Quality</em>.</td>
<td>Stands for quality coffee and service, long standing brand in New Zealand I guess, one of the oldest. It’s a bit old fashioned.</td>
</tr>
<tr>
<td>Mark</td>
<td><em>Coffee</em>.</td>
<td>This brand is strong, it’s well known and it’s a brand that most New Zealanders trust. It’s a middle of the road brand that is seen as a family brand too which is quite important.</td>
</tr>
<tr>
<td>Tui</td>
<td><em>Coffee, I think.</em></td>
<td>Coffee, service, food, New Zealand brand. It stands for sort of excellence in food and coffee and good service and a sort of relaxed environment. It has a different meaning in the country than it does in the city. I think it’s a more prominent brand in the country, more of a rural sort of brand.</td>
</tr>
<tr>
<td>Cohort ESOFe</td>
<td>Len</td>
<td>It is quite a popular brand in the senior people. Old fashioned, relaxed and good coffee beans.</td>
</tr>
<tr>
<td></td>
<td>Maureen</td>
<td>…they sort of immediately think coffee.</td>
</tr>
<tr>
<td></td>
<td>Emily</td>
<td>I’d go with professional probably.</td>
</tr>
<tr>
<td></td>
<td>Rod</td>
<td><em>Fun</em></td>
</tr>
<tr>
<td></td>
<td>Malcolm</td>
<td>OK…one word…<em>variety.</em></td>
</tr>
<tr>
<td></td>
<td>Pru</td>
<td><em>Quality</em>.</td>
</tr>
<tr>
<td></td>
<td>Simon</td>
<td>It’s just basically down the middle.</td>
</tr>
</tbody>
</table>
Table 5.8 (continued)

| Jenny | Probably honesty. | Well, *consistency*, consistently the best, doing your best, *honesty* in your dealings with people, nothing underhand, no cheating, you know, like you could give skim milk coffees instead of whole milk, you know, no, you stick to what a person asked for, so that their *expectations are met*, loyalty, *openness* between the boss and the staff, communication between everybody so everybody knows where they’re at and what they’re their expectations are. *Dependency, reliability, consistency, consistency* not only in your work ethics but in your behaviour in your personal cheerfulness.

*Source: Developed for this research*

The words voiced as brand attributes are general in nature and would not satisfy the requirements recommended by Kapferer (2004) for expressing brand characteristics. Kapferer concludes that words used to articulate and communicate the different facets of the brand identity need to stimulate creative ideas, be a springboard for brand activation, determine when an action is consistent with the brand and have strength and sharpness, as opposed to generality and consensus. Many of the words used to voice the brand essence and the brand attributes in Franchise A do not display these qualities.

The words conveyed as brand attributes in Franchise A indicate some congruence with the repetition of phrases such as; *long-serving, well-established, older brand, long established iconic Kiwi coffee brand, its got history, long standing, older brand* and *old-fashioned*, but these expressions do not satisfy the requirements for brand attributes specified by Kapferer (2004). Nevertheless, repetition of these similar words and phrases indicates the potential to develop this theme as a core brand attribute and, in the absence of another candidate, the brand essence. Other words used repetitively as brand attributes are *quality* (4), *professional*...
(2), friendly (2) and excellence (2). These words also fall short of the expectation defined by Kapferer (2004).

**Table 5.9**
Key words in context (KWIC) for the culture facet of brand understanding for Franchise A

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisors and franchisor management)</th>
<th>The culture facet of brand identity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dean</td>
<td>I guess it’s about, well going back in history; it’s a long serving brand for New Zealand going back 40 years. I think it has a lot of trust based upon that. When we look for new franchisees we need to make sure that the way we deal with our franchisees is consistent throughout and the way I expect our franchisees to deal with us is very much the same. So, we put on this thing about being open and honest, full disclosure and also from my point of view being ethically correct as a cultural value and that’s how we treat our franchisees and I expect our franchisees to do the same.</td>
</tr>
<tr>
<td>Roger</td>
<td>That sort of café culture foody type person.</td>
</tr>
<tr>
<td>Trevor</td>
<td>They don’t see their staff as an asset, so they treat them accordingly…for Kiwis that doesn’t go down well. We try to keep the lines of communication open as much as possible</td>
</tr>
<tr>
<td>Nigel</td>
<td>From a franchise point of view they are very supportive so that’s a supportive brand for their franchisees.</td>
</tr>
<tr>
<td>Mark</td>
<td>You know, it allows individuality.</td>
</tr>
<tr>
<td>Tui</td>
<td></td>
</tr>
<tr>
<td>Len</td>
<td></td>
</tr>
<tr>
<td>Maureen</td>
<td></td>
</tr>
<tr>
<td>Emily</td>
<td></td>
</tr>
<tr>
<td>Rod</td>
<td></td>
</tr>
<tr>
<td>Malcolm</td>
<td></td>
</tr>
<tr>
<td>Pru</td>
<td>Oh yeah, we have fun here, we really do.</td>
</tr>
<tr>
<td>Simon</td>
<td></td>
</tr>
<tr>
<td>Jenny</td>
<td>I’m a competitive person so I like it that my coffees have to get better, the cleanliness better, everything, and you know; you’re always aiming to be the best. Loyalty, openness between the boss and the staff, communication between everybody so everybody knows where they’re at and what they’re their expectations are.</td>
</tr>
</tbody>
</table>

Source: Developed for this research
The culture facet of brand identity is said by Kapferer (2004) to be a source of a brand’s aspirational power and links the brand to the franchise. As culture was the most voiced of the non-functional characteristics in Franchise A, the exact nature of that voice is included in Table 5.9, which includes the voice of seven participants. These participants express views concerning the culture facet that relate more to the way in which the franchise culture supports the brand, as opposed to remarking on the culture of the franchise brand. Kapferer asserts that the culture of the brand is “the set of values feeding the brand’s inspiration” (p. 108) and confirms that the brand is the most visible outward sign of an organisation’s culture. This relationship will be much closer in a franchise as it is quite possible that the name of the franchise company and the franchise brand are the same. Hence the franchise culture may be identical to the brand culture. Repeated cultural values are certainly evident in Franchise A, open communication and full disclosure certainly resonate, though congruence of cultural values is limited to that one exemplar.

5.2.2.3 Research question two (RQ2); level three analysis

The way in which the brand is articulated is also subjected to closer analysis, as the articulation of the brand is considered central to brand understanding (Burmann & Zeplin, 2005; de Chernatony, 2001; Jacobs, 2003; Simmoes & Dibb, 2001). Articulation of the brand can be both explicit and implicit (Akutsu & Nonaka, 2004). The explicit articulation is found primarily in the franchise agreement and manuals and the implicit articulation is made explicit within the semi-structured interviews. That there are efforts to articulate the brand is confirmed by Dean, from the Fo cohort, “…we portray to them what we are all about and we also look at them and what they believe the brand means and making sure, I guess, we are all in alignment.” The intention to articulate the brand, particularly to new entrants to the Fe cohort was supported by Trevor, also from the Fo cohort, “one of the things that we do when
we go and open a new café is that we talk about the brand. We talk about the franchise brand being a national brand across the country and what you do here affects the next café.”

Dean also voiced the dynamism of the brand,

*From my point of view, we need to keep moving with this brand. It is an older brand and we have been tarred with that and we need to change that. This won’t happen overnight for us. You don’t change a 40 year old brand into a funky new brand overnight.*

These articulations of the brand and its dynamic nature, expressed by the Fo cohort, are not evidenced throughout the franchise. Len from the ESOfe cohort observed,

*The first thing is I didn’t get told. While I was working there they just tell me what I have to do and I found out something. I want to, but no-one tell me what the word stands for...Nobody tell us the history of what [the franchise brand] is.*

Another participant from the same cohort, Maureen, backed-up Len’s view on brand articulation,

*Not really what it stands for or what it means or even the history about it. I don’t know the history of it or why it is called [the franchise brand] or anything like that. I just figure this is what it is called and I don’t know anything about [the franchise brand].*

Cohort Fe also voiced limited articulation of the brand. Tui noted that, “I don’t think I can answer that. How do I get to know about the brand?”

5.2.3 *Research question three (RQ3) is examined for Franchise A*

*How is the understanding in research question two created and maintained within NZ franchises?*

5.2.3.1 *Research question three (RQ3); level one analysis*
Table 5.10
Coding matrix for brand knowledge creation (RQ3) for Franchise A

<table>
<thead>
<tr>
<th>Participant</th>
<th>Cohort Fo (Franchisor)</th>
<th>Cohort Fe (Franchisee)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchises)</th>
<th>Document Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Row (Rn)</td>
<td>Research question 3</td>
<td>How is the understanding in RQ2 created and maintained within NZ franchises?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R1</td>
<td>CRQ8 (Socialisation)</td>
<td></td>
<td></td>
<td>D1</td>
</tr>
<tr>
<td>R2</td>
<td>CRQ9 (Externalisation)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R3</td>
<td>CRQ10 (Combination)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R4</td>
<td>CRQ11 (Internalisation)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R5</td>
<td>Communication</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R6</td>
<td>Brand training</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key:

<table>
<thead>
<tr>
<th>Shading density (SD) value</th>
<th>(SD) %age</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>There was either no response coded for this aspect of RQ3, or coded responses were assessed as insufficiently relevant and not informing RQ3.</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>At least one relevant response was coded for this aspect of RQ3, and one response was considered to directly inform RQ3.</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>At least two relevant responses were coded for this aspect of RQ3 and two responses were assessed as directly informing RQ3.</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>At least three relevant responses were coded for this aspect of RQ3 and three responses were assessed as directly informing RQ3.</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>Several relevant responses were coded for this aspect of RQ3, more than three of these were assessed as directly informing RQ3.</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>Several relevant responses were coded for this aspect of RQ3 representing a full articulated SECI brand knowledge process.</td>
</tr>
</tbody>
</table>

Source: Developed for this research

Table 5.10 displays the individual elements of the theory of knowledge creation by Nonaka and Takeuchi (1995) in R1, R2, R3 and R4. In addition coded text relating to the communication of the brand within the franchise (R5) and the type and extent of brand training are examined (R6). These additions are justified by the significant effect that
communication (Bendapundi & Bendapundi, 2005; Gregory & Weichman, 1997) and brand training (Aurand et al., 2005; Temporal, 2002) have on knowledge of the brand. The occupation and shading density for the total matrix, represented in Table 5.10, is (26, 6). The responses to the questions directed at the SECI knowledge creation theory are sparse and of limited strength in informing research question three (RQ3). In terms of informing a contributory research question (CRQ), which in turn will inform research question three (RQ3), socialisation is observed to make the greatest contribution of the six nodes coded. This can be interpreted as evidence of a ubiquitous process of learning by doing and learning by following. If this evidenced the existence of the SECI process, similar degrees of occupation and shading density would be observed in R2, R3 and R4, as the SECI process is continuous and cyclical (Nonaka & Takeuchi, 1995). There is evidence that brand training was identified from the data coded for six of the data sources. This will be examined in level two analysis.

Table 5.11 evidences that Nonaka and Takeuchi’s (1995) theory of knowledge creation is hardly observed in Franchise A. From a knowledge perspective, knowledge creation leading to understanding of the franchise brand occurs either incidentally or as the intended and unintended consequence of socialisation. This is reflected in an occupancy and shading density of (7, 2) for R1. No evidence was found of the SECI brand knowledge spiral in R2. The knowledge creation relating to the franchise brand is not viewed as following a spiral process that cyclically increases the sophistication of brand knowledge throughout the franchise structure (de Chernatony, 2006).

No evidence is observed in R3 that there is a planned effort to match tacit aspects of brand knowledge with processes that use rich information and explicit aspects of brand knowledge with processes that use less-rich information sources (Windsperger & Gorovaia, 2008). Any matching appears serendipitous.
Table 5.11
Coding matrix for the SECI process, the SECI spiral and knowledge transfer matching for Franchise A

<table>
<thead>
<tr>
<th>Row (Rn)</th>
<th>Research question 3</th>
<th>Participant</th>
<th>Cohort Fo (Franchisor)</th>
<th>Cohort Fe (Franchisee)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
<th>Document Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>R1</td>
<td>CRQ12 (Evidence of the SECI process of brand knowledge creation)</td>
<td>P1 P2 P3</td>
<td>P1 P2 P3</td>
<td>P1 P1 P1 P1 P1 P1 P1 P1 P1 P1 P1</td>
<td>D1</td>
<td></td>
</tr>
<tr>
<td>R2</td>
<td>CRQ13 (Evidence of the SECI spiral of brand knowledge development)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R3</td>
<td>CRQ14 (Evidence of compatibility of knowledge transfer mechanisms)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Key:**

<table>
<thead>
<tr>
<th>Shading density (SD) value</th>
<th>(SD) %age</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>No evidence</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>A trace of evidence</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>Some identifiable evidence.</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>Significant evidence.</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>A great deal of evidence.</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>Complete evidence.</td>
</tr>
</tbody>
</table>

*Source: Developed for this research*
5.2.3.2 Research question three; level two analysis

In a similar way to which articulation was subjected to closer analysis for research question two (RQ2) so brand training is examined with greater focus, in Table 5.12, to inform research question three (RQ3). Temporal (2002) identifies the necessity to communicate the brand to employees in both general terms and in relation to their specific jobs by a sustained programme of communication and training. Aurand et al. (2005) promote the value of a co-ordinated program of education and training to enable employees to understand and incorporate the brand into their work.

Table 5.12
Key words in context (KWIC) for brand training for Franchise A

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisors and franchisor management)</th>
<th>Brand training for the franchise brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dean</td>
<td>We from the outset train them on our service standards. I think in the outset when we initially induct them into our business we put them into a café for training so they should get a lot of that through existing franchisees with the training schemes we provide. No, it will always be a challenge but from my experience the one to resolve that is to fix and improve the knowledge of the franchisee. What we have got to do then I guess provide information and knowledge to them first. Train the trainer.</td>
</tr>
<tr>
<td>Roger</td>
<td>We also work hard in that area, for instance with our franchisees entering the barista of the year competitions.</td>
</tr>
<tr>
<td>Trevor</td>
<td>It’s about training our franchisees the importance of the brand and looking after it.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cohort Fe (Franchisees and franchisee management)</th>
<th>Brand training for the franchise brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigel</td>
<td>That’s part of the operational day to day activities and it is re-enforced on a regular basis what the brand stands for and what everything should be like.</td>
</tr>
<tr>
<td>Mark</td>
<td>Personally I think we’ve got a more positive team in the franchise support office which have, they work their guts out to be honest, to strengthen that brand by training. Yeah, so, I feel that’s really strengthened the brand. At initial training we try to do strong customer service, try and hand on the values, our values and the values of the franchise which I hope are similar, to our staff. That is the time that we talk about customer service and our values, what’s important to us in the running of the place. I would hope after a year in the franchise that our values line up fairly strongly with the brand.</td>
</tr>
<tr>
<td>Tui</td>
<td>(table continues)</td>
</tr>
</tbody>
</table>
Franchising relies on the replication of a system of engaging in a particular business. Knowledge of this business system in Franchise A is communicated to new franchisee entrants using on-line manuals, working within two training franchisee cafés for two weeks and other meetings with members of cohort Fo and cohort Fe throughout the year. Any meeting, informal or formal, between stakeholders in the franchise, carries the potential for creating and developing brand knowledge. Mark identifies numerous efforts to continue this process so that cohort ESOFe will also understand the brand and Roger, from cohort Fo sees the barista competition as another rich opportunity to develop and reinforce brand knowledge throughout Franchise A.

The responsibilities of running a franchise café can be sufficiently demanding of the franchisee that the communication of brand knowledge stops at the franchisee. Customer-
contact employees were thought by Roger to have an annual turnover of about 80%, so there is little time to train and educate. This accentuates the importance of not only matching the transfer mechanism to the type of brand knowledge that is being developed (Windsperger & Gorovaia, 2008), but also to adopt different strategies for different cohorts.

In Franchise A, socialisation is seen as one of the few parts of the SECI knowledge creation spiral that is functioning. Socialisation occurs whenever people meet, but a franchise that identifies socialisation processes as an intrinsic part of brand management practices will plan to enrich and influence the socialisation process. Vallaster and de Chernatony (2005) assert that social discourse can support brand building processes and de Chernatony (2006) refers to a method of brand training called “shadowing” (p. 57). It is within this shadowing process, that one person’s tacit brand knowledge is transferred to another, ensuring the retention of institutional brand knowledge and the development of the brand itself. Aspects of this process occur in Franchise A and, though some of this is the result of methodical planning, especially during the induction of franchisees, much is serendipitous. The effectiveness of brand knowledge acquisition is examined further using level three analysis.

5.2.3.3 Research question three (RQ3): level three analysis

Analysis at level one and level two has uncovered scant evidence that the SECI (socialisation, externalisation, combination and internalisation) processes are used in Franchise A as a part of planned creation and maintenance of brand understanding. Narrative analysis did, however, reinforce the existence of socialisation and externalisation. A member of the Fo cohort, Dean, confirmed the use of the socialisation process of shadowing (de Chernatony, 2006) to develop brand understanding in new franchisees:

*I think in the outset when we initially induct them into our business we put them into a café for training so they should get a lot of that through existing franchisees with the training schemes we provide.*

Dean recognised, however, that the shadowing process, that he refers to as role
modelling, is difficult to implement in the early stages of franchisee induction when the operational requirements of initial training are dominant:

*Role model the brand. New franchisees are very difficult because they haven’t been in long enough to actually understand the full extent of the brand. Franchisees that have been in business a lot longer, the more senior the business, they can see the value in it. It’s only up till when the franchisee sees the full extent of the value of the brand and the support that they get from us they can then pass that onto their team. If they are fairly new then they are probably at a learning stage and they are just trying to make things operationally work.*

Mark, a member of cohort Fo, recognised that externalisation, supported by incidental socialisation, may develop brand knowledge:

*Well first of all we, in the employment process, attached to our contract is our values, so we have a sheet that we put in ourselves which basically tells them our expectations and dress, in customer service, the way they talk to people, other staff, to the customers, so we try and, we’ve got this sheet which we actually hope will initiate them into our expectations.*

*I would hope after a year in the franchise, that our values line up fairly strongly with the brand, but I think possibly, well I think they have an induction manual that they have got out but personally we haven’t used it, but there is an induction manual, so that should help in the process.*

Whereas narrative analysis evidences socialisation and externalisation in cohorts Fo and Fe, the effectiveness of processes that create and maintain brand understanding for cohort ESOFe are brought into sharp focus by Len’s observation:

*The first thing is I didn’t get told. While I was working there they just tell me what I have to do and I found out something, I want to, but no-one tell me what the word stands for something having to do. Nobody tell us the history of what [the franchise brand] is.*

The limited amount of coded data restrict positive conclusions relating to RQ3 in
Franchise A. The data that are available indicate an unplanned approach to the creation and maintenance of brand understanding in Franchise A. Cohort Fo relies on induction and regional and national meetings to advance SECI processes to cohort Fo and cohort Fo relies on role modelling by the franchisee and other experienced staff to advance SECI processes to cohort ESOFe.

No data was directly coded from participant interviews or document analysis with respect to R2 (Row 2) and R3 in Table 5.11. This asserts the absence of the SECI spiral of brand knowledge development and a lack of compatibility of knowledge transfer mechanisms. Prolonged exposure to, and persistent observation of, Franchise A by the researcher confirms that combination, where different representatives of various cohorts meet to express, and thereby combine their tacit knowledge of the brand, does not occur in Franchise A. If any one of the SECI processes is absent then, by definition, so is the spiral of brand knowledge development. Evidence is observed of compatibility of knowledge transfer mechanisms, but this is incidental. The importance of tacit brand knowledge is not evident in brand management in Franchise A and though explicit knowledge can be observed to be communicated by compatible less-rich knowledge transfer mechanisms, such as manuals, leaflets, newsletters and the internet, there is no planned management effort evident to match tacit brand knowledge with more-rich knowledge transfer mechanisms that recognises the importance of tacit knowledge to brand understanding.

5.2.4 Research question four (RQ4) is examined for Franchise A

Are the findings in research questions one, two and three consistent throughout the franchise structure?

5.2.4.1 Research question four (RQ4); level one analysis.
There is no evidence of a positive congruence of brand understanding either within, or between the three cohorts examined. Text that evidences congruence is matched by text that evidences the converse lack of congruence. In Table 5.13, the occupancy for the two positive expressions of congruent understanding are 53 and 67% and for negative expressions 67 and 47%. Shading density does not contradict this assertion.

<table>
<thead>
<tr>
<th>Row (Rn)</th>
<th>Research question</th>
<th>Are the findings in RQ1, RQ2 and RQ3 consistent throughout the franchise structure?</th>
</tr>
</thead>
<tbody>
<tr>
<td>R1</td>
<td>CRQ15 (Lack of congruence within cohorts)</td>
<td></td>
</tr>
<tr>
<td>R2</td>
<td>CRQ15 (Congruence within cohorts)</td>
<td></td>
</tr>
<tr>
<td>R3</td>
<td>CRQ16 (Lack of congruence between cohorts)</td>
<td></td>
</tr>
<tr>
<td>R4</td>
<td>CRQ16 (Congruence between cohorts)</td>
<td></td>
</tr>
</tbody>
</table>

Key:

<table>
<thead>
<tr>
<th>Shading density (SD) value</th>
<th>SD %age</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>No evidence</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>A trace of evidence</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>Some identifiable evidence.</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>Significant evidence.</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>A great deal of evidence.</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>Complete evidence.</td>
</tr>
</tbody>
</table>

Source: Developed for this research
5.2.5 Summary of initial findings for Franchise A

The findings are termed initial findings as the cross-case analysis in section 5.5 is expected to add significantly to individual case findings as one case is compared and contrasted with another.

The most consistently, cohesively and congruently voiced aspect of the franchise brand is its importance to the success of Franchise A. RQ1 elicited strongly stated expressions, yet this voiced importance is not reflected in the efforts made to articulate the brand and to systematically and continuously advance knowledge of the brand throughout the franchise structure.

Table 5.14
A comparison of brand understanding between cohorts

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisor and franchisor management)</th>
<th>Cohort Fe (Franchisee and franchisee management)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>O</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>SD</td>
<td>SD</td>
<td>SD</td>
</tr>
</tbody>
</table>

Table 5.7 (Aspects of Kapferer’s model, articulation and brand attributes).

(37, 10)  
(56, 17)  
(41, 10)  
(29, 7)

Key:

<table>
<thead>
<tr>
<th>Shading density value</th>
<th>SD %age</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>There is no congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>There is little congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>There is some observed congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>There is significant observed congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>There is nearly complete observed congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>There is complete congruence observed between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
</tbody>
</table>

Source: Developed for this research.
Research question two asks, *In what ways is the brand construct understood within NZ franchises?* RQ2 seeks to describe, examine and explain the understanding that Franchise A has of its own franchise brand. Evidence has been surfaced that cohort Fo has a more sophisticated understanding of the franchise brand than the other two cohorts, Fe and ESOFe, as illustrated in Table 5.14.

The values for *occupation* and *shading density* indicate a restricted understanding of the franchise brand. Akutsu and Nonaka (2004), de Chernatony (2006), Kapferer (2004) and Keller (2008) all contend that sustainable competitive advantage is associated with the non-functional aspects, as opposed to the functional aspects of the brand, which can be duplicated with comparative ease. In Franchise A it was found that brand understanding was focussed on the functional aspects of the franchise brand. This is not only confirmed by the *occupancy* and *shaded density* of brand physique (53, 20) as compared to the total matrix of which it is part (37,10) (Table 5.7), but is confirmed by the commoditised nature of the most frequent expression of brand essence as *coffee*.

Kapferer (2004) views the brand essence as summarising the richness of the brand, de Chernatony (2006) contends that the brand essence enables internal stakeholders to have a clear representation of the uniqueness of the brand and Akutsu and Nonaka (2004) suggest that the brand essence expresses the brand’s intrinsic qualities. Kapferer accentuates the primacy of brand essence within his model of brand identity by positioning it at the centre of his model and views it as supported by the other six facets. This primary importance is emphasised by Upshaw (1995), who also positions the brand essence as the central hub of his wheel-shaped model of brand identity. In Franchise A the word *coffee* was chosen by four participants and eight different words were voiced as representing the brand essence. This indicates a brand essence and a brand that is not clearly articulated. If a brand is not clearly articulated, at whatever level of sophistication it is understood, it is unlikely that congruent
brand understandings will be evidenced throughout the franchise and this was found to be the case in Franchise A.

Research question three asks; “How is the understanding in research question two created and maintained within NZ franchises?” This research uses a theory of knowledge creation against which the creation and maintenance of brand understanding is assessed. In Franchise A, the degree to which a process that systematically creates and maintains brand knowledge is evidenced is very limited. Table 5.15 assesses the prevalence of the SECI processes of Nonaka and Takeuchi’s (1995) theory, together with an additive assessment of the communication of the brand and brand training. Table 5.15 also assesses the degree to which evidence was found of a spiral of brand knowledge development (de Chernatony, 2006) and additive evidence that brand knowledge transfer mechanisms are compatible with the type of brand knowledge being transferred (Windsperger & Gorovaia, 2008).

The preliminary findings for research question three are that the franchise brand within Franchise A is focused on functional characteristics and is incompletely articulated. The possibility for this to change is limited by the lack of evidence of processes that seek to create and maintain brand knowledge in order to encourage a more complex understanding of brand within the franchise.
Table 5.15
A comparison of brand knowledge creation between cohorts.

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisor and franchisor management)</th>
<th>Cohort Fe (Franchisee and franchisee management)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 5.10 and Table 5.11 (R1) (The SECI process, brand communication and brand training)</td>
<td>O SD</td>
<td>O SD</td>
</tr>
<tr>
<td>Table 5.11 (R2, R3) (The brand knowledge spiral and transfer compatibility)</td>
<td>O SD</td>
<td>O SD</td>
</tr>
</tbody>
</table>

(25, 6)
(57, 16) (19, 5) (13, 3)
(0, 0) (0, 0) (0, 0)

Key:

<table>
<thead>
<tr>
<th>Shading density (SD) value</th>
<th>SD %age</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>No evidence</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>A trace of evidence</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>Some identifiable evidence.</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>Significant evidence.</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>A great deal of evidence.</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>Complete evidence.</td>
</tr>
</tbody>
</table>

Source: Developed for this research

The fourth research question asks, *Are the findings in research question one, two and three consistent throughout the franchise structure?* Table 5.16 answers this for Franchise A in two ways. Firstly it affords comparison of the occupancy and shading density of the three
cohorts (Fo, Fe and ESOFe) for research question one (RQ1), research question two (RQ2) and research question three (RQ3). It also presents the net response to Table 5.13 which examines positive and negative responses to congruence of understanding between and within cohorts.

Table 5.14 illustrates that brand understanding, as represented by occupancy and shading density, diminishes progressively from cohort Fo to cohort Fe to cohort ESOFe. There will be many reasons for this, some of which are not approached by this research. For instance, the rate of staff turnover can place a significant barrier to brand knowledge creation and brand understanding. It was also found that text coded for negative congruence and that coded for positive congruence were very similar, resulting in occupancy and shading density for net congruence, when negative codes are subtracted from positive codes, of (0, 1), (1, 3) and (0, -2) for cohorts Fo, Fe and ESOFe, respectively. It is evident that there is no strong

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisor and franchisor management)</th>
<th>Cohort Fe (Franchisee and franchisee management)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RQ1 (Table 5.5)</td>
<td>O</td>
<td>SD</td>
</tr>
<tr>
<td>RQ2 (Table 5.7)</td>
<td>O</td>
<td>SD</td>
</tr>
<tr>
<td>RQ3 (Table 5.10)</td>
<td>O</td>
<td>SD</td>
</tr>
<tr>
<td>RQ4 (Table 5.13)</td>
<td>O</td>
<td>1</td>
</tr>
</tbody>
</table>

Net congruence

| (100, 67)          | (100, 47)          | (38, 23)          |
| (56, 17)           | (41, 10)           | (29, 7)           |
| (44, 13)           | (15, 4)            | (10, 2)           |

Source: Developed for this research.

instance, the rate of staff turnover can place a significant barrier to brand knowledge creation and brand understanding. It was also found that text coded for negative congruence and that coded for positive congruence were very similar, resulting in occupancy and shading density for net congruence, when negative codes are subtracted from positive codes, of (0, 1), (1, 3) and (0, -2) for cohorts Fo, Fe and ESOFe, respectively. It is evident that there is no strong
similarity between the understandings of brand throughout the franchise structure when quantitised data is analysed. This lack of congruence of understanding is also confirmed by the more focussed, level two analysis of data on the brand essence and brand attributes.

The franchise brand in Franchise A is found to be under-articulated, with no clear statement of brand essence. The understandings of brand throughout the franchise are more heterogeneous than homogenous. Runkel and Brymer (1997) concluded that many companies identified that the most important threat to the success of their brands was a lack of understanding of the brand. Jacobs (2003) also observed that though a brand’s success is achieved by ensuring that product or service delivery is consistent with the brand promise, many organisations fail to teach employees what the brand means.

In Franchise A, apart from a thorough induction of franchisees to the franchise and incidental socialisation, little systematisation was found in creating and maintaining brand knowledge in order to advance brand understanding.

5.2.5.1 Conclusive findings for Franchise A

RQ1 How important is the franchise brand to the success of the franchise?

The importance of the franchise brand to the success of Franchise A is supported throughout the franchise structure. This support is qualified in that there was no unanimity in the voiced expressions, less than half of cohort ESOFe voiced an opinion and there is a slight degradation of voiced importance from cohort Fo to Fe to ESOFe. Nevertheless, these three statements are assessed as qualifying the initial statement relating to importance, rather than providing dissenting opinion.

RQ2 In what ways is the brand construct understood within NZ franchises?

Understanding of the brand in Franchise A is focused on its physique. Understanding of non-functional characteristics is evident, particularly that of culture, but the expressed understanding cannot readily compared with the detailed and robust articulation offered by the Kapferer (2004) model of brand
identity. The articulation of the brand is partial, somewhat simplistic and the brand essence, as the distillation of the brand (Upshaw, 1995) is difficult to discern. If it can be identified then it is coffee, which does not satisfy the specification that Kapferer details for the brand essence. Figure 5.2 provides a best-fit interpretation of the brand identity in Franchise A to the model by Kapferer (2004).

**Figure 5.2**
An interpretation of the brand within Franchise A, using a best-fit approach to Kapferer’s (2004) model of brand identity

![Brand Identity Diagram]

*Source: Developed for this research. Based on the brand identity model by Kapferer (2004), p. 107.*

**RQ3** How is the understanding in RQ2 created and maintained within NZ franchises?

The thorough induction of cohort Fe into the franchise and socialisation processes that promote brand understanding, particularly within cohort Fo and between cohort Fo and cohort Fe, act to develop brand understanding in Franchise A. Apart from this there is little evidence of planned processes that continually
reference the brand in order to facilitate its development, communicate its articulation, and leverage its potential for sustained competitive advantage.

RQ4  
*Are the findings in RQ1, RQ2 and RQ3 consistent throughout the franchise structure?*

There is a degree of consistency with respect to the expressed importance of the brand throughout the franchise structure. The incomplete articulation of the brand, combined with the lack of a clearly expressed and communicated brand essence, results in a brand that is understood heterogeneously, more than homogeneously, throughout the franchise structure. The lack of dialogue concerning the brand and an incomplete brand management system charged with the creation and maintenance of brand knowledge supports the finding that consistency of brand understanding is not a likely outcome for Franchise A.

### 5.3 Franchise B

Fifteen interviews were conducted in Franchise B. Subsequent to reflection on the data collection in Franchise A, the semi-structured interviews in Franchise B were provided with greater structure to ensure that answers were sought for prompt questions, even if no replies were elicited.

Data collection from both interviews and documents was complicated in Franchise B by a process of brand modification that the franchise initiated in 2007. This modification involved an addition of one word to the acronymic logo and a re-design of the physique of the franchise brand. Franchisor management intended to achieve more than a modification to the physique, but that which it sought to achieve was not explicitly obvious during data collection. Data analysis removed some of this obfuscation, but confusion between the historical franchise brand and the new brand modification continued to complicate data analysis.
5.3.1 Research question one (RQ1) is examined for Franchise B

“How important is the franchise brand to the success of the franchise?”

5.3.1.1 Research question one (RQ1); level one analysis

Eleven of the fifteen participants positively expressed the importance of the brand to the success of the franchise. The occupation for brand importance is 75% and the shading density is 51%. The importance of the brand in Franchise B corresponds most closely to the statement, “The brand is very important to the success of this franchise business”. This importance is subjected to level two analysis in order to detail that which seems to be a strong response at level one analysis.

Table 5.17
Coding matrix for the importance of the brand (RQ1) for Franchise B

<table>
<thead>
<tr>
<th>Participant</th>
<th>Cohort Fo (Franchisor)</th>
<th>Cohort Fe (Franchisee)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
<th>Document Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P1 P2 P3</td>
<td>P1 P2 P3</td>
<td>P1 P2 P3 P4 P5 P6 P7 P8 P9</td>
<td>D1</td>
</tr>
</tbody>
</table>

Row (R) | Research Question 1 | How important is the franchise brand to the success of the franchise?
R1      | CRQ1 (Importance)   |                                           |

Key:

<table>
<thead>
<tr>
<th>Shading density value</th>
<th>SD %/age</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>No response was coded for the importance of the brand.</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>The brand is of little importance to the success of this franchise.</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>The brand is important to the success of this franchise.</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>The brand is very important to the success of this franchise.</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>The brand is critically important to the success of this franchise.</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>The brand is the most important contributor to the success of this franchise.</td>
</tr>
</tbody>
</table>

Source: Developed for this research.
5.3.1.2 Research question one (RQ1); level two analysis

Table 5.18
Key words in context (KWIC) for the importance of the brand (RQ1) for Franchise B

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisors and franchisor management)</th>
<th>The importance of the franchise brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don</td>
<td>So I think <em>the franchise brand</em> is the brand and I think it is number one, and it’s the most important thing about us.</td>
</tr>
<tr>
<td>Jay</td>
<td>Very, very important.</td>
</tr>
<tr>
<td>Raj</td>
<td>I would say it’s fairly <em>vital</em> because once again, I think you have that group of clients who know that they’ll go to <em>the franchise brand</em> and that they will be able to sort out their problem.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cohort Fe (Franchisees and franchisee management)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tony</td>
</tr>
<tr>
<td>Trish</td>
</tr>
<tr>
<td>Liam</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tina</td>
</tr>
<tr>
<td>Milly</td>
</tr>
<tr>
<td>Jason</td>
</tr>
<tr>
<td>Tim</td>
</tr>
<tr>
<td>Sam</td>
</tr>
<tr>
<td>Rata</td>
</tr>
<tr>
<td>Neil</td>
</tr>
<tr>
<td>Miles</td>
</tr>
<tr>
<td>Jon</td>
</tr>
</tbody>
</table>

Source: Developed for this research.

In Table 5.18, the words used to define importance are strongly positive. Three participants did not express a view, nor could any evidence of the importance of the brand to the success of the franchise be found in document analysis, but there were no contrary opinions. The expressions from cohort Fo of *number one*, *very very important* and *vital* are echoed by cohort Fe, *critically*, *so important* and *huge*. The voices are somewhat more subdued in cohort ESOFe, but the strength and congruence of the voiced importance of the
brand for Franchise B is found to be consistent. The results of level two analysis support those of level one.

5.3.2 Research question two (RQ2) is examined for Franchise B

“In what ways is the brand understood within NZ franchises?”

5.3.2.1 Research question two (RQ2); level one analysis.

Table 5.19 displays occupancy of 56% and shading density of 21%, (56, 21). Within the matrix the strongest responses are recorded at R2, R7 and R9, which display occupancy and shaded density values of (81, 25), (75, 25) and (88, 46) respectively. These responses refer to the personality and brand essence facets of Kapferer’s (2004) model and the theme of brand attributes. Level two analysis will therefore be conducted on these rows of the matrix to surface explanations for the strength of the participants’ voices, in section 5.3.2.2. Articulation will be subjected to level three analysis due to its central importance to the franchise brand, in section 5.3.2.3.
Table 5.19
Coding matrix for brand understanding (RQ2) for Franchise B

<table>
<thead>
<tr>
<th>Row (R)</th>
<th>Research Question 2</th>
<th>Cohort Fo (Franchisor)</th>
<th>Cohort Fe (Franchisee)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
<th>Document Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In what ways is the brand understood within NZ franchises?</td>
<td>P1 P2 P3</td>
<td>P1 P2 P3</td>
<td>P1 P2 P3 P1 2 3 4 5 6 7 8 9</td>
<td>D1</td>
</tr>
<tr>
<td>R1</td>
<td>CRQ1 (Physique)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R2</td>
<td>CRQ2 (Personality)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R3</td>
<td>CRQ3 (Culture)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R4</td>
<td>CRQ4 (Relationship)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R5</td>
<td>CRQ5 (Customer reflection)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R6</td>
<td>CRQ6 (Self-image)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R7</td>
<td>CRQ7 (Brand essence)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R8</td>
<td>Articulation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R9</td>
<td>Brand attributes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key:

Shading density (SD) value | SD %/age | Quantitisation criterion for each scale of shading density
----------------------------|----------|----------------------------------------------------------------------------------------------------------
0                            | 0        | There was either no response coded for this aspect of RQ2 or coded responses were assessed as insufficiently relevant and not informing RQ2. |
1                            | 20       | At least one relevant response was coded for this aspect of RQ2, and one response was considered to directly inform RQ2. |
2                            | 40       | At least two relevant responses were coded for this aspect of RQ2 and two responses were assessed as directly informing RQ2. |
3                            | 60       | At least three relevant responses were coded for this aspect of RQ2 and three responses were assessed as directly informing RQ2. |
4                            | 80       | Several relevant responses were coded for this aspect of RQ2, more than three of these were assessed as directly informing RQ2. |
5                            | 100      | Several relevant responses were coded for this aspect of RQ2 representing a fully articulated understanding of the facet. |

Source: Developed for this research.
5.3.2.2 Research question two; level two analysis

The level one analysis identified the personality and brand essence facets as being strongly voiced in data analysis. The personality facet is further examined in Table 5.20 and the brand essence is further examined, together with the related brand attributes, in Table 5.21.

Table 5.20
Key words in context (KWIC) for the personality facet for Franchise B

<table>
<thead>
<tr>
<th>Cohort</th>
<th>The personality facet of brand identity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cohort Fo (Franchisors and franchisor management)</td>
<td>Don: So what we’ve done is we’ve taken our image and we’ve softened it. So its personality is caring, sincere, it is probably a female doctor, the fantastically caring personality who doesn’t really care about whether she’s making any money or not but she knows that if she just takes care of all those people she will be alright.</td>
</tr>
<tr>
<td>Cohort Fo</td>
<td>Jay: So I’ve had to soften the brand I think and open it out to a wider demographic and make things more approachable and more comfortable. It’s trust, its loyalty, it’s slightly aged but its been rejuvenated, it’s universal. I think it’s about being approachable you know, want people to feel that we’re not frightening, we’re not a clinic, we’re friendly, we’re approachable, we’re softened, we’re more holistic.</td>
</tr>
<tr>
<td>Cohort Fo</td>
<td>Raj: It would be slightly nurturing, it would be like somebody who would teach you meditation.</td>
</tr>
<tr>
<td>Cohort Fe (Franchisees and franchisee management)</td>
<td>Tony: She would probably be maybe upmarket, quite directional, stand out from the crowd, be self opinionated. Would be clear and directional because she would know what she was about otherwise she would have changed her name and she probably would maybe be able to convey her feelings and her direction in a very articulate way.</td>
</tr>
<tr>
<td>Cohort Fe</td>
<td>Trish</td>
</tr>
<tr>
<td>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</td>
<td>Tina: Can I say like high standards, like high service,</td>
</tr>
<tr>
<td>Cohort ESOFe</td>
<td>Milly: Very professional … I think its very professional, high quality service, friendly environment, definitely friendly, welcoming.</td>
</tr>
<tr>
<td>Cohort ESOFe</td>
<td>Jason: Exciting. Confident maybe.</td>
</tr>
<tr>
<td>Cohort ESOFe</td>
<td>Tim</td>
</tr>
</tbody>
</table>

*(table continues)*
Table 5.20 (continued)

<table>
<thead>
<tr>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
<th>Sam</th>
<th>Definitely not rough, but maybe nice, polite and … good manners and good knowledgeable, that’s what you need, more knowledge.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rata</td>
<td>Professional and also very knowledgeable and friendly, have to put friendly. Top of my head, just caring, friendly.</td>
<td></td>
</tr>
<tr>
<td>Miles</td>
<td>It would be a professional, it would be innovative, it would often be the leader in its field.</td>
<td></td>
</tr>
<tr>
<td>Jon</td>
<td>I have words of luxurious, pampering, indulgence, self assurance, confidence.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Developed for this research.

The detailed responses in Table 5.20 are interpreted as reflecting two personalities, the personality that was consistent with the previous branding and which would carry words such as; upmarket, directional, self-opinionated, articulate, knowledgeable, professional and clinical and words that are more consistent with the brand modification, such as; pampering, nurturing, softened, rejuvenated and universal. There are also words that are interpreted as expressed about both the original brand and brand modification, including; trusting, loyal, self-assured, confident, caring, safe and compassionate. As this group of words transcends the brand modification, they may inform the brand essence in Table 5.21. One of the characteristics of the brand essence is that it is enduring. In expressing personality characteristics for their franchise brand it is observed that cohort Fo strongly expresses the characteristics of the brand modification, cohort Fe expresses both and cohort ESOFe expresses the characteristics of the original brand. This observation informs the articulation of the brand and its communication throughout the franchise structure in Franchise B.
### Table 5.21
Key words in context (KWIC) for the brand essence and brand attributes for Franchise B

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisor and franchisor management)</th>
<th>Brand Essence</th>
<th>Brand Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don</td>
<td>... probably trust, which is interesting if I have now come full circle and I’m actually echoing the word trust so much yet I decided to move on to a more aspirational strategy … even more nervous, maybe I’ve got to stick trust back in there. I can’t just drop it. I need to try and combine the two.</td>
<td>We wanted to take from the beauty market the touchy feely nice warm, so we wanted to get rid of the stethoscopes and the smell of the hospital. So exciting, innovative, leading edge, those are things that I’m trying to, or have always tried to have,</td>
</tr>
<tr>
<td>Jay</td>
<td>I think that’s where stop wishing comes in.</td>
<td>So my thing with the brand message with CACI is stop wishing, take action, we can help you, give us a call, come in for your free consultation, stop wishing. Trust. Rejuvenation. Aspirational, and you have to make it emotive. A brand is consistency.</td>
</tr>
<tr>
<td>Raj</td>
<td>What would I expect to stay, results driven.</td>
<td>To me personally? I think it’s a well respected brand. I think it’s a brand that is still evolving. Modern, up to date, results driven. Trust.</td>
</tr>
<tr>
<td>Tony</td>
<td>Trust</td>
<td>A certain amount of fluffiness for our clients and pamper and take care of them, Security, they feel safe, they feel…it’s a safe place. A more natural and environmentally acknowledged brand A bit more inviting and a bit more friendly. Experience.</td>
</tr>
<tr>
<td>Trish</td>
<td>Trust</td>
<td>Medi, medical, clinical, spa, luxurious, relaxing. Ask people what CACI stand for, the machine, they wouldn’t know, but it is catchy. I find it actually a very, very strong brand. I said we believed it was a good brand.</td>
</tr>
<tr>
<td>Liam</td>
<td>Trust</td>
<td></td>
</tr>
</tbody>
</table>

*(table continues)*
### Table 5.21 (continued)

<table>
<thead>
<tr>
<th>Cohort ESOFe (Customer-contact employee and single-operator franchisee)</th>
<th>Jon</th>
<th>Neil</th>
<th>Miles</th>
<th>Milly</th>
<th>Jason</th>
<th>Tina</th>
<th>Sam</th>
<th>Rata</th>
<th>Tim</th>
</tr>
</thead>
<tbody>
<tr>
<td>I’d choose a word on the grounds that it comes from this clinic and that would be a trusted experience.</td>
<td></td>
<td>I’d choose a word on the grounds that it comes from this clinic and that would be a trusted experience.</td>
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<tr>
<td>Friendly, warm, relaxing, inviting, trusting … Behind with the times, regimented, inability to change, dictatorial, difficult, not a team player, isolation,</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Jon</td>
<td></td>
<td>Neil</td>
<td>Miles</td>
<td>Milly</td>
<td>Jason</td>
<td>Tina</td>
<td>Sam</td>
<td>Rata</td>
<td>Tim</td>
</tr>
<tr>
<td>Quality</td>
<td></td>
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<tr>
<td>It’s got your whole pampering of relaxation, rejuvenation, feeling good, looking better… A lot warmer feel,</td>
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<tr>
<td>Trusted. It has luxury as well. Innovative in its field, leader.</td>
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<tr>
<td>Trustworthy, definitely.</td>
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<tr>
<td>Professional. Trustworthy, New maybe,</td>
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<tr>
<td>Like medical gives you more assurance. Have those happy moments when you just come and get relaxed,</td>
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<tr>
<td>More advanced knowledge.</td>
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<tr>
<td>Because it’s got a good name, a good international name.</td>
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<tr>
<td>Professionalism comes up straight away.</td>
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<td></td>
<td></td>
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<tr>
<td>Medical and technically focussed. Other words like clinical, professional, medical, clean, orderly, professional. … professional, respectable, medically focused, client focused, clean structured, clear cut. They say trust and they say experience that CACI’s been around for a while,</td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Developed for this research.

In Table 5.21 the brand essence and brand attributes are examined to surface the heart, the enduring core, the source of aspiration for the brand (Kapferer, 2004). It is interesting to note that, whereas cohort Fo cannot concur on the brand essence, *trust, stop wishing* and *results driven*, cohort Fe express congruent understandings of *trust*. Of the twelve participants who voiced a brand essence, six repeated variations of *trust*. This same expression was used as a brand attribute for three participants who did not voice *trust* as the brand essence. The word *trust* was also found to be the most frequently voiced expression that endured from the
original brand to the modified form of the brand. If there is a brand essence in Franchise B, then it is found to be *trust*.

5.3.2.3 **Research question two (RQ2); level three analysis**

The articulation of the brand has been stated to be a precursor of understanding and communication (de Chernatony, 2001; Jacobs, 2003). If a brand is not adequately articulated it is unlikely that homogeneous interpretations can be expressed within the franchise as there is little cohesive brand knowledge to be communicated.

The indicated strength of the articulation, which displays occupation and shading density characteristics (56, 20) that are similar to that for the whole matrix in Table 5.19 (56, 21), concealed that there were different brand articulations voiced. Cohort Fo was articulating the significant brand modification that had been recently driven by Jay, and which Don and Raj supported. This support was qualified within cohort Fe, who expressed the articulation of the previously dominant brand, particularly through complete congruence in the expression of trust as the brand essence, while also providing partial support for the brand modification. Cohort ESOFe expressed a wider range of sentiments about both brand articulations.

The following narratives are found to represent a new articulation of the brand that was designed and engineered from cohort Fo, with little involvement and dialogue with cohort Fe and cohort ESOFe. Cohort Fe are now aligning with the new articulation, but cohort ESOFe have limited understanding of the new articulation for the franchise brand and voice confusion and concern.

Jay, from cohort Fo, initiated and drove the new articulation of the brand and views it from a highly personal level,

*I remember when I first sat down and said to Dean, we need to address this brand, it's antiquated. He must have thought what? Don't be stupid, never going to happen, you never change your logo and I went well actually I did a lot*
research and I showed him the evolution of a number of very key logos that are done so cunningly that you don’t really even remember what they used to be like.

Having convinced Dean of the need for change, Jay designed the new brand articulation, complete with a new brand essence,

I think that’s where stop wishing comes in. That’s it. When I came up with that tag line it took me three months, three months of hope you know this is going to wake you up in the night and have this eureka moment where suddenly that’s it, that is the essence of our brand and I was sitting here talking to my TV guy one day and I said to him exactly the same thing. I said women wish their lives away, I wish I was thinner, I wish I was prettier, I wish I had this, I wish I was that. Women just need to stop wishing and I went oh my god, that’s it, has anyone else used that. No, no one else. Wow, and I thought the stop wishing is too negative and I thought no, I don’t think it is. I think it’s about stopping wishing. I think we have managed to capture our brand essence in those two words. I think it’s emotive and it’s a cool reaction at the same time, its perfect.

Jay knew that changing the articulation of a 13 year old brand would not be straightforward,

Originally when I said we were going to re-brand, obviously I was the most unpopular person in New Zealand and they wanted my blood pretty much. As we get there, they're coming around. As I get the new stationery, the new price list, I’ve got a new website out, we’ve got new TV advertising on TV now, as these things come to fruition, they’re softening.

Don, of cohort Fo, supports the new articulation,

We’ve spent six weeks of our advertising on TV just explaining that we have given ourselves a facelift and we’ve evolved with the public and now we’ve come out with a complete new set of imagery, we’re using grass, leaves, wood and sand,
we’re using a whole lot of ... we’ve just softened everything and made ourselves more earthy.

It was possible that this softening would take some time, according to Miles, of the ESOFe cohort, “we’re still getting ownership of that and what it actually means. I don’t understand the name change at all because nothing else has changed, just the name”. Miles sought the facilitator’s assistance,

Well, do you understand it? What does it mean? Nobody knows what it means really. Its just I think a couple of words that they threw together and said this is what we’re going to be now because it sounds better.

Tony, a member of cohort Fe, still supported the strength of the previous brand articulation, “I actually liked that because I think it articulated a clear, concise statement. Now with the newly articulated franchise brand and stop wishing, I find that airy fairy”. Though Liam, of the same cohort, disagreed with Tony, “I really think it’s been too clinical. The warmth and compassion has really come in with the new branding”.

The articulation of the brand throughout the franchise structure is crucial to brand understanding (Burmann & Zeplin, 2005; de Chernatony, 2001; Jacobs, 2003; Simmões & Dibb, 2001). In Franchise B, the initial franchise brand was explicitly articulated and then implicitly reinforced over the 13 years of its existence. To replace it with a modified articulation required detailed planning. Mitchell (2002) argued that executives ignore the critical internal audience of employees when developing and executing brand campaigns, thus leading to heterogeneous understandings of the brand.
5.3.3 Research question three (RQ3) is examined for Franchise B

How is the understanding in research question two created and maintained within NZ franchises?

5.3.3.1 Research question three (RQ3); level one analysis

Table 5.22
Coding matrix for brand knowledge creation (RQ3) for Franchise B

<table>
<thead>
<tr>
<th>Row (R)</th>
<th>Participant</th>
<th>Cohort Fo (Franchisor)</th>
<th>Cohort Fe (Franchisee)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchises)</th>
<th>Document Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>P1</td>
<td>P2</td>
<td>P3</td>
<td>P1</td>
</tr>
<tr>
<td>R1</td>
<td>CRQ8 (Socialisation)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R2</td>
<td>CRQ9 (Externalisation)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>R3</td>
<td>CRQ10 (Combination)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R4</td>
<td>CRQ11 (Internalisation)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R5</td>
<td>Communication</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R6</td>
<td>Brand training</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key:

<table>
<thead>
<tr>
<th>Shading density (SD) value</th>
<th>(SD) %</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>There was either no response coded for this aspect of RQ3, or coded responses were assessed as insufficiently relevant and not informing RQ3.</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>At least one relevant response was coded for this aspect of RQ3, and one response was considered to directly inform RQ3.</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>At least two relevant responses were coded for this aspect of RQ3 and two responses were assessed as directly informing RQ3.</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>At least three relevant responses were coded for this aspect of RQ3 and three responses were assessed as directly informing RQ3.</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>Several relevant responses were coded for this aspect of RQ3, more than three of these were assessed as directly informing RQ3.</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>Several relevant responses were coded for this aspect of RQ3 representing a full articulated SECI brand knowledge process.</td>
</tr>
</tbody>
</table>

Source: Developed for this research.
The analysis represented by Table 5.22 indicates little support for individual SECI processes that create and maintain brand knowledge. The matrix has occupancy and shading density values of 20% and 5%, respectively.

Consistent with the lack of evidence of the four SECI processes of socialisation, externalisation, combination and internalisation, occupation and shading density values for the matrix in Table 5.23 are extremely low. The occupancy for the matrix is 6% and the shading density 2%, (6, 2). Though there is a trace of evidence for the SECI process and the SECI spiral of brand knowledge development, there is none to indicate compatibility of knowledge transfer mechanisms.

Table 5.23
Coding matrix for the SECI process, the SECI spiral and knowledge transfer matching for Franchise B

<table>
<thead>
<tr>
<th>Participant</th>
<th>P1</th>
<th>P2</th>
<th>P3</th>
<th>P1</th>
<th>P2</th>
<th>P3</th>
<th>P1</th>
<th>P2</th>
<th>P3</th>
<th>P</th>
<th>P</th>
<th>P</th>
<th>P</th>
<th>P</th>
<th>P</th>
<th>D1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Row (Rn)</td>
<td>Research question 3</td>
<td><strong>How is the understanding in RQ2 created, maintained and developed within NZ franchises?</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>R1</td>
<td>CRQ12 (Evidence of the SECI process of brand knowledge acquisition)</td>
<td></td>
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<tr>
<td>R2</td>
<td>CRQ13 (Evidence of the SECI spiral of brand knowledge development)</td>
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</tr>
<tr>
<td>R3</td>
<td>CRQ14 (Evidence of compatibility of knowledge transfer mechanisms)</td>
<td></td>
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</tr>
</tbody>
</table>
Table 5.23 (continued)

Key:

<table>
<thead>
<tr>
<th>Shading density (SD) value</th>
<th>(SD) %age</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>No evidence</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>A trace of evidence</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>Some identifiable evidence.</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>Significant evidence.</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>A great deal of evidence.</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>Complete evidence.</td>
</tr>
</tbody>
</table>

*Source: Developed for this research.*

The understanding of the brand in Franchise B is found to bear some congruence with that of Kapferer’s (2004) model of brand identity, but there is no evident process to create and maintain that brand knowledge throughout the franchise structure. The method of articulation and communication of the franchise brand is uni-directional, hierarchical and therefore fails to respond to the findings of Gregory and Weichmann (1997) who observed that organisations that define their brand by careful reference to, and dialogue with, internal stakeholders, systematically eliciting relevant information from them, are more likely to achieve a more common understanding of brand and a consequent alignment between organisational goals and brand values and personal goals and values.

5.3.3.3 Research question three (RQ3); level three analysis

Level one analysis indicated an absence of SECI processes, a prevalence of uni-directional and hierarchical communication processes directed at the creation and maintenance of brand understanding and an absence of dialogue concerning the brand. The creation and maintenance of brand understanding was seen quite clearly by Don of cohort Fo:
We are about to launch our own intranet and the intranet’s a secure environment but it will contain everything from logos, ads, the conference photos, you know, photos of people being silly at the last conference, the training material. We’re moving towards online training so things like the induction programme will be online so rather than them having to send someone up here once a month or whatever, it will be available on day one. We’re going to start to provide them with how you answer, we can take [the franchise brand] way and we’re going to stick it on self paced learning and all of those new tools, so I think that will make sure that first of all the message is much ... that we can guarantee that the message is uniform because we will combine everyone’s knowledge into this format so when you listen to it, it’s the same as everyone else is listening to which should clean up the brand perception even more.

Don then explained how everyone’s knowledge would be combined:

Well, there’s about five or six people in this organisation that have been here for a long time and they have responsibility for various areas. I will get people like ******* and I’ll say right, you’re going to run through how you handle the phone. If you’re a receptionist on day one, tell them what they need to know and I’ll record it into this and it will be something Adobe captures where it’s got video snips and then you just listen to this, how would you respond to the situations and it will be all the feedback and all the multi media. We’ll work to condense all of those years of experience into a format that we can just deliver anywhere in the world really, much more cost effectively.

In addition to using the above combination and externalization processes, Don was aware of the internalization processes involved in the creation and maintenance of brand understanding:

...it takes them 18 months before they actually start to perspire or you know, have the aroma of [the franchise brand] in everything that they do, but we can’t see because in fact it’s those little knocks that gives them that knowledge, that in 18 months time they say hell I’m proud of myself for doing this and so I think that just their whole experience, put ******* in there, put everyone in there and I think that they all understand what [the franchise brand] way is all about.
Careful analysis of participant interviews indicated that the comparatively clear expression of the way in which the SECI processes would create and maintain brand understanding was subject to significant dilution in cohort Fe and was difficult to identify in cohort ESOFe.

The three members of cohort Fe confirmed that the creation and maintenance of brand understanding was concentrated on them as brand role models, and role-modelling is a socialization process similar to shadowing (de Chernatiny, 2006). Liam observed:

So really I do think it probably comes from me and it wears off, you know, I mean most of my team have been here five years, so they’ve definitely got it and then when a new person comes in, it comes from everybody, not just me.

Members of cohort ESOFe almost unanimously supported their franchisees as brand role models, but the support was personal, rather than brand dependent and did not reflect Don’s clarity of vision. Jon was more outspoken than most other members of his cohort when assessing the processes by which cohort Fo sought to create and maintain brand understanding:

...its very controlled within the organisation and its very terrible communication and very closed. Its directed, there’s no networking or interaction.

The dearth of data relating to the use of SECI processes to advance brand understanding in Franchise B does not encourage the expression of robust findings, but there was sufficient evidence to conclude that though cohort Fo expressed clarity in the processes required, and one member, Don, sought to employ each of the SECI processes in the development of brand knowledge, cohort Fe relied extensively on brand role modeling to develop brand understanding. Cohort ESOFe primarily relied on the role modeling by cohort Fe to create and maintain their brand understanding.

Though the SECI spiral of brand knowledge development was evident in Don’s coded responses there was little other evidence that brand understanding in Franchise B follows a
planned and continuous development, rather than an episodic transfer from cohort Fo to cohort Fe to cohort ESOFe. The importance of role modeling by cohort Fe supports a method of knowledge transfer that is compatible with tacit brand knowledge and the development of an intranet, presaged by Don, supports compatibility with the transfer of explicit knowledge, but these instances of compatibility are incidental and intuitive, rather than arising from the recognition of the importance of tacit brand knowledge.

5.3.4 Research question four (RQ4) is examined for Franchise B

*Are the findings in research questions one, two and three consistent throughout the franchise structure?*

5.3.4.1 Research question four (RQ4); level one analysis

The likelihood of finding a significant degree of congruence concerning brand understanding is limited by the previous findings concerning research questions two and

<table>
<thead>
<tr>
<th>Participant</th>
<th>Cohort Fo (Franchisor)</th>
<th>Cohort Fe (Franchisee)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
<th>Document Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P1 P2 P3</td>
<td>P1 P2 P3</td>
<td>P1  P2 P3 P4 P5 P6 P7 P8 P9 D1</td>
<td></td>
</tr>
<tr>
<td>Row (R)</td>
<td>Research Question 4</td>
<td>Are the findings in RQ1, RQ2 and RQ3 consistent throughout the franchise structure?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R1</td>
<td>CRQ15</td>
<td>Negative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R2</td>
<td>CRQ15</td>
<td>Positive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R3</td>
<td>CRQ16</td>
<td>Negative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R4</td>
<td>CRQ16</td>
<td>Positive</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 5.24 (continued)

<table>
<thead>
<tr>
<th>Shading density (SD) value</th>
<th>SD %</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>No evidence</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>A trace of evidence</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>Some identifiable evidence</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>Significant evidence</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>A great deal of evidence</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>Complete evidence</td>
</tr>
</tbody>
</table>

Source: Developed for this research.

three. The occupancy and shading densities for the evidenced lack of congruence totalled -12 and -15. The corresponding evidence for congruence is +21 and +25. This does indicate a net congruence of brand understanding, though the visual assessment of the matrix in Table 5.24 indicates that it is concentrated in Cohort ESOFe. This rival explanation is analysed further using level three analysis.

5.3.4.2 Research question four (RQ4); level three analysis

Table 5.24 indicates a neutral stance for congruence of brand understanding for cohorts Fo and Fe, but a positive congruence of understanding within and between cohorts for cohort ESOFe. This conflicts with the findings for research questions two and three, which indicate a franchise brand that is dichotomously articulated, such that there is restricted agreement with respect to the brand essence and brand attributes, particularly for cohort ESOFe.

It is concluded that positive and negative responses relating to congruence of understanding would have benefited more from questions that were specifically focused on congruent brand understandings and which investigated more thoroughly the way in which congruence, or lack of it, was presented within the franchise. The questions asked were more directed at the compatibility within and between cohorts. The prompt question in Appendix 4 asks; “Do you think that the franchise brand means the same to your work-mates/colleagues/
peers as it does to you?” During interviews this was expressed by the researcher in different ways, including; “If I asked this question in here of all the other employees, do you think they will give me similar answers to yours?” and “You’ve talked to me about some of these words and the central word for you is this professionalism, if you had all these words attached to the brand, the franchise brand and you thought of Liam here, do you think they match each other?”

Of the nine participants in cohort ESOFe, eight specifically stated support for their franchisee’s compatibility with their brand understanding. The participant who did not do so directly answered the researcher’s question “If you think of what the franchise brand represents, do you think Trish, as a franchisee, represents those values?” with the answer; “She represents her own values”.

The nine participants of cohort ESOFe also expressed solidarity with members of their own cohort. Again the relevant questions used by the researcher were mostly constrained to members of the ESOFe cohort within the same franchise and possibly surfaced expressions of solidarity and team membership, rather than aspects of brand congruence. The question was typically expressed as; “To what extent do you think the other customer-contact employees in this building reflect the brand?” The typical answer, expressed by Miles was; “Definitely, yeah”.

The positive congruence of brand understanding, illustrated in Table 5.24, is now understood to be more a reflection of positive attitudes toward members of cohort Fe from members of cohort ESOFe and from members of cohort ESOFe to other members of cohort ESOFe, especially within the same franchisee, than an articulation of congruent understandings of the franchise brand.
5.3.5 Summary of initial findings for Franchise B

The franchise brand is confirmed as being of great importance to Franchise B. Occupancy and shading density for the matrix representing responses to research question one were (75, 51) and corresponded to the statement; “The brand is very important to the success of this franchise”. The three remaining research questions examine and assess the degree to which this importance translates into brand understanding and processes that support the continuous development of that understanding in a congruent manner.

Research question two asks, *In what ways is the brand construct understood within NZ franchises?* The nature of the brand understanding in Franchise B is informed by Table 5.25, which assesses the occupancy and shading density recorded against assessments of understanding compared to Kapferer’s (2004) model of brand identity and emergent related themes, including the articulation of the brand and brand attributes.

The understanding of the franchise brand is seen to evidence progressively decreasing congruence with Kapferer’s (2004) model of brand identity from cohort Fo to cohort Fe to cohort ESOFe. There is evidence that both functional and non-functional characteristics of the brand are understood within each cohort.

The only facet of the Kapferer model that evidenced little understanding in all cohorts was the customer reflection. The degradation of shading density from one cohort to the next is found to be partly the result of a brand modification. This brand modification was only partially articulated and was imposed by cohort Fo, with partial acceptance in cohort Fe and significant confusion in cohort ESOFe.

The confusion in the articulation of the brand essence is found to be illustrative of the management of the change of brand. Participants from Cohort Fo all had different understandings of the brand essence, resulting directly from the brand modification, whereas cohort Fe maintained their understanding of the brand essence from the earlier brand articulation.
### Table 5.25
A comparison of brand understanding between cohorts

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisor and franchisor management)</th>
<th>Cohort Fe (Franchisee and franchisee management)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Table 5.19 (Aspects of Kapferer’s model, articulation and brand attributes)" /></td>
<td><img src="image" alt="Table 5.19 (Aspects of Kapferer’s model, articulation and brand attributes)" /></td>
<td><img src="image" alt="Table 5.19 (Aspects of Kapferer’s model, articulation and brand attributes)" /></td>
</tr>
</tbody>
</table>

**Key:**

<table>
<thead>
<tr>
<th>Shading density value</th>
<th>SD %age</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>There is no congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>There is little congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>There is some observed congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>There is significant observed congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>There is nearly complete observed congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>There is complete congruence observed between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
</tbody>
</table>

*Source: Developed for this research.*

The observed confusion can be explained in Franchise B by the way in which brand knowledge is created and maintained. Research question three asks, *How is the understanding in research question two created and maintained within NZ franchises?* Table 5.26 exhibits the occupancy and shading density for the sum of individual SECI processes, communication, brand training and for the overall process of brand knowledge creation. It also exhibits the
occupancy and shading density for evidence of the evolutionary spiral of brand knowledge and the compatibility of knowledge transfer mechanisms.

In Franchise B there is an understanding of the franchise brand that is beyond the two-dimensional shape, defined by Billot (2008c), but is not near complete congruence with Kapferer’s model in any cohort. Brand understanding in Franchise B would be positioned on the continuum (Figure 3.7) between shape three and shape four, but closer to shape four than was the case for Franchise A. Table 5.25 and 5.26 both evidence degradation in brand understanding and in an appreciation of the brand knowledge creation process from cohort Fo, to Fe, to ESOFe. There may be many reasons for this, but one significant one is the hierarchical processes involved in brand articulation and communication that were found in Franchise B.
Table 5.26
A comparison of brand knowledge creation between cohorts

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisor and franchisor management)</th>
<th>Cohort Fe (Franchisee and franchisee management)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 5.22 and Table 5.23 (R1) (The SECI process, brand communication and brand training)</td>
<td>O SD</td>
<td>O SD</td>
</tr>
<tr>
<td>Table 5.23 (R2, R3) (The brand knowledge spiral and transfer compatibility)</td>
<td>O SD</td>
<td>O SD</td>
</tr>
<tr>
<td>(21, 5)</td>
<td>(62, 19)</td>
<td>(33, 7)</td>
</tr>
<tr>
<td>(2, 0)</td>
<td>(17, 3)</td>
<td>(0, 0)</td>
</tr>
</tbody>
</table>

Key:

<table>
<thead>
<tr>
<th>Shading density (SD) value</th>
<th>SD %age</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>No evidence</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>A trace of evidence</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>Some identifiable evidence.</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>Significant evidence.</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>A great deal of evidence.</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>Complete evidence.</td>
</tr>
</tbody>
</table>

Source: Developed for this research.

The difference in understanding between the three cohorts is further examined in Table 5.27 which summarises responses for RQ1, RQ2 and RQ3 and exhibits the net value of the voiced congruence and lack of congruence both within and between cohorts. In this way
the fourth research question, *Are the findings in RQ1, RQ2 and RQ3 consistent throughout the franchise structure?* is addressed.

Table 5.27
Congruence of brand understanding and knowledge creation processes between cohorts.

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisor and franchisor management)</th>
<th>Cohort Fe (Franchisee and franchisee management)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RQ1 (Table 5.17)</td>
<td>O SD</td>
<td>O SD</td>
</tr>
<tr>
<td>RQ2 (Table 5.19)</td>
<td>O SD</td>
<td>O SD</td>
</tr>
<tr>
<td>RQ3 (Table 5.22) (Table 5.23)</td>
<td>O SD</td>
<td>O SD</td>
</tr>
<tr>
<td>RQ4 (Table 5.24) Net congruence</td>
<td>0 1</td>
<td>0 -1</td>
</tr>
<tr>
<td></td>
<td>(100, 87)</td>
<td>(100, 73)</td>
</tr>
<tr>
<td></td>
<td>(85, 54)</td>
<td>(74, 38)</td>
</tr>
<tr>
<td></td>
<td>(52, 18)</td>
<td>(22, 6)</td>
</tr>
<tr>
<td></td>
<td>(0, 1)</td>
<td>(0, -1)</td>
</tr>
</tbody>
</table>

*Source: Developed for this research.*

Table 5.27 confirms the degradation of brand understanding and of the processes by which this understanding is gained from cohort Fo, to cohort Fe, to cohort ESOFe. The net congruence however, is not consistent with previous findings. Cohorts Fo and Fe exhibit no strong congruence, or lack of it, and this is expected from previous findings, but cohort ESOFe exhibits significant congruence. This was investigated in section 5.3.4.3 and was found to be a function of ambiguously phrased questions and inadequate interviewing more than an expression of congruent understanding.
5.3.5.1 Conclusive findings for Franchise B

RQ1  How important is the franchise brand to the success of the franchise?

The significant importance of the franchise brand to the success of Franchise B is supported consistently throughout the franchise structure, in each of the three cohorts. This support is qualified in that 4 out of 9 participants in cohort ESOFe did not voice an opinion concerning the importance of the franchise brand and there is a slight degradation of voiced importance from cohort Fo to Fe to ESOFe. Nevertheless, these two qualifying statements do little to erode the initial statement.

RQ2  In what ways is the brand construct understood within NZ franchises?

Understanding of the brand in Franchise B is voiced in 5 of the 6 facets of Kapferer’s (2004) model of brand identity. The exception is the facet of ‘customer reflection’. Analysis was complicated by a recent brand modification, which diluted the historically-accepted brand essence of trust. The understanding of brand within Franchise B can nevertheless be compared with the Kapferer model, though its articulation, represented in Figure 5.3 is neither complete nor robust.
Figure 5.3
An interpretation of the brand within Franchise B, using a best-fit approach to Kapferer’s (2004) model of brand identity

**Interpretation A:** the historical brand

- **Physique**
  - As per identity manual

- **Relationship**
  - Long-term, honest/forthright, solution-provider

- **Brand essence**
  - Trust

- **Culture**
  - Family, reputation, confidential

- **Self-image**
  - Resourceful, secure, confident, up-market

- **Personality**
  - Clinical, knowledgeable, articulate, self-opinionated

**Interpretation B:** the brand modification

- **Physique**
  - As per identity manual

- **Relationship**
  - Long-term, approachable, co-operative

- **Brand essence**
  - Trust
  - Stop wishing

- **Culture**
  - Family, reputation, confidential

- **Self-image**
  - Validation, secure, confident, aspiring

- **Personality**
  - Nurturing, pampering, rejuvenating, universal

**Source:** Developed for this research. Based on the brand identity model by Kapferer (2004), p. 107.
The brand modification, initiated in 2007, has resulted in two brands co-existing within Franchise B, consequently two comparisons to the Kapferer model are made in Figure 5.3.

**RQ3** How is the understanding in research question two created and maintained within NZ franchises?

Whereas the understanding of brand bears comparison to Kapferer’s (2004) model, methods of creating and maintaining knowledge of the brand were found to be centred within cohort Fo. The articulation of the modified form of the brand was driven by a member of that cohort, with the other two participants from that cohort acquiescent. The type of brand knowledge communication processes are expressed more by words like hierarchical, stratified, uni-directional and didactic, than dialogue, listening, referencing and eliciting information. The narrative analysis in level three illustrates a difference between the ambitions and intentions of cohort Fo and the reality expressed by cohort ESOfE.

**RQ4** Are the findings in research questions one, two and three consistent throughout the franchise structure?

There is a high degree of consistency with respect to the expressed importance of the brand throughout the franchise system structure. The confusion between the original brand and the brand modification, the restricted articulation of the brand and the management practices identified in articulating and communicating the brand throughout the franchise system has led to a high degree of heterogeneity and limited consistency in brand understanding. Processes similar to the SECI spiral process of brand knowledge creation and maintenance were not evident.
5.4 Franchise C

Franchise C was sequentially and theoretically selected to inform the four central research questions in a way in which Franchises A and B were not appearing to do. A full and robust articulation of the brand, comparable to the model of brand identity (Kapferer, 2004), had not been observed in Franchise A and Franchise B. Brand understandings were not congruent throughout these franchises and management systems to continually reference and improve brand understandings were not significantly evidenced. Franchise C, which is now represented in 12 countries and has more than 1600 franchisees, was anticipated to provide data that may rebut analysis of Franchise A and Franchise B. In Franchise C, 15 interviews were conducted, which, together with researched documents, provided data for analysis.

5.4.1 Research question one (RQ1) is examined for Franchise C

“How important is the franchise brand to the success of the franchise?”

5.4.1.1 Research question one (RQ1); level one analysis
Table 5.28
Coding matrix for the importance of the brand (RQ1) for Franchise C

<table>
<thead>
<tr>
<th>Research Question 1</th>
<th>Cohort Fo (Franchisor)</th>
<th>Cohort Fe (Franchisee)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
<th>Document Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Row (R)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R1</td>
<td>CRQ1 (Importance)</td>
<td>“How important is the franchise brand to the success of the franchise?”</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shading density value</th>
<th>SD %age</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>No response was coded for the importance of the brand.</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>The brand is of little importance to the success of this franchise business.</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>The brand is important to the success of this franchise business.</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>The brand is very important to the success of this franchise business.</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>The brand is critically important to the success of this franchise business.</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>The brand is the most important contributor to the success of this franchise business.</td>
</tr>
</tbody>
</table>

Source: Developed for this research.

The voiced importance of the franchise brand can be visually assessed as consistent and strong in the single-line matrix in Table 5.28. The occupancy and shading density for this single-line matrix is (100, 65). This is consistent with the expression “The brand is very important to the success of this franchise business”. This strong response is subjected to level two analysis.
5.4.1.2  Research question one (RQ1); level two analysis.

Table 5.29
Key words in context (KWIC) for the importance of the brand (RQ1) for Franchise C.

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisors and franchisor management)</th>
<th>The importance of the franchise brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victor</td>
<td>Extremely important. I mean the brand is basically the basis of the regional franchisees. It’s the basis of the franchisor. We are working altogether in making that brand successful as a franchisor so that our franchisees are successful. It’s really the basis for how our whole system works.</td>
</tr>
<tr>
<td>Sue</td>
<td>Very important. I said I’m a sceptic but I do understand why we have a brand and the need for a brand. I do think though that we really need to emphasise more brand awareness in our training through all levels so people actually understand what it means to be part of the franchise brand.</td>
</tr>
<tr>
<td>Beryl</td>
<td>It’s second to none and it’s something that we’re just… in February and we’re still doing it, is just going around all the franchises and ensuring that our brand is being maintained at the courier franchisee and regional franchisee level.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cohort Fe (Franchisees and franchisee management)</th>
<th>The importance of the franchise brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>George</td>
<td>It’s everything.</td>
</tr>
<tr>
<td>Herb</td>
<td>The brand is certainly important in the sense that its recognised nationally.</td>
</tr>
<tr>
<td>Penny</td>
<td>That’s ultimately… that is the successful component of the business. Without that, you take away our little blue man and as much as I don’t like him because I think it’s outdated, but you take that away and it just says couriers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
<th>The importance of the franchise brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethel</td>
<td>Very.</td>
</tr>
<tr>
<td>Kate</td>
<td>Very, very, very important.</td>
</tr>
<tr>
<td>Goldy</td>
<td>Very.  Very important because of its reputation and a lot of happy customers out there.</td>
</tr>
<tr>
<td>Rina</td>
<td>Very big. Very, very big.</td>
</tr>
<tr>
<td>Will</td>
<td>Essential, vital.</td>
</tr>
<tr>
<td>Campbell</td>
<td>It’s very big, very important.</td>
</tr>
<tr>
<td>Sher</td>
<td>I think that’s quite…</td>
</tr>
<tr>
<td>Sheila</td>
<td>I think it’s really important because it does cover a lot of areas you know.</td>
</tr>
<tr>
<td>Diana</td>
<td>It’s very important because it’s a well-known brand.</td>
</tr>
</tbody>
</table>

Source: Developed for this research.

The responses in Table 5.29 are seen to be unequivocal and are consistent through each of the three cohorts. The weakest expressions of voiced importance were from cohort Fe, P2 and cohort ESOFe, P7 and P8. For cohort Fe, P2, Herb noted,
So you know, I would say myself it's probably something like 50% brand and at least 50% you know, the person who's running the brand. The brand is certainly important in the sense that its recognised nationally, we're part of a nationwide courier company which is important, we can get parcels anywhere our customers want us to send them, but it's not a recipe for success.

In cohort ESOFe, Sher suggested that, “I think that’s quite...(important)” and Sheila stated that “I think it’s really important because it does cover a lot of areas you know”. These replies cannot be considered dissenting as much as lacking in strong commitment to the importance of the brand.

5.4.2 Research question two (RQ2) is examined for Franchise C

In what ways is the brand understood within NZ franchises?

5.4.2.1 Research question two (RQ2); level one analysis

The matrix in Table 5.30 displays occupancy and shading density of (56, 20). Within the matrix, the strongest voice is afforded to the physique facet of Kapferer’s (2004) model of brand identity (69, 40), followed by brand attributes (88, 36), brand essence (88, 29), personality (88, 26) and relationship (75, 21). The brand attributes and brand essence will be examined together by level two analysis in Table 5.31, while personality and relationship will be subjected to level two analysis separately in Tables 5.32 and 5.33, respectively.

Only one participant from cohort Fo expressed a response that was subsequently coded to the articulation of the brand. This will be subjected to level three analysis, as the occupancy and shading density (6, 1) for this central aspect of brand understanding is extremely low when compared to the entire matrix (56, 20), presented in Table 5.30.
Table 5.30
Coding matrix for brand understanding (RQ2) for Franchise C

<table>
<thead>
<tr>
<th>Participant</th>
<th>Cohort Fo (Franchisor)</th>
<th>Cohort Fe (Franchisee)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
<th>Document Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P1 P2 P3</td>
<td>P1 P2 P3</td>
<td>P1 P2 P3 P4 P5 P6 P7 P8 P9 D1</td>
<td></td>
</tr>
<tr>
<td>Row (R)</td>
<td>Research Question 2</td>
<td>In what ways is the brand construct understood within NZ franchises?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R1</td>
<td>CRQ1 (Physique)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R2</td>
<td>CRQ2 (Personality)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R3</td>
<td>CRQ3 (Culture)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R4</td>
<td>CRQ4 (Relationship)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R5</td>
<td>CRQ5 (Customer reflection)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R6</td>
<td>CRQ6 (Self-image)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R7</td>
<td>CRQ7 (Brand essence)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R8</td>
<td>Articulation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R9</td>
<td>Brand attributes</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shading density (SD) value</th>
<th>SD %age</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>There was either no response coded for this aspect of RQ2 or coded responses were assessed as insufficiently relevant and not informing RQ2.</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>At least one relevant response was coded for this aspect of RQ2, and one response was considered to directly inform RQ2.</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>At least two relevant responses were coded for this aspect of RQ2 and two responses were assessed as directly informing RQ2.</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>At least three relevant responses were coded for this aspect of RQ2 and three responses were assessed as directly informing RQ2.</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>Several relevant responses were coded for this aspect of RQ2, more than three of these were assessed as directly informing RQ2.</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>Several relevant responses were coded for this aspect of RQ2 representing a fully articulated understanding of the facet.</td>
</tr>
</tbody>
</table>

Source: Developed for this research.
### Research question two (RQ2); level two analysis.

#### Table 5.31

Key words in context (KWIC) for brand essence and brand attributes for Franchise C

<table>
<thead>
<tr>
<th>Cohort Fe</th>
<th>Brand Essence</th>
<th>Brand Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victor</td>
<td>I have to repeat the friendly. The franchise brand provides opportunity.</td>
<td>what we try to portray in the marketplace is really that we’re an economic, reliable and easy courier company. He’s our sort of icon really and he is featured in a lot of our branding and he’s there as portraying a friendly approachable company. Really probably I always refer to the mission statement which is service, accountability, value and excellence.</td>
</tr>
<tr>
<td>Sue</td>
<td>Opportunity.</td>
<td>Professional, organisation that cares about people’s parcels</td>
</tr>
<tr>
<td>Beryl</td>
<td>From my perspective I would say opportunity.</td>
<td>well it really follows on from our mission statement really which is what we’re trying to achieve for our customers which is service, accountability, value and excellence.</td>
</tr>
<tr>
<td>George</td>
<td>Our mission statement. Service would be last to go.</td>
<td>To me it’s just … it’s a bloody good thing. It’s a good franchise. SAVE, it’s service, accountability, value and excellence.</td>
</tr>
<tr>
<td>Penny</td>
<td>Franchising.</td>
<td>The other difference is we’re the only courier company that’s franchised, Compliance.</td>
</tr>
<tr>
<td>Herb</td>
<td>I think its service, is the most essential.</td>
<td>I think in terms of brand, it stands for hard work, that we provide value for money</td>
</tr>
<tr>
<td>Ethel</td>
<td>Reliability.</td>
<td>Yeah, I’d say commitment to service.</td>
</tr>
<tr>
<td>Kate</td>
<td>Reliability.</td>
<td>To provide accountability, credibility and …</td>
</tr>
<tr>
<td>Goldy</td>
<td>Fast.</td>
<td>Well it’s a worldwide brand, well known. Well fast, efficient service, same day service within reason. Good quality service and communication.</td>
</tr>
<tr>
<td>Rina</td>
<td>I would say service.</td>
<td>… we are part of a franchising organisation and the difference between us and our competitors as I just explained is we’re all owner operators and so hence you get personal service.</td>
</tr>
<tr>
<td>Will</td>
<td>The essence of the franchise brand is probably working as a team.</td>
<td></td>
</tr>
</tbody>
</table>

*(table continues)*
Table 5.31 (continued)

<table>
<thead>
<tr>
<th>Cohort ESOFe</th>
<th>Brand Essence</th>
<th>Brand Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campbell</td>
<td><em>Commitment to service,</em> I would think. <em>The franchise brand guarantee,</em> <em>integrity.</em></td>
<td><em>Dedication.</em></td>
</tr>
<tr>
<td>Sher</td>
<td>I think it’s just the rapport.</td>
<td><em>Fast and probably efficiency.</em> That’s it. <em>Commitment</em> yeah.</td>
</tr>
<tr>
<td>Sheila</td>
<td><em>Responsible</em> is one of the words I would keep.</td>
<td><em>Fast, efficient and yeah, on time.</em></td>
</tr>
<tr>
<td>Diana</td>
<td>One man trying to provide a courier service at an <em>affordable</em> cost and provide a better service than the current courier companies that were out there at the time. It says <em>affordable, accountable and serviceable.</em> I know it’s got <em>good bones</em> and I know that with the right people, it can just keep getting better.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Developed for this research.

The responses in Table 5.31 do not indicate a brand essence that resonates throughout Franchise C. *Opportunity* is expressed by each participant in cohort Fo, but for cohorts Fe and ESOFe no consensus is evidenced, though *service* was the term voiced most often. Service represents one of the aspects of the acronym *SAVE*, which stands for service, accountability, value and excellence. This acronym is widely advertised within Franchise C and is clearly displayed on all vehicles. If *opportunity* is held as the brand essence by cohort Fo, there is a necessity to communicate this so that it is adopted by both cohorts Fe and ESOFe. Not one of the participants in cohorts Fe and ESOFe identified *opportunity* as expressing the brand essence, nor was *opportunity* voiced as a brand attribute by these two cohorts. If *SAVE* is, or contains, the brand essence, it is not held to be so by cohort Fo and also lacks congruence throughout the franchise structure.

The reason for this inconsistency with brand essence is that cohort Fo, firmly communicate that their core business is franchising, not freight. Cohort Fe are ambiguous
with respect to the same understanding and cohort ESOFe, as the interface between Franchise C and the customer, see their core business as freight, not franchising.

Table 5.32 presents a level two analysis of expressions voiced to reflect the personality facet of the Kapferer (2004) model. No unanimity is evidenced, but there is congruence concerning two aspects of the brand personality which were most frequently referred to. These were friendly, personable, happy, helpful, humorous, welcoming and outgoing, energetic, fit, lively, quick, fast. Aspects of the physical structure of the brand are also consistent with these two aspects of brand personality.

Kapferer (2004) and de Chernatony (2006) declare an expectation that the different facets of the brand identity model will be both supportive of each other and will particularly support and reinforce the brand essence. The second level analysis of the relationship facet for the franchise brand in Franchise C, illustrated in Table 5..33, may inform this expectation.

### Table 5.32
Key words in context (KWIC) for the personality facet for Franchise C.

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisors and franchisor management)</th>
<th>Victor</th>
<th>friendly, professional,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sue</td>
<td>Outgoing, able to communicate easily and openly with people, energetic, fit, hardworking and business minded.</td>
<td></td>
</tr>
<tr>
<td>Beryl</td>
<td>I would say what we try and promote and what we try and push and we certainly have some great examples out in the marketplace with our courier franchisees as a happy, friendly courier.</td>
<td></td>
</tr>
<tr>
<td>Cohort Fe (Franchisees and franchisee management)</td>
<td>George</td>
<td>I would say strict, fair, helpful and you’d look to push people to their potential.</td>
</tr>
<tr>
<td>Penny</td>
<td>One word comes to mind immediately and that’s family. It’s a lively brand. You’ve got to have a sense of humour.</td>
<td></td>
</tr>
<tr>
<td>Herb</td>
<td>I don’t think it’s a particularly robust one. you would see it as a sort of fairly timid, rather shy, hesitant sort of perception.</td>
<td></td>
</tr>
<tr>
<td>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</td>
<td>Ethel</td>
<td>If it was a person, it would be somebody who always goes the extra mile.</td>
</tr>
</tbody>
</table>

*(table continues)*
Table 5.32 (continued)

<table>
<thead>
<tr>
<th>The personality facet of brand identity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kate</td>
</tr>
<tr>
<td>It would have a friendly, welcoming personality.</td>
</tr>
<tr>
<td>Goldy</td>
</tr>
<tr>
<td>Outgoing, energetic, helpful, quick, fast.</td>
</tr>
<tr>
<td>Rina</td>
</tr>
<tr>
<td>I think a very good personality</td>
</tr>
<tr>
<td>Will</td>
</tr>
<tr>
<td>Not aggressive but active. Reliable. Yeah, active in the</td>
</tr>
<tr>
<td>Campbell</td>
</tr>
<tr>
<td>It can be a laugh at times.</td>
</tr>
<tr>
<td>Sher</td>
</tr>
<tr>
<td>Sheila</td>
</tr>
<tr>
<td>It can be defined as being fast</td>
</tr>
<tr>
<td>I’d say, yeah, all those words that go with being good,</td>
</tr>
<tr>
<td>Diana</td>
</tr>
<tr>
<td>I would say average, hard working, sensible and budget</td>
</tr>
<tr>
<td>conscious.</td>
</tr>
<tr>
<td>I don’t know if friendly’s the word.</td>
</tr>
</tbody>
</table>

Source: Developed for this research.

The personality and the relationship facets of the brand identity are mutually supportive as it is the personality characteristics ascribed to the brand that are likely to condition or constrain the relationship that the brand has with the customer. Analysis of the key words in Table 5.33 does not evidence a clear and coherent view of the relationship facet of brand identity. Certainly the notion of loyalty and parochialism is voiced to reflect the position of the franchise within a business community as is the idea of trust, honesty and openness, which George of cohort Fe expressed,

They know they can trust the brand. A lot of things that I feel is being honest, no good knowing a parcel has gone to Invercargill and it’s supposed to be going to Auckland and say oh look we can’t find it because you don’t want to tell the person it’s gone to Invercargill.
Table 5.33
Key words in context (KWIC) for the relationship facet for Franchise C.

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisors and franchisor management)</th>
<th>The relationship facet of brand identity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victor</td>
<td>due to our <em>longevity</em> in the marketplace.</td>
</tr>
<tr>
<td>Sue</td>
<td>It’s really dependent on the actual courier franchisee and/or wage driver themselves. There is huge <em>loyalty</em>.</td>
</tr>
<tr>
<td>Beryl</td>
<td>and that is primarily the difference between a customer staying <em>loyal</em> to you and not, is having a good courier that goes in there and can <em>build</em> a relationship with a customer and it’s not hard. It’s just an <em>approachable, friendly</em> service that we have.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cohort Fe (Franchisees and franchisee management)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>George</td>
<td>the <em>trust, honesty</em> and they're getting a <em>fair price</em>. A lot of things that I feel is being <em>honest</em>.</td>
</tr>
<tr>
<td>Penny</td>
<td><em>Personal.</em> but they won’t leave because of the relationship they have built up with that franchisee. So it should be a <em>seamless</em> transition. It should be a seamless thought.</td>
</tr>
<tr>
<td>Herb</td>
<td>Do they <em>like</em> the courier, is the service any good, is it reasonable value for what I’m spending</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethel</td>
<td><em>Parochial, Loyal.</em></td>
</tr>
<tr>
<td>Kate</td>
<td><em>Family</em></td>
</tr>
<tr>
<td>Goldy</td>
<td><em>Friendly, reliable, efficient, trustworthy.</em></td>
</tr>
<tr>
<td>Rina</td>
<td></td>
</tr>
<tr>
<td>Will</td>
<td></td>
</tr>
<tr>
<td>Campbell</td>
<td><em>In my area, in my franchise, I am the face of the franchise brand.</em></td>
</tr>
<tr>
<td>Sher</td>
<td></td>
</tr>
<tr>
<td>Sheila</td>
<td>my customers will think I’m a good courier and <em>fast.</em></td>
</tr>
<tr>
<td>Diana</td>
<td><em>You're friendly, professional, responsible.</em></td>
</tr>
</tbody>
</table>

*Source: Developed for this research.*

5.4.2.3  **Research question two (RQ2); level three analysis.**

The full and robust articulation of the brand has been emphasized as an antecedent to brand understanding. As only Sue (P2, cohort Fo), voiced expressions that were coded to this
contributory research question, Sue’s voice on articulation is considered. She voices the need for clear and consistent articulation, without actually articulating the brand herself,

\[ I \text{ do think though that we really need to emphasise more brand awareness in our training through all levels so people can actually understand what it means to be part of that name [the franchise brand],} \]

and,

\[ That \text{ comes back to people and everyone is different and it’s making sure everyone is aware that as soon as they use that word [the franchise brand] or put anything in writing with the word [the franchise brand] or wear a particular uniform item with [the franchise brand] on it, that is providing a customer, potential customer, other key stakeholders with a perception of what [the franchise brand] is about.} \]

Sue, as one member of cohort Fo in Franchise C, has identified the need to consistently and thoroughly articulate the brand. Research question three (RQ3) examines if the mechanisms and processes exist to do so.

\section*{5.4.3 \textbf{Research question three (RQ3) is examined for Franchise C}}

\textit{How is the understanding in research question two (RQ2) created and maintained within NZ franchises?}

\subsection*{5.4.3.1 \textbf{Research question three (RQ3); level one analysis}}

The matrix in Table 5.34 displays occupancy and shading density of (25, 6). This does not indicate that a process involving the SECI knowledge creation process is evident to advance understanding of the brand in Franchise C. As socialisation (R1) has an occupancy and shading density of (31, 6), slightly higher than the total matrix, the voiced responses to socialisation will be examined by level three analysis.
Table 5.34
Coding matrix for brand knowledge creation processes (RQ3) for Franchise C.

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisor)</th>
<th>Cohort Fe (Franchisee)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
<th>Document Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>P1 P2 P3</td>
<td>P1 P2 P3</td>
<td>P1 P2 P3 P4 P5 P6 P7 P8 P9 D1</td>
</tr>
<tr>
<td>Row (R) Research Question 3</td>
<td>How is the understanding in RQ2 created and maintained within NZ franchises?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R1 CRQ8 (Socialisation)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R2 CRQ9 (Externalisation)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R3 CRQ10 (Combination)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R4 CRQ11 (Internalisation)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R5 Communication</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R6 Brand training</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Key:**

<table>
<thead>
<tr>
<th>Shading density (SD) value</th>
<th>SD %age</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>There was either no response coded for this aspect of RQ2 or coded responses were assessed as insufficiently relevant and not informing RQ2.</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>At least one relevant response was coded for this aspect of RQ2, and one response was considered to directly inform RQ2.</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>At least two relevant responses were coded for this aspect of RQ2 and two responses were assessed as directly informing RQ2.</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>At least three relevant responses were coded for this aspect of RQ2 and three responses were assessed as directly informing RQ2.</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>Several relevant responses were coded for this aspect of RQ2, more than three of these were assessed as directly informing RQ2.</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>Several relevant responses were coded for this aspect of RQ2 representing a fully articulated understanding of the facet.</td>
</tr>
</tbody>
</table>

*Source: Developed for this research.*
Table 5.35
Coding matrix for the SECI process, the SECI spiral and knowledge transfer matching for Franchise C.

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisor)</th>
<th>Cohort Fe (Franchisee)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
<th>Document Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant</td>
<td>P1 P2 P3</td>
<td>P1 P2 P3 P 1 P 2 P 3 P 4 P 5 P 6 P 7 P 8 P 9</td>
<td>D1</td>
</tr>
</tbody>
</table>

Row (R) Research Question 3 How is the understanding in RQ2 created and maintained within NZ franchises?

R1 CRQ12 (Evidence of the SECI process of brand knowledge acquisition)

R2 CRQ13 (Evidence of the SECI spiral of brand knowledge evolution)

R3 CRQ14 (Evidence of compatibility of knowledge transfer mechanisms)

Key:

<table>
<thead>
<tr>
<th>Shading density (SD) value</th>
<th>(SD) %age</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>No evidence</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>A trace of evidence</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>Some identifiable evidence</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>Significant evidence.</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>A great deal of evidence</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>Complete evidence.</td>
</tr>
</tbody>
</table>

Source: Developed for this research.

Analysis of Table 5.34 and 5.35 evidences a lack of an observed process of brand knowledge evolution and of processes that develop the brand as part of a continual dialogue between stakeholders in which compatibility of brand knowledge transfer mechanisms is...
recognised and planned for. The limited amount of data coded is examined by level three analysis.

5.4.3.3 Research question three (RQ3); level three analysis

Though no member of cohort Fo was observed to operationalise each of the four SECI processes, Sue expressed the importance of the tacit brand knowledge:

*Well it’s the person behind it. They live and breathe it, you can hear the excitement in their voice as soon as they use the word [the franchise brand] and you can see it in their mannerisms, in the way they deal with customers, other members.*

Victor asserted that the explicit knowledge of the brand was known, detailed and communicated using compatible less-rich knowledge transfer mechanisms, but did not refer to the importance of tacit brand knowledge or knowledge transfer methods that were compatible with tacit knowledge:

*So the manuals are very much central to a lot of the information on the brand. A lot of internal communication through weekly, what we call the weekly support pack which is an internal newsletter, that’s emailed. So a lot of information on the brand is always contained in there. So we have a lot of internal communication. We also have a lot of display material and the reason we have a lot of that is because they work in a depot environment so a good form of communication to the courier franchisees is visual. So they have a courier noticeboard so we always aim to have brand information and just Fastway general information displayed near the courier noticeboard. I mean our signage on our depots, that’s very important. It’s consistent. They have to stick with consistent signage. It has to be approved by us. So that’s a form of communicating the brand. Obviously with our vehicles, the brand is communicated on those.*
This focus on detailed explicit knowledge transfer was emphasized by Gil of cohort Fe:

*I mean we’ve got manuals here that will tell us how to scratch our left butt cheek when we have to and that’s the way it has to work. Some people think it’s too regimented. No it’s not because if everyone’s doing the correct thing at the correct time, the end product is that we will make money and that’s what we’re here for.*

In detailing the education that Herb, from cohort Fe, asserts that facilitates brand knowledge in cohort ESOFe, he expressed, in general terms and in the educational initiatives that he supports, the importance of both tacit and explicit knowledge and the necessity to engage compatible knowledge transfer mechanisms:

*Yeah. I guess it’s through education. Like we have regular courier meetings, we have like the courier spends time with the outgoing courier and learns all his good and bad habits. Rina and myself both travel with couriers to try and reinforce the important points of the brand, dressing correctly, the uniform, maintaining a good relationship with your customers, providing them with the service they require. So that’s sort of an important part of it.*

Franchise C is engaged in a business that is very time and process sensitive. This may be a major influence in the significant dominance of explicit brand knowledge and knowledge transfer mechanisms that are compatible with it. The recognition of the importance of tacit brand knowledge and compatible knowledge transfer processes is not evident other than incidentally or intuitively. The significant dominance of explicit knowledge is unlikely to support a SECI knowledge spiral, the genesis of which is the recognition of the importance of tacit knowledge.
5.4.4 Research question four (RQ4) is examined for Franchise C

Are the findings in research questions one, two and three consistent throughout the franchise structure?

5.4.4.1 Research question four (RQ4); level one analysis

Are the findings in research questions one, two and three consistent throughout the franchise structure?

Table 5.36
Coding matrix for congruence of understanding of RQ1, RQ2 and RQ3 (RQ4) for Franchise C

<table>
<thead>
<tr>
<th>Participant</th>
<th>Cohort Fo (Franchisor)</th>
<th>Cohort Fe (Franchisee)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
<th>Document Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P1</td>
<td>P2</td>
<td>P3</td>
<td>P1</td>
</tr>
</tbody>
</table>
| Row No.     | Research Question 4   |                        | Are the findings in RQ1, RQ2 and RQ3 consistent throughout the franchise system structure?
| R1          | CRQ15 Negative       | [ ]                    | [ ]                       | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] |
| R2          | CRQ15 Positive       | [ ]                    | [ ]                       | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] |
| R3          | CRQ16 Negative       | [ ]                    | [ ]                       | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] |
| R4          | CRQ16 Positive       | [ ]                    | [ ]                       | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] | [ ] |

Key:

Shading density (SD) value | SD % | Quantitisation criterion for each scale of shading density
----------------------------|------|-------------------------------------------------------------
0                            | 0    | No evidence                                                 
1                            | 20   | A trace of evidence                                         
2                            | 40   | Some identifiable evidence.                                 
3                            | 60   | Significant evidence.                                       
4                            | 80   | A great deal of evidence.                                   
5                            | 100  | Complete evidence.                                          

Source: Developed for this research.

Congruence of brand understanding is indicated by Table 5.36 between, rather than within, cohorts. Though there is little difference between the positive and negative responses within cohorts there is a significant difference, initially observed visually, between positive
and negative expressions of congruence between cohorts. This is inconsistent with the lack of congruence evidenced by the brand essence and brand attributes, but, as was observed with respect to the analysis in Franchise B, the positive expressions of congruence of understanding are more a response to questions that encourage an answer; “Yes, they think the same way as me about the franchise brand”. The congruence of brand understanding in Franchise C is detailed further in Section 5.4.5.

5.4.5 Summary of initial findings for Franchise C

The franchise brand was considered to be important by every participant in Franchise C and this finding was emphasised by document analysis. The occupancy of the single-line matrix for Table 5.28 was 100%, suggesting that every participant had an opinion and the minimum shading density in the case of three participants corresponded to the statement; “The brand is important to the success of this franchise business”. The finding was strong, consistent and repeated in each of the three cohorts.

An assessment of the understanding of the brand in order to answer the research question In what ways is the brand construct understood within NZ franchises?, involves assessing participant and document responses to the three levels of analysis conducted for this research question.

The understanding of the brand in Franchise C can be compared to the model of brand identity (Kapferer, 2004). The matrix from Table 5.30 that best represents this understanding displays a shading density of 20 which indicates a lower level of conformity with the Kapferer (2004) model. Again the physique facet dominates the understanding, though the personality and relationship facets received some voice. This is expected in a service industry where the service delivery is highly dependent on the service exchange by members of the cohort ESOFe. Though there is an understanding of brand exhibited that is beyond the two dimensional model presented by Billot (2008c), the understanding would be positioned on the
continuum (Figure 3.7) between shapes 3 and 4 and between the positions defined for Franchise A and Franchise B.

Table 5.37 illustrates a degradation of both occupancy and shading density from cohort Fo to cohort Fe to cohort ESOFe, indicating a corresponding reduction in brand understanding between those cohorts.

**Table 5.37**
A comparison of brand understanding between cohorts.

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisor and franchisor management)</th>
<th>Cohort Fe (Franchisee and franchisee management)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>O</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>SD</td>
<td>SD</td>
<td>SD</td>
</tr>
</tbody>
</table>

Table 5.29 (Aspects of Kapferer’s model, articulation and brand attributes)

<table>
<thead>
<tr>
<th>Shading density value</th>
<th>SD %age</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>There is no congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>There is little congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>There is some observed congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>There is significant observed congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>There is nearly complete observed congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>There is complete congruence observed between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
</tbody>
</table>

Key:

<table>
<thead>
<tr>
<th>Shading density value</th>
<th>SD %age</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 (56, 20)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 (93, 35)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 (59, 28)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 (46, 13)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Developed for this research.
Part of the reason for this degradation is the articulation of the brand, which is articulated mostly in explicit forms found in document analysis. The expressed voice of articulation was only found in the data analysis of one participant (cohort Fo, P2). The lack of a coherent brand essence and brand attributes that are expressed with a high degree of consensus, exacerbate the unfulfilled articulation, which, in turn, limits brand understanding.

Table 5.37 illustrates degradation in understanding from cohort Fo, to cohort Fe, to cohort ESOFe, but the degradation is not dramatic. It is visually evident, but requires the actual values of occupancy and shading density, provided in that table, to detail the degradation.

Research question three asks; *How is the understanding in RQ2 created and maintained within NZ franchises?* It seeks to answer this question by examining data coded to elements of the SECI theory (Nonaka and Takeuchi, 1995), identifying evidence of a spiral of brand knowledge development (de Chernatony, 2006) and determining if different methods for information communication are used for tacit (incontractible) and explicit (contractible) information (Windsperger & Gorovaia, 2008). Table 5.38 informs this finding.

Table 5.38
A comparison of brand knowledge development between cohorts

<table>
<thead>
<tr>
<th>Cohort Fo (Franchisor and franchisor management)</th>
<th>Cohort Fe (Franchisee and franchisee management)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 5.34 and Table 5.35 (R1) (The SECI process, brand communication and brand training)</td>
<td>O</td>
<td>SD</td>
</tr>
<tr>
<td>Table 5.35 (R2, R3) (The brand knowledge spiral and transfer compatibility)</td>
<td>O</td>
<td>SD</td>
</tr>
</tbody>
</table>

*(table continues)*
Table 5.38 (continued)

<table>
<thead>
<tr>
<th>Shading density (SD) value</th>
<th>SD % age</th>
<th>Quantification criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>No evidence</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>A trace of evidence</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>Some identifiable evidence.</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>Significant evidence.</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>A great deal of evidence.</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>Complete evidence.</td>
</tr>
</tbody>
</table>

Key:

Table 5.38 provides some evidence that a process of brand knowledge creation and development is voiced by cohorts Fo and Fe, but is not evident in cohort ESOFe. Franchise C is compliance and process focussed. There is great attention to detail given in the nature of the physique facet of the franchise brand. This facet is not the subject of dialogue or debate in the franchise. Though there is a mechanism for ‘upward communication’ through Franchise Advisory Councils (FAC) at national, regional and local levels, document analysis does not suggest that this is a forum for discussion on the creation and development of brand knowledge. It was also stated by members of cohort Fe, and demonstrated by the time pressure with which many of the interviews were conducted with cohort ESOFe, that time is of great importance within this franchise, and there are few opportunities for dialogue to be maintained and brand understanding to be iteratively developed.
The degree to which brand understanding is congruent throughout the franchise structure is informed by Table 5.39. R1 confirms the evident, but limited understanding of brand against Kapferer’s (2004) model and also displays the degradation of that understanding between cohorts. R2 illustrates sufficiently limited voiced instances of the manifest intensity effect, *shading density*, to afford comment on its absence. This absence indicates the lack of mechanisms to encourage congruence of brand understanding, other than for the physique facet, and to encourage development of the brand through an ongoing programme of brand management. R3 confirms that there is neither a significant congruence in voiced brand understanding, nor is there a significant lack of it.

**Table 5.39**
Congruence of brand understanding and knowledge creation processes between cohorts.

<table>
<thead>
<tr>
<th>Row</th>
<th>Cohort Fo (Franchisor and franchisor management)</th>
<th>Cohort Fe (Franchisee and franchisee management)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>R1</td>
<td>RQ2 (Table 5.36) O SD</td>
<td>O SD</td>
<td>O SD</td>
</tr>
<tr>
<td>R2</td>
<td>RQ3 (Table 5.37) O SD</td>
<td>O SD</td>
<td>O SD</td>
</tr>
<tr>
<td>R3</td>
<td>RQ4 (Table 5.35) Net congruence +5 +6</td>
<td>+2 +3</td>
<td>+3 +5</td>
</tr>
</tbody>
</table>

| Net congruence | (93, 35) | (59, 28) | (46, 13) |
| (33, 9)        | (30, 9)  | (12, 2)  |
| (5, 6)         | (2, 3)   | (3, 5)   |

**Key:**

<table>
<thead>
<tr>
<th>Shading density (SD) value</th>
<th>SD %age</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>No evidence</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>A trace of evidence</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
<td>Some identifiable evidence.</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
<td>Significant evidence.</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
<td>A great deal of evidence.</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>Complete evidence.</td>
</tr>
</tbody>
</table>

*Source: Developed for this research*
5.4.5.1 Conclusive findings for Franchise C

RQ1 How important is the franchise brand to the success of the franchise?

The very significant importance of the franchise brand to the success of Franchise C is supported consistently throughout the franchise, in each of the three cohorts. This support is unqualified and was voiced using unequivocal expressions.

RQ2 In what ways is the brand construct understood within NZ franchises?

Understanding of the brand in Franchise C is voiced in all of the six facets of Kapferer’s (2004) model by cohort Fo. Cohort Fo expressed an appreciation of the franchise brand that could readily be compared to Kapferer’s model. Cohort Fo were unanimous in their selection of opportunity as the brand essence. The degradation in brand understanding from cohort Fo to cohort Fe to cohort ESOFe was marked. Cohorts Fe and ESOFe have a more simplified view of the brand that was triangulated on physique, personality and relationship and the cohesion of these facets was undermined by significant inconsistency in expressing the brand essence. Figure 5.4 reflects a composite expression of the voices of all participants in Franchise C, illustrated using Kapferer’s model.

RQ3 How is the understanding in research question two created and maintained within NZ franchises?

The brand understanding in Franchise C was found to be driven by compliance to explicit brand knowledge, centred on the brand physique. There is limited opportunity for brand dialogue, particularly between cohorts ESOFe and Fo and ESOFe and Fe, consequently brand understanding is determined by manuals, induction and training, but the process is a static, rather than dynamic one. Tacit knowledge of the brand is evident, but is incidental, intuitive and not accorded great importance in brand management planning.
RQ4

Are the findings in research questions one, two and three consistent throughout the franchise structure?

Consistency was found with respect to the expressed importance of the brand throughout the franchise system structure. Brand understanding was found to be less consistently displayed and understanding was found to degrade from cohort Fo to cohort Fe to cohort ESOFe. The creation and maintenance of brand knowledge are found to be viewed as a function of cohort Fo, with high valence place on compliance.
5.5 Cross-case analysis

5.5.1 Introduction

Eisenhardt and Graebner (2007) confirm that in a multiple case study “each case serves as a distinct experiment that stands on its own as an analytic unit” (p. 25). Each separate case serves to replicate, contrast or extend emerging themes and theory. Conducting multiple cases therefore enables comparison between cases that can confirm or refute findings in a prior case, test rival explanations and determine if emergent findings are idiosyncratic or consistently replicated throughout cases.

If cross-case analysis is to be utilised, Eisenhardt and Graebner (2007), Patton (2002), Stake (1995) and Yin (2009) all specify that this must be completed after individual case analysis. The individual cases analyses for Franchises A, B and C were completed earlier in Chapter 5 and data analysis and findings can now presented by comparing and contrasting the three cases against each of the four central research questions.

The cross-case analysis is accomplished using “case-ordered effects meta-matrices” (Miles & Huberman, 1994, p. 211). Miles and Huberman suggest that the meta-matrix, which is a master chart which assembles descriptive data from each of several cases in a standard format, is the basic building block for cross-case analysis.

5.5.2 Research question one (RQ1)

*How important is the franchise brand to the success of the franchise?*
Table 5.40  
A comparison of the importance of the franchise brand between the franchise cases

<table>
<thead>
<tr>
<th>Franchise case</th>
<th>Cohort Fo (Franchisor and franchisor management)</th>
<th>Cohort Fe (Franchisee and franchisee management)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
<th>Document analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(67, 37) ≡ (60, 40)</td>
<td>(100, 67) ≡ (100, 60)</td>
<td>(38, 23) ≡ (40, 20)</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(75, 51) ≡ (80, 60)</td>
<td>(100, 87) ≡ (100, 80)</td>
<td>(56, 36) ≡ (60, 40)</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(100, 65) ≡ (100, 60)</td>
<td>(100, 80) ≡ (100, 80)</td>
<td>(100, 58) ≡ (100, 60)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Developed for this research.

The manifest frequency effects are generated from quantitisation of classical content analyses. Exact quantitative comparisons between the three cases are concluded to be incompatible with the broader scope of analysis that the manifest effects are designed to facilitate. Hence, when comparing the occupancy and shading density values between cases, as in Table 5.40, care has been taken to convert values to the fixed interval to which they are most equivalent (≡). This involves converting the value expressed to the closest value to 0, 20, 40, 60, 80 and 100.

The three franchises all view their franchise brands to be important, but in different ways. The manifest frequency effect of occupancy and the manifest intensity effect of shading density both increase from Franchise A to Franchise B to Franchise C. This reflects the degree of importance voiced by analysis of data sources for each franchise brand.

In each franchise case there is a degradation of importance from cohort Fo to cohort Fe and from cohort Fe to cohort ESOFe. This degradation is most obvious in Franchise A, and
least obvious in Franchise C. This infers that the greatest reduction in the voiced importance of the franchise brand is at its point of interface with customer and prospect groups. Franchise A faces the obstacle of high staff turnover in cohort ESOFe, in which participants are relatively lowly paid employees, whereas participants within cohort ESOFe of Franchise C are a mixture of employees and franchisee courier drivers. In addition, the importance of the franchise brand in Franchise C is found to maintain its importance throughout the franchise structure due to the effort placed on compliance by cohort Fo and cohort Fe.

5.5.3 Research question two (RQ2)

In what ways is the brand understood within NZ franchises?

The case-ordered effects meta-matrix in Table 5.41, comprises the occupancy and shading density matrices that profile brand understanding in each of the franchise cases. A visual comparison indicates that the understanding in Franchise A, when compared to the different facets of Kapferer’s (2004) model is less shaded (occupancy) and less intensely shaded (shading density) than the matrices for Franchises B and C.

The matrices for Franchises B and C are shaded to an almost identical degree in terms of both occupancy and shading density. This places the focus of difference on Franchise A, which also accorded the least importance to the franchise brand in Table 5.40. The understanding of brand in Franchise A was found to be more simplistic than that in Franchise B and C. Franchise A was also found to voice a brand essence and brand attributes that were not congruently held throughout the franchise structure and the most likely brand essence was found to fall short of the expectations specified by Kapferer (2004) for a brand essence and brand attributes. All these findings suggest a comparatively higher opportunity cost for Franchise A, in failing to leverage the franchise brand’s ability to confer sustainable competitive advantage (Kapferer, 2001).
Table 5.41
A comparison of brand understanding between the franchise cases

<table>
<thead>
<tr>
<th>Franchise A</th>
<th>Cohort Fo</th>
<th>Cohort Fe</th>
<th>Cohort ESOFe</th>
<th>Document Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>R1</td>
<td>Physique</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R2</td>
<td>Personality</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R3</td>
<td>Culture</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R4</td>
<td>Relationship</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R5</td>
<td>Customer reflection</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R6</td>
<td>Self-image</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R7</td>
<td>Brand essence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R8</td>
<td>Articulation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R9</td>
<td>Brand attributes</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(37, 10) ≡ (40, 20)

<table>
<thead>
<tr>
<th>Franchise B</th>
<th>Cohort Fo</th>
<th>Cohort Fe</th>
<th>Cohort ESOFe</th>
<th>Document Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>R1</td>
<td>Physique</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R2</td>
<td>Personality</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R3</td>
<td>Culture</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R4</td>
<td>Relationship</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R5</td>
<td>Customer reflection</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R6</td>
<td>Self-image</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R7</td>
<td>Brand essence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R8</td>
<td>Articulation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R9</td>
<td>Brand attributes</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(56, 17) ≡ (60, 20)

(40, 10) ≡ (40, 20)

(29, 7) ≡ (20, 0)

(table continues)
Table 5.41 (continued)

<table>
<thead>
<tr>
<th>Franchise C</th>
<th>Cohort Fo</th>
<th>Cohort Fe</th>
<th>Cohort ESOFe</th>
<th>Document Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>R1</td>
<td>Physique</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R2</td>
<td>Personality</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R3</td>
<td>Culture</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R4</td>
<td>Relationshi p</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R5</td>
<td>Customer reflection</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R6</td>
<td>Self-image</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R7</td>
<td>Brand essence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R8</td>
<td>Articulation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R9</td>
<td>Brand attributes</td>
<td></td>
<td>(56, 20) ≡ (60, 20)</td>
<td></td>
</tr>
</tbody>
</table>

Key:

<table>
<thead>
<tr>
<th>Shading density value</th>
<th>SD</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>There is no congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>There is little congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>There is some observed congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
</tr>
<tr>
<td>3</td>
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<td>There is significant observed congruence between the expressed understanding of brand and that represented by the brand identity model by Kapferer (2004).</td>
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</tr>
</tbody>
</table>

Source: Developed for this research
A closer comparison of the matrices for Franchises B and C shows that Franchise B has higher occupancy and shading density for articulation, whereas Franchise C exhibits little voiced articulation, but a more intensely shaded physique facet. This is observed to relate to the significant compliance effort in Franchise C and the consistency of the physique of their franchise brand over time. Both of these factors were observed to be demonstrably less evident in Franchise B. The manner in which the brand does not occasion articulation, discussion and dialogue in Franchise C, but instead demands compliance is expected to reduce an awareness of brand articulation and increase the awareness of the physique of the franchise brand. One explanation of the stronger voice for articulation in Franchise B was the ongoing discussions relating to the 2007 brand modification, which only received limited acceptance. This brand modification represented an opportunity to accelerate the understanding of the brand throughout the franchise structure, but under-performed in this aspect due to the lack of involvement of cohorts other than cohort Fo and brand management practices that were stratified, hierarchical and didactic.

5.5.4 Research question three (RQ3)

How is the understanding in research question two created and maintained within NZ franchises?

The matrices representing the coded responses to contributory research questions and themes that inform RQ3 (5.10, 5.11, 5.22, 5.23, 5.33 and 5.34), were sufficiently limited in terms of both occupancy and shading density that they were omitted from this cross-case analysis. The analytic focus was instead directed at a comparison of a composite of the summary tables (5.15, 5.26 and 5.37) and the narrative analyses that inform this research question. The case-ordered effects meta-matrix in Table 5.42 facilitates this analysis.
Table 5.42
A comparison of brand knowledge SECI processes between the franchise cases

<table>
<thead>
<tr>
<th>Franchise A</th>
<th>Cohort Fo (Franchisor and franchisor management)</th>
<th>Cohort Fe (Franchisee and franchisee management)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Table 5.10 and Table 5.11 (R1) (The SECI process, brand communication and brand training)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>O</td>
<td>SD</td>
<td>O</td>
</tr>
<tr>
<td></td>
<td>Table 5.11 (R2, R3) (The brand knowledge spiral and knowledge transfer compatibility)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>O</td>
<td>SD</td>
<td>O</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Franchise B</th>
<th>Cohort Fo (Franchisor and franchisor management)</th>
<th>Cohort Fe (Franchisee and franchisee management)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Table 5.22 and Table 5.23 (R1) (The SECI process, brand communication and brand training)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>O</td>
<td>SD</td>
<td>O</td>
</tr>
<tr>
<td></td>
<td>Table 5.23 (R2, R3) (The brand knowledge spiral and transfer compatibility)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>O</td>
<td>SD</td>
<td>O</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Franchise A</th>
<th></th>
<th>Franchise B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(57, 16)</td>
<td></td>
<td></td>
<td>(19, 5)</td>
</tr>
<tr>
<td>(0, 0)</td>
<td></td>
<td></td>
<td>(13, 3)</td>
</tr>
<tr>
<td></td>
<td>Franchise A</td>
<td></td>
<td>Franchise B</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(62, 19)</td>
<td></td>
<td></td>
<td>(33, 7)</td>
</tr>
<tr>
<td>(17, 3)</td>
<td></td>
<td></td>
<td>(0, 0)</td>
</tr>
</tbody>
</table>

*(table continues)*
Table 5.42 (continued)

<table>
<thead>
<tr>
<th>Franchise C</th>
<th>Cohort Fo (Franchisor and franchisor management)</th>
<th>Cohort Fe (Franchisee and franchisee management)</th>
<th>Cohort ESOFe (Customer-contact employees and single-operator franchisees)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>O</td>
<td>SD</td>
<td>O</td>
</tr>
</tbody>
</table>

Table 5.34 and Table 5.36 (R1) (The SECI process, brand communication and brand training)

Table 5.35 (R2, R3) (The brand knowledge spiral and transfer compatibility)

<table>
<thead>
<tr>
<th>(42, 11)</th>
<th>(38, 11)</th>
<th>(16, 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(0, 0)</td>
<td>(0, 0)</td>
<td>(0, 0)</td>
</tr>
</tbody>
</table>

Key:

<table>
<thead>
<tr>
<th>Shading density (SD) value</th>
<th>SD</th>
<th>Quantitisation criterion for each scale of shading density</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>SD</td>
<td>No evidence</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>A trace of evidence</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>Some identifiable evidence.</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>Significant evidence.</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>A great deal of evidence.</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>Complete evidence.</td>
</tr>
</tbody>
</table>

Source: Developed for this research

The lack of evidence of processes that create, develop and maintain brand knowledge in each of the three franchise cases is illustrated by the case-ordered effects meta-matrix in Table 5.42. The addition of the themes of communication and brand training to inform research question three encouraged some evidence of brand knowledge creation processes, as did voiced socialisation processes as a recognised conduit for the communication of brand
knowledge. The meta-matrix presented may have appeared substantially different if the brand knowledge creation processes were restricted solely to explicit brand knowledge creation. Franchise systems rely on the replication of a franchise format, of which the franchise brand is an important part. The replication of franchises is based on standardisation (Streed, 2007), and the management of the subsequent tension between that standardisation and the adaptation necessary to respond to changes in the commercial context in which franchises exist is a critical issue for franchise management (Kauffman & Eroglu, 1998). Replication of the explicit aspects of the franchise format is readily achieved as explicit knowledge transfer is compatible with less-rich knowledge transfer mechanisms (Windsperger & Gorovaia, 2007) and these less-rich knowledge transfer mechanisms, such as manuals, newsletters, internet and intranet are ubiquitous and cost-effective to replicate and transfer.

This research, however, has held brand to incorporate both explicit and tacit knowledge and that the tacit brand knowledge is of increasing importance in continuously creating and maintaining sustainable competitive advantage (de Chernatony, 2006; Kapferer, 2004; Akutsu & Nonaka, 2004). The lack of coded data to inform RQ3 is therefore held to be a result of the prevalent existence of explicit brand knowledge and the comparative diminished existence of tacit brand knowledge in each of the three franchise cases. It also reflects a shortcoming in the research design in the use of extensive interview and document analysis in order to assess the developmental process of brand understanding, in which tacit knowledge is central. Tacit knowledge is not easily accessed using the data collection methods chosen. This aspect is elaborated further in sections 7.4, Limitations and 7.5, Research opportunities identified.

Despite the lack of coded data and restricted narrative analysis, that which does exist, combined with the persistent observation and prolonged engagement of the researcher with each of the franchise cases supports some limited findings. Despite Franchise B completing a 2007 brand modification, the three franchise brands are found to be relatively static. A brand
can be static, but still incorporate a logo change or a change of the physique of the brand, as occurred in Franchise B. The dynamism of a brand refers more to planned efforts to continuously create knowledge of the brand such that its articulation evolves and that a more robust articulation is held with increasing congruence throughout the organisation.

Franchise A has a well-recognised brand physique, but the brand is found to be under-articulated and reflects a simplified understanding that degrades rapidly, relative to Franchises B and C, through the three cohorts identified. There are few recognisable processes to manage the contextual and dynamic development of the brand.

Franchise B considers its franchise brand more important in leveraging competitive advantage than Franchise A. This importance is translated into a more sophisticated understanding of brand, but again the franchise brand of Franchise B appears relatively static. In comparison to Franchise A it is less static and the observation therefore requires justification. Franchise B managed a brand modification in 2007 that was intended to involve significantly more than the physique of the brand, but it was a modification that was almost exclusively determined by one member of cohort Fo. Franchise B does not evidence processes that maintain a dialogue around the brand. Few planned efforts were observed that could be interpreted as the creation and maintenance of brand knowledge.

Though Franchise C holds its franchise brand to be more important than Franchise A and Franchise B and though Franchise C exhibited as sophisticated an understanding of its franchise brand as Franchise B, nevertheless its brand was probably the most static of the three franchise brands. Franchise C has a brand, the physique of which is carefully specified and compliantly maintained. It is a strong brand in terms of the consistency of importance and understanding throughout the franchise structure, but it is a brand that is less robustly articulated beyond the physique facet and, to a lesser extent, its personality and relationship facets. There are few observed processes for creating brand knowledge, other than the explicit knowledge of the physique that is thoroughly specified.
The three franchise brands are voiced as important to the three franchise cases and there is evidence of brand articulation that can be compared to the brand identity prism (Kapferer, 2004). Brand understandings are assessed to be more sophisticated than a two-dimensional model on the continuum of brand understanding (Billot, 2000c), especially in the case of Franchise B and C. Yet, the process of brand management in all three franchise cases is focused on compliance with the specification of the brand physique. The more the brand is defined by its functional characteristics the more short lived its competitive advantage will be (de Chernatony, 1998; Kapferer, 2001). The articulation of non-functional characteristics relies on tacit knowledge (Akutsu & Nonaka, 2004) yet processes that involve the interaction of explicit and tacit knowledge were not observed to be part of planned brand management practices in any of the franchise cases.

5.5.5 Research question four (RQ4)

Are the findings in research questions one, two and three consistent throughout the franchise structure?

This research considers three different parts of the franchise structure by examining the voice of three different cohorts, that of cohort Fo (franchisor and franchisor management), cohort Fe (franchisee and franchisee management) and cohort ESOFe (customer-contact employees and single-operator franchisees). The aspect of the franchise brand that can be seen to be the most congruently held by all three cohorts and thereby throughout the franchise structure is the importance of the franchise brand to the success of the franchise business. Though this is still subject to degradation from cohort Fo to cohort Fe to cohort ESOFe.

Congruence of brand understanding throughout the franchise structure is represented within this research in a number of ways. It is represented by the degree of concordance identified at level two KWIC analysis for brand essence and brand attributes, it is represented by the comparative understanding of the brand facets of the brand identity prism (Kapferer,
it is represented by the voiced articulation in level three analysis and it is represented by answers to prompt interview questions relating to congruence of brand understanding, both between and within, cohorts.

Possibly the most reliable indicator of congruence is the expression of brand essence. The findings of leading researchers and acknowledged authors on brand, including Aaker and Joachimsthaler, Akutsu and Nonaka, de Chernatony, Kapferer, Keller and Upshaw, consistently support the proposition that the brand essence is the enduring core of the brand and a distillation of all of its attributes and qualities. The brand essence can be expressed as a word, several words or a phrase. Neither Franchise A, nor Franchise B, nor Franchise C, voiced a brand essence that could be even liberally interpreted as exhibiting congruence throughout the franchise structure.

Franchise A voiced coffee and service, but neither of these expressions was congruently voiced within or between cohorts. In Franchise B words relating to trust resonated and were congruent within cohort Fe, but each participant from cohort Fo voiced a different expression. In Franchise C the expression opportunity was congruently expressed by cohort Fo, but this expression was not repeated by any other participant as the brand essence or as a brand attribute. The other representations of congruence of brand understanding support the finding that brand understanding exhibits only partial congruence in each of the three franchise cases.

The presence of a spiral of increasing brand knowledge and understanding (Akutsu & Nonaka, 2004; de Chernatony, 2006) and sensitivity to the requirement to match contractible (explicit) knowledge with less-rich information transfer mechanisms and incontractible (tacit) knowledge with more-rich information mechanisms (Windsperger & Gorovaia, 2008), was not evident in any franchise case, in any cohort, to any significant degree. A consideration of consistency throughout the franchise structure for research question four is therefore not
considered and a case-ordered effects meta-matrix is assessed to add nothing to this consideration.

5.5.6 Conclusive findings of the cross-case analysis

- The franchise brand was accorded more importance in Franchise C than in Franchise A and Franchise B. This finding was consistent in all cohorts in the franchise structure. This comparative importance was found to be a function of the maturity of the franchise system, the enduring nature of the brand’s physique and the high value placed on compliance. The franchise brand was still found to carry significant voice concerning its importance in Franchise A and Franchise B, but compliance was inconsistent. Though there was a degree of degradation in the voiced importance of the franchise brand from cohort Fo to cohort Fe to cohort ESOSFe, in each of the three franchise cases, this serves only to moderate the finding that the franchise brand was voiced as important to the success of each franchise, throughout the franchise structure.

- The brand understanding in Franchise A was less complex, less fully articulated and less congruently understood by each of the three identified cohorts than was the case for Franchise B and Franchise C. The brand understandings represented in Franchise B and C were not fully articulated and little congruence of understanding was observed between the cohorts.

- The brands in Franchise A, B and C were found to be comparatively static. Not because the brands’ physique had not changed, but more because they had been predominantly articulated for the physique facet on franchise initiation. The brands were not subsequently the subject of managed processes to create and maintain brand knowledge throughout the franchise structure, thereby evolving the brand in response to internal and, more particularly, external factors.

- If the consistent importance of the brand to the success of the franchises was the most positive finding in the cross-case analysis, the lack of congruent understanding within and between the specified cohorts was the most negative finding. Brand understanding degrades in a number of ways from cohort Fo to Fe to ESOSFe. One of the reasons for this is the inadequately articulated franchise
brands, particularly in Franchise A and Franchise C. Another reason for heterogeneous understanding of the franchise brand is the absence of brand management systems to articulate, communicate and review the brand in a way that involves more than cohort Fo.

- The process of brand articulation and communication in Franchises A, B and C involves the cohort Fo establishing the brand dynamics and then explicitly defining them to cohort Fe through franchise agreements and manuals. The process is relatively stratified, hierarchical and uni-directional. This approach to articulation and communication of the brand was found to restrict understanding of the franchise brand in cohorts Fe and ESOFe.

- Once established and specified from a physique perspective during the initiation phase of the franchise, the three franchises researched have subsequently focused on compliance of those physique facets of brand identity to the partial exclusion of other aspects of franchise brand management.

The six conclusive findings elaborated are inter-related and support the statement of a micro-level theory. Neuman (2003) views micro-level theory as operating on small numbers of people and distinguishes it from meso-level theory that operates on organisations and communities and macro-level theory that operates on social institutions and whole societies. The operation of the micro-level theory is therefore restricted to the three franchises researched.

The theory states a relationship between evidenced characteristics of franchises and brand. The stratified structure of the franchises supports a hierarchy of power that reduces from the franchisor (cohort Fo) to the franchisee (cohort Fe) to customer-contact employee or single-operator franchisee (cohort ESOFe). Most of the communication of brand knowledge within the franchises follows the direction of this hierarchy and is dominated by the communication of explicit brand knowledge. There is limited opportunity for members of cohorts Fe and ESOFe to display creative activism (Billot, 1998) in proactively seeking to affect brand understanding. The franchise brand is dynamic, evolving and context-dependent. These brand characteristics demand dialogue and managed personal interaction and discourse,
since sustained competitive advantage is leveraged less from explicit brand knowledge than implicit brand knowledge and implicit knowledge requires rich transfer mechanisms. A tension is therefore predicted between the franchise structure and the restrictions that such structure places on understandings of the franchise brand in these three franchises.

5.6 Summary

The data analysed in this chapter were sourced from three franchises, two of which, Franchise A and Franchise B, were relatively small franchises on the basis of a tri-national comparison of the number of franchisees in each franchise (Table 2.1), while the other, Franchise C, was larger than the average size of a franchise in both Australia and the USA, using the same quantitative comparison. Though they displayed significant variation in terms of comparative size, they displayed significant commonality in the way in which the franchise brand is understood within each franchise, and the processes by which this understanding is created and maintained.

Data analysis was completed by each franchise case in relation to each central research question within each franchise case. Three levels of intensifying analysis were applied to the data to generate findings in each individual case. Case-ordered meta-matrices were then employed to compare and contrast these three individual cases in a cross-case analysis. The cross-case analysis produced conclusive findings. These findings were found to be inter-related and supported a micro-level theory, restricted to the three franchise cases researched.

In each franchise case significant opportunity was found to improve brand understanding. An improved brand articulation, combined with carefully structured communication of that articulated brand may lead to more homogeneous interpretations of the brand which may lead to less dissonance between franchise promises, customer expectation and realised delivery.
The cross-case analysis employed both comparison and contrast to generate findings, though these findings and the resultant micro-level theory were carefully restricted to the context of the three researched franchises. In Chapter 6 a discussion carefully extends these findings beyond the context of Franchise A, Franchise B and Franchise C.
CHAPTER 6: DISCUSSION OF FINDINGS

6.1 Introduction

Chapter 5 detailed initial findings for the four central research questions in each of the three individual case studies, thus heeding the advice of Carson et al. (2001) and Patton (2002), to complete case analysis before cross-case analysis. The findings for the individual cases were stated as preliminary, but could be stated with a degree of certainty. The cross-case analysis that followed the individual case analysis, also in Chapter 5, strengthened the individual case findings, by contrasting and comparing the analysis of the three franchise cases. The cross-case analysis also encouraged robust and conclusive findings based on the population of the three selected franchise cases. These findings facilitated the generation and expression of a micro-level theory concerning the franchise brand in these three franchises.

This research now moves beyond the cases themselves to provide an opportunity to assert propositions and emergent meso-level theory that can be extended to, or stated for a number of different populations. Meso-level theory links the micro-level theory that operates on individuals and groups with the macro-level that operates on social institutions, cultural systems and whole societies (Neuman, 2003). In this research propositions and emergent meso-level theory are seen to operate on three different types of organisation; NZ franchises, franchises that are not constrained by national contexts and organisations that are not limited to franchises.

The process of assertion beyond the investigated cases in case-based research is theoretically supported. Patton (2002) refers to this process as extrapolating, and refers to extrapolation processes that are logical, thoughtful and case-derived, but not statistical or probabilistic. Stake (1995) supports this process in observing that “an ethic of caution is not contradictory to an ethic of interpretation” (p. 12), but he more recently restrains the
boundaries of that interpretation by advocating the particularities of the case, as opposed to any grand generalisations that may be made from a comparison of cases (Stake, 2003). Eisenhardt and Graebner (2007) encourage the development of theory and propositions, particularly from multiple cases, by concluding that “building theory from cases is likely to produce theory that is accurate, interesting, and testable” (p. 25).

In order to maintain the credibility of any assertions, conclusions, propositions and theory building expressed within this discussion of findings, it is considered necessary to re-state the researcher’s position. Thereby any likely bias is declared and the particular lens through which the research is conducted is elucidated, enabling a healthy skepticism to be applied to the findings. In section 1.5, p. 10, the researcher elaborated the interpretive community with which he identifies as social constructivist (Denzin & Lincoln, 2003b; Schwandt, 2003), while also acknowledging the influence of pragmatism (Johnson & Onwuegbuzie, 2005) and the eastern, rather than western, interpretive framework elaborated by Nonaka and Takeuchi, 1995, which distinguishes between explicit and tacit knowledge. These references surface some of the philosophical assumptions that contribute to the researcher’s lens, but further elaboration of that lens is held to be necessary.

The researcher has been involved in franchising for a prolonged period as a franchise initiator, franchisor, regional franchisee and local franchisee. Experience has therefore been shared with cohort Fo and cohort Fe, yet any ability to advocate (Creswell, 2003) on behalf of one of the cohorts researched would be applied to cohort ESOFe. The ESOFe participants interviewed expressed uniform, but not unanimous, support for their franchise and its franchise brand. Many had valuable insights to offer concerning the franchise brand, yet, despite the existence of Franchise Advisory Councils in Franchise C, the involvement of cohort ESOFe in creating and maintaining the evolutionary development of the franchise brand was minimal. The franchise brand was created by cohort Fo and maintained more by a process of compliance that was effected through the vertical structure of the franchise in the
direction of cohort Fo to cohort Fe to cohort ESOFe. The research design for this research has been carefully and iteratively constructed to minimise bias, but the researcher’s lens is elaborated by the acceptance of bias in favour of cohort ESOFe.

This chapter seeks to assert propositions and theory in the following way, illustrated in Figure 6.1. The first six chapters are briefly summarised, in section 6.2, in order to contextualise the theory and propositions and link them to the research design. This summary is completed in such a way that the propositions and theory are seen to flow appositely from the research. Having summarised the previous chapters to pare down the argument to its core, conclusions are drawn for each of the four central research questions in Sections 6.3, 6.4, 6.5 and 6.6. These conclusions are initiated by consideration of the three cases studied, but are then carefully extended beyond them. This process generates seven propositions.

In section 6.7 managerial implications are surfaced, resulting in two additional propositions. The inclusion of Patton’s (2002) requirement for praxis, in section 4.4, as a means of supporting the authenticity of this research, presaged the importance of managerial implications to this research. This involvement provides the imperative and determination to offer research that, in time, will positively affect franchise operation and performance. Section 6.8 summarises the discussion of the findings and expresses the meso-level theory that the stated propositions in this chapter generate and support.
Figure 6.1
Outline of chapter 6
Discussion of findings

6.1 Introduction

6.2 The argument from Chapter 1 through Chapter 5

6.3 Propositions generated by RQ1

6.4 Propositions generated by RQ2

6.5 Propositions generated by RQ3

6.6 Propositions generated by RQ4

6.7 Managerial Implications

6.8 Summary

Source: Developed for this research
Chapter 1 underwrote the credibility of this research by instantiating the economic importance of franchising to the NZ economy and the importance of brand to franchises. The importance of brand to the NZ economy was therefore syllogistically supported. This importance contrasted with the limited research on brand within franchises, and the observed absence of research when the context of franchising is restricted to the NZ locus. The research problem is viewed as the evident absence of research in an area of such demonstrated importance, resulting in a dearth of independent research to inform the understanding of brand within NZ franchises.

The research problem generated an initial expression of the research question, which was then collapsed and restated as four central research questions (RQ);

RQ1  \textit{How important is the franchise brand to the success of the franchise?}

RQ2  \textit{In what ways is the brand understood within NZ franchises?}

RQ3  \textit{How is the understanding in RQ2 two created and maintained within NZ franchises?}

RQ4  \textit{Are the findings in RQ1, RQ2 and RQ3 consistent throughout the franchise structure?}

The research focus was seen as taking research on franchising away from the historical focus of theories on ownership redirection, causality and the plural form of franchising from the franchisors’ perspective, toward research that satisfied the stated expectations of Combs and Ketchen, (2003), Combs et al. (2004), Dant (2008) and Elango and Fried (1997) in researching, in an international context other than the USA, an aspect of the operation of franchising using primary data collected from franchisors, franchisees and employees.

In Chapter 1, the researcher’s positioning within an interpretive community was elaborated (Denzin & Lincoln, 2003b), as an essential prerequisite to reduce idiosyncrasy and
declare possible sources of bias. The researcher declared identification with relativist ontology and an interpretive epistemology. This identification was further detailed as constructivist within Denzin and Lincoln’s typology. Contributory and partial reference was also made to social constructivism (Scwandt, 2003) and pragmatism (Johnson & Onwuegbuzie, 2004). This positioning of the researcher is asserted to be consistent throughout this research and central to it.

In Chapter 2 several perspectives were utilised to assemble the nature of the context for this research, which is NZ franchises. These perspectives included identifying extant research contributions and researchers, briefly comparing NZ franchising with that in the USA and Australia, describing the history of franchising in NZ and delineating that which comprises a franchise in NZ in both commercial and legal terms. The current debate in NZ concerning franchise-specific legislation was also used to illuminate the nature of the context for this research.

In Chapter 3, a review of literature focused first on franchising and then on brand, the two constructs that form the nexus that this research addresses. The three theories relating to causality for franchising were not found to inform the central research questions directly. Brand was examined from a number of perspectives to triangulate a robust meaning for it. Brand was identified as a contextual, dynamic and evolving concept which a model would more readily explicate. Five models were examined, and one representing the brand identity, by Kapferefer (2004), was chosen for this research, since it is the brand identity that best represents the brand within the organisation, which is the focus of the research questions. A naïve-complex continuum of brand understanding (Billot, 2008c) was also described. This continuum incorporated three of the examined models to facilitate an assessment of the relative sophistication of brand understanding at an individual, cohort or franchise level.

The research questions also demanded an examination of how brand knowledge is created and maintained. The lack of theory specifically informing this examination resulted in
the use of Nonaka and Takeuchi’s (1995) theory of knowledge creation as a means of identifying brand knowledge creation processes within NZ franchises. During the continuous reading throughout this research, the choice of this theory was reinforced by research completed by Akutsu and Nonaka (2004) and de Chernatony (2006) which were found to have applied the knowledge creation theory to one of the central constructs within this research, brand.

A research hiatus was identified and was defined by referring to four pieces of research that most closely parallel this research. One of these, by Pitt et al. (2001), examined brand within a franchise while another by Windsperger and Gorovaia (2008) examined aspects of knowledge transfer within Austrian franchises. The literature review resulted in the expression of 16 contributory research questions to directly inform the four central research questions, while being supported by extant literature.

The chosen qualitative methodological approach was justified in Chapter 4. In order to support the credibility of the findings emanating from this approach, the concept of authenticity and its contributory referents of credibility, transferability, confirmability and dependability (Lincoln & Guba, 1999) were operationalised within this research through the partial or total implementation of 15 out of 16 specified techniques based on research by Carson et al. (2001), Creswell (2003) and Patton (2002).

Creswell’s (2003) typology of five strategies of inquiry was used to select case-based research to inform the research questions. The sample cases, in the collective, instrumental case study (Stake, 1995) were selected purposively using sequential, theoretical processes. In this way three franchise cases, called Franchise A, Franchise B and Franchise C were identified from an approximated population of 350 franchise systems (MED, 2008). No more cases were selected as data saturation was observed.

Within each franchise case selected, three cohorts were identified to represent different discrete parts of the franchise structure and this facilitated informing the four central research
questions from different perspectives within the selected franchise cases. The three cohorts were franchisor and franchisor management (cohort Fo), franchisee and franchisee management (cohort Fe) and employees or single-operator franchisees (cohort ESOFe).

Semi-structured interviews were conducted with participant representatives of each cohort. Fifteen interviews were planned for each franchise, three from cohort Fo, three from cohort Fe and 9 from cohort ESOFe. The nine interviews in cohort ESOFe involved three participants from each of the franchisees represented in cohort Fe. The data derived from the interviews was triangulated with data derived from document analysis within each franchise.

Having collected the data, the data analysis of both interviews and documents was completed and reviewed with the assistance of a CAQDAS, NVivo8 (QSR Pty. Limited, 2009). Three levels of analysis were utilised to address each of the four central research questions in each of the franchise cases. The purpose of these three levels of analysis was twofold. The levels of analysis enabled a progressively intense analysis by using richer descriptions when aspects of contention were identified at an earlier level of analysis. Their use also permitted a balance between the need to reduce a significant amount of textual data to code, while retaining the richness of the participants’ voices.

Level one analysis engaged classical content analysis to reduce text to code. The codes were largely defined by the contributory research questions, though some were generated by the coding process itself. Once coded, the codes were quanititised (Tashakkori & Teddlie, 2003) and converted into a manifest frequency effect, called occupancy, and a manifest intensity effect, called shading density. These two effects are presented for analysis as both visual scales and scores. The second level of analysis used key words in context (KWIC) (Ryan & Bernard, 2003) to facilitate examination of the key words in coded text within the context in which they were voiced. The third level of analysis employed parts of the participants’ narratives to develop the researcher’s own narrative that addressed negative case analysis and rival explanations emerging from the two previous levels.
The analyses were completed separately for Franchise A, Franchise B and then Franchise C, and included summaries within which conclusive findings were stated for each research question within each franchise. The three franchise cases were then considered together in a cross-case analysis and were presented for visual and arithmetic analysis using case-ordered effects meta-matrices. Again conclusive findings were generated from the cross-case analysis in Chapter 5 and these findings were used to develop a micro-theory (Neumann, 2003), applying to the three franchise cases.

6.3 Propositions generated by research question one (RQ1)

RQ1 How important is the franchise brand to the success of the franchise?

The importance of brand to the success of organisations was established by reference to Aaker (1996), Aaker and Joachimsthaler (2000), de Chernatony (2006), Kapferer (2004) and Keller (2008) in Chapter 3, and these organisations were specified to the context of franchises by Pitt et al. (2003), FANZ (2009) and Frazer et al. (2005). The question posed to participants within the semi-structured interviews was not if the brand was important, but how important it was to them as a contributor to the success of their franchise. Their responses were not guided by a multi-choice question yet the type of words used to convey this importance in each of the three franchise cases was consistent and unequivocal. Very important and very, very important were the two most frequently used expressions voiced in Franchise A. Vital and critical were voiced in Franchise B and second-to-none and it’s everything in Franchise C.

Franchises throughout the world reflect the importance of the franchise brand to their franchise businesses and protect its use by registering trade marks and comprehensively
defining their intellectual property rights in their brands through several clauses in their franchise agreements. Franchises take considerable trouble and apply significant resources to ensure that the physique of the brand is detailed in their manuals and in achieving compliance to the specification detailed. Franchise systems often use their brand as their corporate trading name and this intensifies the use of the franchise brand as a trade mark.

Justis and Judd (2003) identify three major components in a franchise; the brand, the product or service and the payment or royalty. The conclusion that follows from the research in Chapter 1 through Chapter 5 is that, of these three major components, brand within franchises is the component that receives the least comprehensive attention with respect to planned management programmes and practices.

The first of these three major components, the product or service offering, was found to be the subject of a large proportion of the explicit instruction identified in the franchise manuals during document analysis. It is these manuals that define, in great detail, the system that is to be replicated by franchising. The core products and services of the franchise system are under constant review, are often the subject of training, field visits, dialogue toward improvements, compliance and the addition of new products, services, materials and methods within the franchise system. None of the three franchise systems researched, nor any other that the researcher is aware of, includes product and service offerings that are immutable.

The second component, the payment of an initial franchise fee and a regular payment from the franchisee to the franchisor as a royalty fee, are considered of great importance to the franchisor and are closely managed. Together they represent the major income stream for each stratum in the franchise that has another stratum subordinate to it. The payment of such fees is a pre-condition of franchise survival. Franchise agreements that were analysed for this research all contained powerful termination clauses for non-payment of these fees.

The third component identified by Justis and Judd (2003), the franchise brand, was found to be given a great deal of attention, reflecting the importance of the franchise brand to
the franchise, during franchise initiation. At this stage its physique, in terms of the brand identity model by Kapferer (2004), is carefully structured through logos, colour-ways, uniforms, vehicles, premises and equipment. Subsequent management of the franchise brand is focused on the maintenance or change of that physique facet, to the partial exclusion of the other specified facets of the brand.

Researchers are building an ever stronger opinion that it is the non-functional characteristics, represented largely by the tacit knowledge of the individual, the group and the organisation that provide sustainable competitive advantage, whereas that which can be readily communicated by explicit means, can, just as readily, be imitated. Brand management in the three franchises researched was firmly focused on that which can be seen, rather than the unseen aspects that can confer sustainable competitive advantage. The tendency for managers to focus on that which can be seen was emphasised by de Chernatony (2006) in adapting an *iceberg* metaphor, initiated by Davidson (1997). de Chernatony used the *iceberg* metaphor to communicate this visually-centred constraint in managers’ articulation of brand. de Chernatony suggested that only 15% of the brand’s leverage on competitive advantage is visible, while the other 85% is invisible and illustrated the significance of this to the brand by drawing on the dramatic story of the RMS *Titanic* to illustrate the significance of the impact of the unseen part of the brand. de Chernatony’s use of the iceberg metaphor accurately represented brand understanding in each of the three franchise cases in this research.

Figure 6.2 extends the iceberg metaphor to depict two icebergs, one represented as in de Chernatony (2006) and the other representing its inverse, which depicts the degree of management focus and effort toward the unseen aspects of the brand. In the three selected franchise cases it is assessed that 15% of the brands’ leverage on competitive advantage is visible and 85% invisible, but this is compounded by the assertion that 90% of management focus and effort is directed at the 15% that is visible and 10% at the 85% that is invisible.
Figure 6.2
The iceberg and inverse iceberg metaphor

15% of a brand’s leverage on competitive advantage is visible.

85% of a brand’s leverage on competitive advantage is invisible.

90% of management’s focus and effort is applied to the visible aspects of the brand.

10% of management’s focus and effort is applied to the invisible aspects of the brand.


In the NZ franchises researched, the physique facet of the brand identity was well specified in manuals and the legal status and ownership of the franchise brand were clearly protected in franchise agreements, for the benefit of the franchisor. The Fo and ESOFe cohorts yielded little influence in these areas of brand identity and brand management as they were contracted out of such influence by the standard form franchise agreement. This lack of influence of cohorts Fe and ESOFe on the articulation of the franchise brand, leads to the following proposition, which, arising from the particularities of the three cases studied, is directed at the population of NZ franchises.
Proposition 1

The franchise brand is consistently voiced as important to the success of the franchises. This importance is not found to be reflected in brand management practices. If effort within the franchise is directed toward defining a conceptual structure for the franchise brand, fully articulating all of its characteristics and communicating this to internal stakeholders through a regular dialogue about the franchise brand then an increase in sustainable competitive advantage will result.

6.4 Propositions generated by research question two (RQ2)

RQ2 In what ways is the brand construct understood within NZ franchises?

In Chapter 3, the brand was asserted to be a context dependent, dynamic and evolving construct. Understanding the brand is therefore always partial. The understanding of brand is also highly variable. It will vary in sophistication between individuals, intra-organisational groups and external stakeholders, within the same organisation. The understanding of brand will also exhibit variability between different organisations within the same industry sector and between different industry sectors. No matter if an individual, group or organisation has a relatively sophisticated understanding of that organisation’s brand, brand understanding will still be variable and can still therefore be advanced.

Propositions for research question two are expressed first for franchises in NZ and then for any organisation. Brand understanding within NZ franchises may be placed on a continuum of understanding that ranges from a point, at which the brand only exhibits sufficient information to differentiate it from another similar product or service, to a complex construct that may be represented by a multi-dimensional or multi-faceted model in which the
dynamic nature of the brand is recognised. The franchises researched encourage the following proposition;

**Proposition 2**

*If NZ franchises advanced their understanding of the franchise brand along a continuum of brand understanding toward the understanding illustrated by the brand identity model by Kapferer (2004), or other theoretically supported models that are contextually relevant, then they would leverage greater sustainable competitive advantage from their franchise brand.*

Proposition 2 is referenced to any organisation that follows a commercial model as, in most of these organisations the understanding of brand starts within that organisation. It is of reduced effectiveness to communicate the brand to external prospects when the organisation is not certain of that which should be communicated.

**Proposition 3**

*Brand understanding within an organisation needs to be developed in at least two ways over an organisation’s planning time-cycle. Firstly, the brand understanding of internal stakeholders must exhibit less divergence from an articulated brand model developed by the organisation. Secondly, changes in brand understanding are to be expected and are therefore reflected in evidenced adaptive brand management practices.*

### 6.5 Propositions generated by research question three (RQ3)

RQ3 *How is the understanding in RQ2 created and maintained within NZ franchises?*

Analysis of the three case studies suggests that the franchise brand is created by the franchisor and is maintained through a compliance process of varied effectiveness, but is not
developed as a continuous and programmed management process. Any observed development of a franchise brand was found to be expressed as a brand logo change or brand modification and occurred as a discrete and episodic event, as opposed to part of a continuous process.

Subsequent to data collection and much of the data analysis, Franchise A changed the physical characteristics of the franchise brand. In doing so it carefully identified that which it considered to be its significant point of differentiation, but focused on the logo, as opposed to including other aspects of the franchise brand. Franchise B also engaged in a significant brand modification process, but prior to data collection. It was evident that though the modification included facets other than the brand’s physique, the change process was based on an inadequate articulation of both the historic brand and the brand modification.

If changes are considered to a brand, then they are often focused on the physique facet of that brand. de Chernatony (2009) contends that if managers ensure that brand changes extend past this “logoization” (p. 102) they may still restrict their brand focus to the brand’s functional benefits, possibly meeting customer expectations for a time, but not in a manner that is sustainable. If changes are made to other non-functional aspects, these changes were observed to be serendipitous, as opposed to an outcome of carefully considered brand management practices. With respect to the population of NZ franchises the following proposition is stated:

**Proposition 4**

In order to exert management influence over the dynamic, evolutionary nature of their franchise brand, a franchisor needs to be aware of the full current articulation of its franchise brand, the aspired articulation at a future point in the planning cycle and then manage the brand so that the aspired articulation becomes the actual articulation at that future time.

A structural disconnect was observed between a franchise system and the development of the franchise brand. Franchise systems exhibit a stratified structure transmitted from
franchisor to national franchisee to regional franchisee to local franchisee and finally to employee. A franchise’s stratified structure is an integral part of its core characteristics. Franchising is defined by a sequential principal and agent relationship between franchisor and franchisee and between any of the inter-strata franchisees that the franchise system comprises. Though there exist commonalities between the strata, one of the most significant of which is the franchise brand, these strata also have marked differences in being different legal entities with objectives that may, or may not, align with that ascribed for the franchise. Different strata may also operate in different geographical, environmental and, possibly, cultural contexts. This stratification is observed to be hierarchical with respect to the franchise brand in focusing proportionately greater influence over brand management practices the closer the relevant stratum is to the franchisor.

Communication of explicit knowledge of the brand was observed to operate largely from the franchisor downward through the hierarchical franchise strata. Far less explicit communication concerning the franchise brand was observed moving up the hierarchy toward the franchisor. Communication processes, particularly those relating to the brand, were observed to be didactic as well as uni-directional. Franchise C did offer the opportunity for dialogue through Franchise Advisory Councils (FACs), which functioned at national, regional and local level, but the dialogue was formalised and controlled through detailed procedures specified in the operations manuals. Research by Gregory and Weichman (1997) and Ind (2004) emphasises the importance of dialogue surrounding the brand. Akutsu and Nonaka (2004) provide both theory and procedural support to advance such dialogue to develop the brand through the SECI conversion processes between tacit and explicit knowledge. Minimal dialogue, at any point of the development of the franchise brand, was evidenced by this research.

Communication of tacit knowledge, consistent with Nonaka and Takeuchi’s (1995) theory, requires that the opportunity for the SECI knowledge conversion processes is planned.
into the strategic and operational infrastructure of the franchise organisation. Tacit knowledge will inevitably be communicated through the process of socialisation, but little evidence was found that socialisation, possibly through processes such as the *shadowing* process detailed by de Chernatony (2006), was being used in a planned way to advance brand understanding.

The comparative rigidity of the franchise system in relation to the franchise brand is contrasted with the findings for the franchise brand, which is determined to be contextual, dynamic and evolutionary. Though the ownership, management and control of the franchise brand is firmly, legally and procedurally vested in the franchisor entity, the representative delivery of the brand at the interface with external stakeholders is under the control of the single-operator franchisee and the customer-contact employee (cohort ESOFe in this research). The cohort with the greatest brand leverage, where the brand is its most influential, at the point of purchase or the point of service delivery, has the least ownership, management and control over the brand. This is asserted to be the case in NZ franchise systems and, as it is a reflection of the franchise structure, in other franchise systems also.

**Proposition 5**

*There is a structural disconnect between a franchise and its brand that creates a tension in the effective development of the brand and its delivery at point of sale or point of service.*

**Proposition 6**

*A structural disconnect exists between a franchise and its brand in that the articulation of the brand is claimed by the franchisor cohort, yet the delivery of the brand occurs either at the point of service delivery or product purchase and use. The brand interface is therefore between the customer-contact employee or single-operator franchisee and the customer. The imperfect brand understanding of the franchisor cohort is found to degrade from the franchisor cohort to the*
franchisee cohort and thence to the customer-contact employee or single-operator franchisee cohort. The cohort charged with brand delivery has the least understanding of the franchise brand and the least input into its articulation.

6.6 Propositions generated by research question four (RQ4)

RQ4 Are the findings in RQ1, RQ2 and RQ3 consistent throughout the franchise structure?

If articulation of the brand, its communication throughout the franchise structure, and brand creation and maintenance practices are sub-optimal then it is likely that customer-contact employees and single-operator franchisees will hold understandings of the franchise brand that are at variance with the understanding held by the franchisor and franchisee cohorts. The degree of heterogeneity of brand understanding will result in a degree of dissonance for customers since their expectation, partially defined by the franchise’s communication of cues through advertising, will not be met at the point of service or product delivery.

Proposition 7

The greater the heterogeneity of brand understanding in an organisation the greater likelihood there will be of dissonance observed by customer groups. In other words, the greater the heterogeneity within the organisation the more the brand identity will be at variance with the brand image.

6.7 Managerial implications

The timing of this research has coincided with two relevant processes that have magnified any claim made for its contribution to the improvement of management practices in
the areas of brand, franchises, brand within franchises and brand within NZ franchises. One
has been the global economic downturn that began to impact on NZ franchises in 2007 and
has resulted in technical recessions in most developed countries, with the exception of
Australia (Stepek, 2009). The other has been an intense debate within NZ franchising
concerning the need for franchise-specific regulation.

Upshaw (1995) observed with a great deal of prescience that “when the economy goes
sour – and it will again – the shield of choice will be a brand identity that registers strong
value at any and all price tiers” (p. 36). Brand has been instantiated as important to the
success of franchises and other organizations and Upshaw’s remark emphasises the
opportunity that is either grasped or let slip to leverage the brand for the profitable growth of
the organisation. In times of severe economic downturn this opportunity may represent the
difference between franchise system survival and failure.

In specifying the impact of the global economic crisis on the contemporary NZ
franchising context Floyd (2009) considered two scenarios for the NZ economy to follow, a
baseline scenario that presaged GDP shrinkage of 2% and an adverse scenario that presaged
GDP shrinkage of 3.3%. He concluded that to withstand such negative economic forces,
franchise systems would need to review their structure and base unit business model and
improve the engagement of franchisees in meaningful ways. Floyd viewed a strong and
appreciating brand as one of eight high performance characteristics that evidence the
necessary structural and operational pre-conditions to pass the stress-test that either of the
economic scenarios will bring to bear on NZ franchises.

The global economic downturn, referred to above, is geographically particularised to
the locus of this research, New Zealand. The current recession in NZ entered its 5th
consecutive quarter in March 2009 (Alexander, 2009). In a presentation to the Franchise Law
Reform Symposium, Chen (2009) connected the recessive NZ economy with the debate on
franchise law reform by observing that “as the recession bites and unemployment increases,
an increasing number of people will consider investing in franchises” (p. 2). Chen concluded that though franchise law reform may be desirable, it was not essential and that anybody proposing franchise law reform would need to collect evidence to show systemic and widespread problems in franchising. She also observed the need to improve public education surrounding franchising.

*The Review of Franchising Regulation in New Zealand; Discussion Document* (MED, 2008) considered three options, maintenance of the status quo, education initiatives and franchise-specific regulation. Though the MED did not commit to adopting one, or any combination of the three options considered, the cabinet paper, *Outcomes of the Review of Franchising Regulation* (MED, 2009) focused on the justification, or lack thereof, for franchise-specific regulation. The paper concludes that there is no need for the introduction of franchise-specific regulation “at this time” (p. 7) and that current processes are adequate to “address any issues” (p. 7). Other than citing “education initiatives” (p. 2) as one of the options available, the word education is not used again in the cabinet paper. This indicates that the decision not to enact franchise-specific legislation has also stalled the the wider debate, detailed in *The Review of Franchising Regulation in New Zealand; Discussion Document*. This research, in being completed after the above decision of the NZ government, can act to continue the debate on the importance of education initiatives at all tertiary levels of education and at all parts of franchise structures.

The current economic conditions apply a number of severe pressures on franchise stakeholders and place sharp focus on the management of franchise assets. This research indicates that the management of the franchise brand asset, identified as one of the most important assets in a franchise, requires review and improvement. This research has provided franchise management with a 4-step, cyclical prescription to improve the management of the franchise brand (Billot, 2008a). This cyclical prescription is detailed in Figure 6.3, and offers franchise management a theoretically-supported set of management processes to increase the
congruent brand understanding of all internal stakeholders, thus reducing the brand dissonance experienced by external stakeholders, including customers (Bernstel, 2003).

Figure 6.3
A 4-step cyclical process to improve brand management practices

Source: Developed for this research

Step 1
To construct and develop an agreed mental model or perceptual map for brand within the franchise. This model should address at least some of the brand aspects incorporated in the models by de Chernatony (2006) and Kapferer (2004), but should be contextualised to the particular environment in which the franchise is situated. The construction and development of the model should surface the ideas of all internal stakeholders, including representatives from cohort Fo, cohort Fe and cohort ESOFe.

Step 2
To use this model or map to fully articulate the franchise brand by careful dialogue with internal stakeholders, while constantly referencing external stakeholders.
Step 3

To decide on the most effective way to create, acquire and communicate knowledge of the fully articulated franchise brand throughout the franchise organisation. This process may reference the four SECI processes of knowledge conversion proposed by Nonaka and Takeuchi (1995) in order to maximize congruent understanding of the franchise brand.

Step 4

To regularly and repeatedly audit brand perceptions to determine the degree of understanding and the degree of congruence of the understanding that exists for the franchise brand within the franchise against its articulation.

These four steps would be supplemented by research or inquiry that compares the understanding of the brand by internal and external stakeholders. This supplementary research may involve a comparison of the brand identity from an internal stakeholder point of view and the brand image from an external stakeholder point of view. This ‘fifth’ step is not part of this research, but is included as Proposition 9 to recognise the importance, from both a theoretical and management perspective, to view the brand holistically.

Proposition 8

An absence of an explicit and comprehensive set of brand management practices was found within NZ franchises. A 4-step cyclical process was detailed, which may improve brand management practices within NZ franchises and hence leverage greater sustainable competitive advantage for the franchise brand.
Proposition 9

A mirrored and inter-connected repetition of the 4-step cycle in Figure 6.3 that focuses on the external stakeholders’ understanding of the franchise brand will further reduce the variation between the evidenced brand identity and the evidenced brand image.

6.8 Summary

This chapter sought to extend the discussion of findings of the individual cases and the cross-case analysis, completed in Chapter 5. This was achieved by carefully extrapolating (Patton, 2002) the conclusive cross-case findings, detailed in section 5.5.6, to populations outside of the three purposively selected franchise cases. The populations to which nine propositions were directed included the population of NZ franchises from which the three franchise cases were selected (Propositions 1, 2, 4, 8 and 9), the population of franchises not restricted by the NZ locus (Propositions 5 and 6) and the population of organisations that are unrestricted by the franchising context or the NZ locus (Propositions 3 and 7).

In order to balance the reach of extrapolation with the limitations of data analysis that are based on three purposively selected franchise cases, the propositions are expressed in generalised terms. No attempt is made to develop grand generalisations (Stake, 2003) and the meso-level theory (Neumann, 2003) that is developed is intentionally restricted and constrained. Macro-level theory is not developed.

The micro-level theory, detailed in section 5.5.6, which is restricted to the three selected cases, is extended to a meso-level theory by re-stating the theory as applied to NZ franchises. The micro-level theory was supported by the related and connected conclusive findings. Similarly the meso-level theory is generated and supported by the nine propositions in this chapter, particularly those that are specified to NZ franchises.
The theory states that the structure of NZ franchises, as stratified organisations, supports a hierarchy of power that reduces from the franchisor (cohort Fo) to the franchisee (cohort Fe) to customer-contact employee or single-operator franchisee (cohort ESOFe). Most of the communication of brand knowledge within the franchises follows the direction of this hierarchy and is dominated by the communication of explicit brand knowledge. The franchise brand is dynamic, evolving and context-dependent. These characteristics demand dialogue and managed personal interaction and discourse. Sustained competitive advantage is leveraged less from explicit brand knowledge than tacit brand knowledge and tacit knowledge requires rich transfer mechanisms. A tension is therefore predicted between the structure of NZ franchises and the restrictions that the franchise structure places on the understanding of the franchise brand, throughout the franchise.

The degree of stratification, hierarchy and uni-directional communication of explicit-dominated brand information is likely to be variable across different franchise systems, yet recognition by franchisor management of a degree of the stated characteristics in their franchise may encourage them to take management decisions that ameliorate the proposed tension. Windsperger and Gorovaia (2008) identified the need to match tacitly-held information with rich information transfer mechanisms and explicitly-held information with less-rich information transfer mechanisms. The importance of this requirement is amplified by the stated emergent theory.

It is likely that the rich information transfer mechanisms proposed by Windsperger and Gorovaia (2008) will involve higher agency costs and a disincentive therefore exists to encourage their use. The less-rich information transfer mechanisms that are most appropriate for the transfer of explicit information do not carry such agency costs and were preferred in the franchise cases studied. This accentuates the need to instantiate that it is the tacit, or invisible, aspects of the franchise brand that produce sustainable competitive advantage, thus justifying the higher agency costs in using rich information transfer mechanisms.
The theory, generated by the propositions, builds upon an understanding of brand identity that is advanced by the brand identity prism (Kapferer, 2004), by knowledge creation and conversion processes advanced by Nonaka and Takeuchi (1995) and by a research design that reflects the accepted structure of a franchise organisation as including distinct cohorts, which, in this research are named cohort Fo, cohort Fe and cohort ESOFe.

The robustness and relevance of this theory could be validated by assessing the degree of brand understanding evidenced for a selected sample of franchise and non-franchise organisations. This could be facilitated by using the case-ordered effects meta-matrices and the best fit templating of the brand identity, detailed in Chapter 5, to determine if brand understanding and the congruence of brand understanding throughout an organisation’s structure was significantly greater in the non-franchise organisation than the franchise organisation. The need to test such a theory is included as an identified research opportunity in Chapter 7.
CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

The outline of this final chapter, Chapter 7, is illustrated in Figure 7.1. The introduction in section 7.1 reflects on three instances of unintended consequences of this research that were not predicted by the research design. Section 7.2 specifically, but briefly, reflects on whether the research problem has been addressed by the findings specified in Chapter 5 and their discussion in Chapter 6. This section also assesses if the four central research questions which were collapsed from the initial expression of the research question have been answered. Section 7.3 addresses the theoretical implications of this research with respect to both the key constructs of brand and franchising and knowledge creation theory (Nonaka & Takeuchi, 1995) applied to brand. The limitations of the research are described in section 7.3, partially to provide theoretical constraint to the propositions and meso-level theory developed in Chapter 6, while section 7.4 offers the most salient future research opportunities arising from this research. Specific contributions that this research makes are specified in section 7.6 and the chapter is summarized in section 7.7.

7.1 Introduction

This research was initially described as emergent and exploratory, largely due to the lack of prior research at the nexus of the two central constructs of brand and franchises and the observed limitation of existing theory to directly inform the four central research questions. The research framework advanced to supply answers to the research questions was described as qualitative in approach. Neumann (2000) and Stake (2003) both observe a danger in applying rigid taxonomies to research and reflect the more pragmatic approach, detailed by
Figure 7.1
Outline of Chapter 7
Conclusion and recommendations

7.1 Introduction

7.2 The research problem and research questions addressed

7.3 Theoretical implications

7.4 Limitations

7.5 Research opportunities identified.

7.6 Valuable contributions

7.7 Summary

7.3.1 Franchising

7.3.2 Brand

7.3.3 Brand knowledge creation and maintenance

Source: Developed for this research
Johnson and Onwuegbuzie (2005), in recommending the use of carefully selected and appropriate methods to answer evidently important questions. Thus, while referring to this research as qualitative, data analysis involved the use of quantitised data. Quantitisation was employed to accelerate the analysis of coded themes and express the manifest effects identified using both a visual scale and percentage. Though processes and techniques involving probability theory were not employed, the research design was nevertheless adapted to the pressure applied by the nature of the data and the need to answer the central research questions. This may be interpreted as an expression of the researcher as *bricoleur*, detailed in Chapter 4: Methodology.

The research design made no reference to action-oriented research (Neuman, 2003), yet aspects of action-oriented research may best describe some of the unintended and unplanned interaction between the franchise cases, the participants and the researcher. While researching in Franchise A and Franchise B, the very act of conducting research on brand within two NZ franchise systems resulted in participants in the research, subsequent to their participation in the interview process, reflecting on their franchise brand. This reflection generated decisions to alter management processes around their franchise brand that were clearly identified by the researcher on subsequent visits to the franchise sites. This is not suggesting causality for this research, nor that the intervention of the researcher carried with it any intention to effect change, but does illustrate the extent to which the very act of research can initiate and catalyse change. The research framework referenced social constructivism (Schwandt, 2003) and the above examples of change, compared above to action-oriented research, may more closely illustrate the operation of social constructivism, which resonates throughout this research. The way in which the very act of research affects that which is being researched is demonstrated by the actions of Franchise A and Franchise B, detailed above. The knower and the known, or, more specifically within this research, the researcher and the franchise cases and participants, co-created new knowledge about the franchise brand that led
to changes to the franchise brand and to brand management practices. The boundaries between the research, the researcher and participants proved difficult to maintain.

7.2 The research problem and research questions addressed

The research problem was identified as the lack of specific independent research to inform understanding of the franchise brand in NZ franchises, contrasted with the syllogistically evidenced significance of the franchise brand to the NZ economy. This research does, and will, provide valuable insights into the understanding of the brand in NZ franchises, on both a theoretical and managerial level, and is therefore asserted to have addressed the research problem.

The research problem was initially expressed in the research question, How is brand understood within NZ franchises? This initial research question was then collapsed into, and elaborated by, four central research questions:

RQ1 How important is the franchise brand to the success of the franchise?
RQ2 In what ways is the brand understood within NZ franchises?
RQ3 How is the understanding in RQ2 created and maintained within NZ franchises?
RQ4 Are the findings in RQ1, RQ2 and RQ3 consistent throughout the franchise structure?

This research has carefully addressed the four research questions, which together form one of the central threads of this research. The four central research questions were subjected to deconstruction and analysis in the application of a cited model of brand identity (Kapferer, 2004) and a frequently cited (Takeuchi & Nonaka, 2004) theory of knowledge creation (Nonaka & Takeuchi, 1995). The model and the theory facilitated the collapse of the four
central research questions into 16 contributory research questions and four themes, representing 20 different coding choices. Subsequent data collection and data analysis were based on those codes, thus building a chain of evidence to inform the central research questions. The findings for the individual franchise cases could be stated with confidence and credibility and the replication logic utilised in the cross-case analysis strengthened these findings.

The initial expression of the research question, elaborated by the central research questions, can be evidenced as being significantly informed for the three franchise cases and more carefully informed when the findings are extended beyond them to the NZ franchising context.

7.3 Theoretical implications

7.3.1 Franchising

Existing research on franchising has been characterised by its focus on ownership redirection, causality and, more recently, the plural form of franchising, the USA context, secondary data, the fast-food industry, the franchisor perspective and quantitative analysis (Combs & Ketchen, 2003; Combs et al., 2004; Dant, 2008; Dant et al., 2008 and Elango & Fried, 1997). This research adds to each of these dominant theoretical perspectives, but mostly by contrast.

The predominantly qualitative approach to this research, as opposed to the more common quantitative approach, found that the extant theories which seek to explain the causality of franchising as an organisational form did not inform the four central research questions directly. Data collection and subsequent analysis was case-based, from three cases that were purposively selected so that no particular industry sector, such as the fast-food
sector dominated. In contrast to the above characteristics of extant research on franchising, the context for this research was NZ franchises, rather than the more common national context of the USA. Data collection processes involved the collection of rich, primary data, as opposed to the secondary, numerical data that has been historically preferred by researchers. In these ways this research is observed to extend the different streams of franchising research that are currently active. It particularly responds to aspects of Dant’s (2008) paper, *A Futuristic Agenda for the Field of Franchising*, in responding to his battle cry to “venture forth into novel areas of investigation” (p. 91), though this research may not quite yet reflect his exhortation to “let a thousand flowers bloom” (p. 94).

The theoretical focus of this research with respect to franchising has been to investigate, in depth, one important aspect of the operation of a franchise, the understanding of the franchise brand. Apart from adding to a limited research base in this area, initiated by Pitt et al. (2002), the research has extended this embryonic research base to a NZ locus where similar research may be non-existent. Through careful analysis of the data, conclusive findings have been expressed and propositions stated that supported the initial statement of a meso-level theory in which a structural disconnect or tension has been proposed between the comparative rigidity of the franchise structure, and the brand construct, which was found to be contextual, dynamic and evolutionary. A tension has been identified between the structure of franchises and the structure of the brand construct.

This tension has been informed by examining the brand construct at different places within the recognised, stratified, structure of the franchise. Identification of the cohorts Fo (franchisor and franchisor management), Fe (franchisee and franchisee management) and ESOFe (customer-contact employees and single-operator franchisees) has enabled the examination of an aspect of the operation of franchises at the key points in its structure. The theoretical implications of this are to advance the recognition that the internal franchise structure demands to be operationally investigated for the distinct stakeholder groups defined
by these cohorts, rather than the historical tendency to focus on franchisor perspectives, with occasional reference to franchisee perspectives (Dant, 2008).

7.3.2 Brand

There is no extant over-arching or grand theory of brand (Brodie & de Chernatony, 2009). Theoretical effort is still focussed on determining what brand is and how brand is to be managed to the benefit of organisations. A recent edition of *Marketing Theory, 2009, Volume 9*, included 10 papers that sought to provide an overview of the initiating symposium held by EMAC (The European Marketing Academy Conference) in conjunction with ANZMAC (The Australian and New Zealand Academy of Marketing Conference) around the theme *Towards New Conceptualisations of Branding*. The introductory paper suggests that brand theory is bifurcated into what might be referred to as an American school that continues to follow a more traditional “goods centric” (Brodie & de Chernatony, 2009, p. 95) approach to brand, and another school, which this research has referred to as the Australasian and European School, that prefers to move “towards new conceptualisations of branding” (p. 96), places great value on the interface between theory and practice and service centric approach to brand, referred to by Merz et al. (2009) as “a service-dominant logic perspective” (p. 328).

This research contributes to this debate and is more aligned to the views expressed within *Marketing Theory, 2009, Volume 9*, which view brand as evolutionary (de Chernatony, 2009), contextual and dynamic and which eschews the possibility of concise definition for what is held to be a socially constructed phenomenon (Gabbott & Jevons, 2009; Merz et al., 2009).

The research has also employed a theoretically supported model of brand identity (Kapferer, 2004) and, in doing so, has empirically supported this model as a way of understanding brand identity and as a template to advance brand management practices that are consistent with it.
7.3.3 Brand knowledge creation and maintenance

A theory of knowledge creation initiated by Nonaka and Takeuchi (1995) and elaborated by Nonaka and Konno (1998), Nonaka and Nishiguchi (2001) and von Krogh, Ichijo and Nonaka (2000) has recently been applied to brand by Akutsu and Nonaka (2004) and referred to in the context of brand management by de Chernatony (2006). This theory of knowledge creation was employed by this research to inform the processes by which understanding of the franchise brand is created and maintained within NZ franchises. The theory is referred to and commented on, but is not tested or rebutted.

The theory and its application to brand has been used more as a template to investigate how brand understanding is created within NZ franchises and how this created knowledge is articulated, communicated and developed through time. The interpretation of the theory into specific “branding capabilities” (Akutsu & Nonaka, 2004, p. 295) and the theory’s application to develop more sophisticated interpretations of their brand by going “around the knowledge creation ‘loop’ and each time move up the brand knowledge spiral” (de Chernatony, 2006, p. 57) enabled this research to identify behaviours that contributed to brand knowledge creation, brand articulation, brand knowledge development and brand management practices, within the franchises researched.

The theory of knowledge creation initiated by Nonaka and Takeuchi (1995) and applied to brand by Akutsu and Nonaka (2004) and de Chernatony (2006) has been germane to the contrasted findings within this research. The theory has a spiralling theoretical form that expresses the dynamism of the process of knowledge creation and the necessary progression and regression that the spiral metaphor implies (Blyton, 1989). Yet the brand knowledge creation and maintenance processes evidenced in the three franchise cases in this research neither demonstrated dynamic qualities for the franchise brand nor its evolutionary development through an active, spiralling process of creating and developing knowledge about that franchise brand. The franchise brand appears comparatively static and brand
knowledge creation processes that can release the franchise brand from the “logoization mentality” (de Chernatony, 2009, p. 102) were not evident. Future research on brand within the context of franchising may be informed by this research which has employed a theory of knowledge creation that is asserted to be compatible with the contextual, dynamic and evolutionary nature of brand and brand identity, but which has equally identified difficulty in employing the theory within a context in which it less compatible due to the comparative rigidity of the franchise structure with respect to the franchise brand.

7.4 Limitations

The limitations placed on the findings in Chapter 5 and the discussion and propositions in Chapter 6 emanate from the nature of the four central research questions, the case-based research that was carefully justified to inform those questions, the extent to which inductive reasoning dominated deductive reasoning due to the lack of extant research and theory to support it, the restriction of the research to the internal structure of the franchise context, the limitations of the data collection methods employed and the locus for this research.

The four central research questions are exploratory. Their expression was a reflection of, and a reaction to, the lack of extant research and relevant theory that was seen to intensify as the questions were focused on the context of franchising and then the locus of New Zealand. This intensification of the lack of research and theory does not reduce the value of the questions, but limits the ways in which they can be informed.

The use of case-based research was carefully justified (Creswell, 2003). Case-based research conveys the ability to particularise, but that is gained at the sacrifice of the ability to generalise (Miles & Huberman, 1994). In the context of the research framework, this was
assessed to be a justified trade-off, but it does restrict the ease and confidence with which any findings can be applied to populations outside of the three selected franchise cases. This limitation was also mitigated by a research design that maximised the authenticity and credibility of the findings and the support of Patton (2002), Stake (1995) and Eisenhardt and Graebner (2007) who advocate the careful extension of findings beyond the selected cases.

Inductive reasoning necessarily dominated this research, particularly in its earlier stages. Theory development relying more on deductive reasoning was limited to the final chapters and is viewed as one of the next stages for the extension of this present research, detailed in section 7.5.

An instrumental case study is bounded partially by the characteristics of the case, but also by the nature of the phenomenon of interest. In this research this produced a tension in selecting boundaries that circumscribed a phenomenon worthy of study, but not one that was excessively wide to obviate a thorough investigation. The decision to focus on the brand within New Zealand franchises was deliberately made to intensify the research focus, but that decision resulted in two important limitations. The first limitation was the result of restricting the research focus to within franchises, thus losing the opportunity to compare and contrast the understanding of brand in franchised organisations with that of other non-franchised organisations. The context of franchising was chosen because of the prolonged exposure and involvement of the researcher to this type of organisation and the researcher’s objective to contribute to franchising research and, thereby, the effective management of franchises. There has been significant research completed in franchising over the last 35 years (Dant, 2008) and brands have become a focal point of marketing practice and academic study, but this is less so within franchising (Pitt et al., 2003). The second limitation was the result of restricting the research focus to within franchises. Focusing on the understanding of brand within a franchise, gives voice to the various internal stakeholders of the franchise, but simultaneously disconnects a part of the complex construct of brand, the part that
incorporates the perspectives of external or outside stakeholders, such as customer groups. Viewing the brand construct holistically (Maio, 2003) was thereby made more problematic. The need to refine and extend the findings by comparing franchise and non-franchise organisations and addressing the four central research questions from an external stakeholder perspective is also identified as an area for future research, detailed in section 7.5.

In using semi-structured interviews and document analysis for the purpose of data collection a limitation was observed in the latter stages of data analysis. These methods of data collection did not offer sufficient data to adequately inform RQ3, since these two methods do not easily access tacit knowledge. A future research opportunity to more readily access such tacit brand knowledge is included in section 7.5.

The chosen locus for this research also applies limitations to its findings. In restricting the research to within New Zealand franchises, cross-national and international comparisons and contrasts are less available and generalisation of findings is restrict. The chosen locus does, however, respond to the exhortation of Dant (2008) to internationalise franchising research and to look beyond “North American contexts” (p. 91). The locus also coincides with the researcher’s milieu and is a response to resource limitations.

The limitations to this research are significant, but, due to its emergent nature the limitations can also be framed as opportunities for further research.

7.5 Research opportunities identified

The final chapter of this research, consistent with the spiral research process presented in Figure 1.2, is as much a beginning as an end. The future research opportunities appear sufficiently broad to defy simple categorisation. The most salient areas are listed:
• The qualitative approach could be extended by adding a number of additional cases to the defined research design, thus refining the findings.

• Each of the nine propositions in Chapter 6 describes an area for future research.

• The expression of a meso-level theory in Section 6.8, which proposes a tension between certain structural characteristics held to be typical of franchises and the way in which brand knowledge and understanding is created and maintained in franchises, provides an opportunity for theory testing.

• The methodology for this research could be extended by selecting cases from organisations other than franchises. This would afford the opportunity to explore ways in which the understanding of brand is different to that evidenced in other forms of industrial organisation and would encourage a refinement and extension of findings by comparison and contrast with contexts other than the franchise context.

• The methodology could also be extended by comparing and contrasting findings across national boundaries, thereby contributing to a correction of the single country fixation observed by Dant (2008).

• An ethnographic approach to researching tacit brand knowledge through personal observation may access that type of knowledge more readily.

• The use of the case-ordered effects meta-matrices could be extended as a diagnostic tool to assess brand understanding and brand knowledge creation processes in other NZ franchises, other national franchise contexts and other non-franchise organisations. These meta-matrices may have the potential to develop into brand profiling instruments and be used to profile organisational phenomena, other than brand.

• If significantly more case studies were completed using the case-ordered meta-matrices, a library of meta-matrices could be compiled, providing a diagnostic tool that could be used to assess brand understanding in a progressively more accurate and complete way. This would extend the use of the meta-matrices to metaphorically become a *brand X-ray* within an organisation.
• The semi-structured interviews could be refined into a questionnaire that forms the basis of a quantitative study that refines the nine propositions into hypotheses and tests those hypotheses within identified populations.

• The relevance and utility of the 4-step cyclical prescription could be evaluated for different contexts.

7.6 Valuable contributions of this research

Outcomes of this research that can be considered valuable contributions to wider research contexts; referencing franchising, franchising in NZ, brands and brands within NZ franchises, are identified:

• The research adds to the current debate on the nature of brand. In identifying the franchise brand’s contextuality, its evolutionary nature, its dynamism and the need to approach it from a brand-centric and holistic perspective, it aligns more with Australasian and European than American research on brand.

• The research adds to franchising knowledge in researching an aspect of the operation of a franchise that is central to franchise performance. In doing so it moves away from the focus on the ownership redirection and causality theories and the more recent research on the plural form, initiated by Bradach (1997). This particularly responds to the exhortations of Dant (2008).

• In researching the nexus of brand within franchises it adds to a research base that is evidenced to be under-researched and under-informed.

• In researching this nexus within the context of NZ franchises, an embryonic research stream is initiated upon which others can build. This coincides with a period of time
when the strength of the franchise brand may mitigate the effects of the NZ recession (Floyd, 2009).

- The chosen context of NZ franchises has also been historically described in Chapter 2, the first time that sources of independent data have been catalogued and the NZ franchising sector examined in such detail.

- This research also represents a valuable extension to parallel domains of research in internal branding, including internal branding in profit-driven organisations, such as airlines (Tosti & Stotz, 2001) and banks (Bernstel, 2003; Bernstel, 2005), not-for-profit organisations (Hankinson, 2004) and multi-cultural organisations (Vallaster, 2004) to the specific context of franchises.

### 7.7 Summary

This research has directly addressed the research problem, which was identified as the complete lack of research in an area of instantiated importance to the NZ economy. This lack of research is expressed in the sub-optimal understanding of brand within NZ franchises for which this research offers solutions.

In addressing the research problem by seeking answers to four central research questions, this research has directly advanced understanding of franchising, brand and brand within NZ franchising. It has also indirectly informed research on franchises other than those restricted to the NZ locus, as well as brand in organisations that are not identified as franchises.

Limitations that apply to the research design were identified as resulting in a reticence to generalise outside of the three franchise cases to more divergent populations and in restricting the relative strength of the conclusions, propositions and meso-theory that can be expressed concerning those populations. Limitations were also identified in restricting the
research to brand *within* franchises, thus largely excluding external stakeholders, without whom a brand has little point (Kapferer, 2004). Situating the research within the NZ locus also applied significant restrictions to informing other international contexts.

The identified limitations are concluded to be a response to the comparative inexperience of the researcher and the need to impose constraints on the research design to respond to the restricted availability of time and other costly resources. Nevertheless, each limitation is readily re-framed as a future research opportunity.

The emergent and exploratory nature of this research, particularly in the earlier chapters, has opened a *Pandora’s Box* of future research possibilities, the more salient of which were detailed in section 7.5. The advice of more experienced researchers will be critical to assess those opportunities that offer the greatest leverage for advancing future theoretical and applied knowledge concerning brand and brand within franchises. Refining the specified method of assessing brand understanding by using theoretically-supported meta-matrices to test the stated meso-level theory, either quantitatively or qualitatively, to determine if franchise organisations exhibit a more sophisticated and more homogeneous understanding of brand than non-franchise organisations may be one of these.
APPENDIX 1
Sources of research on NZ franchising by author name, alphabetical.


APPENDIX 2
The interview protocol and guide

Introduction

The predicted experience and knowledge of the participants within the convergent interviews requires the researcher to ensure that there is symmetry of both power and control within each interview. Though the researcher will have definite topics to cover within the interview, it will take the form of a conversation or dialogue between a researcher and a participant, as opposed to an in-depth interview by an interviewer of an interviewee, where a theoretical distancing by the interviewer, encourages the identification of a subject.

1. Contact the first participant by telephone or face-to-face. Provide an explanation of the research, the part that convergent interviewing will play in the research, the sampling logic and the reason for the request for the particular participant’s involvement.

2. Having received a verbal acceptance from the participant, write to the participant with a covering letter that repeats the verbal discussion and incorporates an informed consent form for completion and return. The letter will cover issues of confidentiality, privacy, anonymity, voluntary participation, voluntary withdrawal and data security, storage and destruction. The letter will follow the format contained in Appendix 3.

3. On receipt of the completed consent form, verbally organize a date, time and venue to the participant’s satisfaction.

4. Confirm these details in writing to the participant.
5. On the day prior to the interview, a verbal check with the participant will be interview and audio equipment will be tested.

6. On the day of the interview:

Prior to the interview:
- re-check the audio equipment and ensure that back-up is also functioning.
- check the currency of the initial question, subsequent and probe questions on the basis of the data analysis of the previous interview.

During the interview:
- pay attention to personal appearance and cultural sensitivity, where appropriate.
- ask the participant for summary remarks.
- request a recommendation for an additional participant or participants of the current participant, consistent with the criteria for participants and the snowball sampling method.
- thank the participant and confirm that a copy of the transcript of the interview will be made available for comment, prior to the re-design of the subsequent interview.

7. Subsequent to the interview conduct a check by email and telephone with the participant to ascertain if their perception of the data collected from the interview and its subsequent analysis is consistent with that of the researcher. Record the details of the conversation in the researcher’s log.
22 January 2007
Franchise A
(Communication by e-mail)
Attention: Mr.

Dear

Re: Research into franchise brands within New Zealand franchise systems

I am writing to you regarding the doctoral research that I am undertaking at Griffith University, Brisbane, which we discussed briefly in our phone conversation today. The focus of my research is franchise brands in New Zealand and I hope to provide through this research, insights into how the franchise brand is understood by franchisors, franchisees and “front-line” employees. In particular, I am interested in surfacing the linkages, conduits, inhibitors and enhancers that affect congruence of perception between the identified groups. The research focus has evolved through my personal involvement of over 20 years within franchise systems and ongoing study at both the University of Auckland and Griffith University since 2000. Having been involved in establishing, managing and assisting franchise systems, I am sufficiently pragmatic to direct the research so that it is of benefit to the management of franchise systems in New Zealand, including the XXXXXXXXXXXXXXX franchise.

The research process involves interviews with representatives of the three groups identified in three selected franchise systems. The XXXXXXXXXXXXX franchise has been selected as one of these three systems, largely due its structure, size and longevity. My intention is to conduct semi-structured interviews, lasting more than 20 minutes, with three officers of the franchisor, three franchisees and three front-line employees of each of these franchisees; 15 interviews in each franchise system. Each participant will be asked to express opinions relating to the XXXXXXXXXXXXX brand. Possible prompt questions are appended to this letter in order to clarify the type of information sought. Each interview will be audio recorded for subsequent data analysis. I will also request access to documents that are relevant to the XXXXXXXXXXXXXXX brand, but will not copy them or remove them from site and will seek authorised opportunities for relevant personal observation within the franchise.

The analysis of the data in the recorded interviews will be directed at the understanding of the franchise brand by the three groups, particularly in relation to difference and congruence. The three franchise systems incorporated in the research will not be identified and examples or quotations that occur in the text of the research will tend to be based on the relevant group as opposed to the franchise system. It is recognised that the retail and franchise industries in
New Zealand are small and the researcher will make every reasonable effort to ensure the confidentiality and anonymity of participant individuals and franchise systems. It is expected that information of value to the XXXXXXXXXXXX franchise will be available as a direct result of this research, which will also add significantly to the extremely limited research available on brand in franchise systems in New Zealand.

We would appreciate your written confirmation that this research may proceed in the manner explained in this letter and would be delighted to meet with you when you return from leave to answer any questions concerning the proposed research.

The research is supported by a successful application for ethics approval to the Human Research Ethics Committee at Griffiths University. Griffith University conducts research in accordance with the National Statement on Ethical Conduct in Research Involving Humans. All individual participants will do so voluntarily and each will be the subject of a formal and written consent procedure. If you have any concerns about the ethical conduct of the research project you should contact the Manager, Research Ethics on 00 617 3735 5585 or research-ethics@griffith.edu.au and if you have any other enquiries regarding this research, please contact me or my supervisor, Professor Lorelle Frazer on the contact details below.

Yours sincerely

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Brand within New Zealand business format franchise systems

Written Consent Form

Research Team:

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Your signature on this form indicates that you 1) understand to your satisfaction the information provided to you about your participation in this research project, and 2) agree to participate as a participant in the research.

In no way does this waive your legal rights nor release the researcher or involved institution from their legal and professional responsibilities. In particular the researcher acknowledges the requirement for compliance with The Treaty of Waitangi 1840, the Human Rights Act 1993 and the Privacy Act 1993.

You are free to withdraw from this research project at any time. You should feel free to ask for clarification or new information throughout your participation.

Participant’s name:  (please print) ________________________________________________

Participant’s signature: _______________________ Date: __________________

Researcher’s name: ________________________________________________

Researcher’s signature: _______________________ Date: ___________________

Would you like to receive a copy of a summary of the results for this study?  (please circle)  

YES  or  NO
Re: Brand within New Zealand business format franchise systems

My name is Ken Billot. I have been involved in franchising in New Zealand in a variety of ways since 1987. I am currently completing doctoral research in the Department of Marketing, Griffith University, Brisbane. My research concerns perceptions of brand within business format franchise systems in New Zealand. My particular area of interest is the way in which the franchise brand is understood by the various groups involved within a franchise. These groups are franchisors, franchisees and employees of franchisees.

To assist this research I will be interviewing representatives from these groups, in selected franchise systems. Your franchise system has been selected and you have been nominated to represent the views of the customer-contact employees in your franchise system. During the interview, which will take between 20 minutes and one hour, I will ask you to express your opinion on your franchise brand in various ways. With your permission, the interview will be audio recorded. All participants will be offered access to a summary of the findings upon completion of the research.

It is not anticipated that there will be physical, psychological, emotional or employment risks to you through your involvement in this research, which is supported by a successful application for ethics approval to the Human Research Ethics Committee at Griffiths University. Your participation is voluntary and you may withdraw, without penalty, at any time. To authorise your participation, please complete the attached consent form, which I will collect prior to the interview.

If you have any enquiries regarding this research, please contact me or my supervisor, Professor Lorelle Frazer on the contact details below.

Griffith University conducts research in accordance with the National Statement on Ethical Conduct in Research Involving Humans. If you have any concerns or complaints about the ethical conduct of the research project you should contact the Manager, Research Ethics on (07) 3735 5585 or research-ethics@griffith.edu.au.

Yours sincerely

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The conduct of this research involves the collection, access and/or use of your identified personal information. The information collected is confidential and will not be disclosed to third parties without your consent, except to meet government, legal or other regulatory authority requirements. A de-identified copy of this data may be used for other research purposes. However, your anonymity will at all times be safeguarded. For further information consult the Griffith University Privacy Plan at www.gu.edu.au/aa/vc/pp.
APPENDIX 4
The interview prompt questions

Samples of probe questions for the interview

Questions common to the three cohort groups

- Are you very clear about what the (franchise system name) stands for?
- What do you think the (franchise system name) brand stands for?
- Does the franchise brand make a specific promise to the customer?
- What sort of attributes/qualities and values does it represent?
- How do you get to know what the franchise brand stands for?
- How can you interpret these values and attributes into your day-to-day work?
- Do you think that the brand means the same to your work-mates/colleagues/peers as it does to you?
- How important do you think the franchise brand is to the success of the franchise?
- What do you think is the essence/the heart/the core of the franchise brand? What is the one central thing that the franchise brand stands for?
- If the franchise brand were represented by a person, what sort of personality do you think that he/she would have?
- If you consider the type of relationship between the franchise brand and the customer, how would you describe that relationship?
- If your customer thinks about the franchise brand what sort of person do you think that they think they are? How do they envisage themselves in relation to the franchise brand?
- If your customer thinks about the franchise brand what sort of person do you think they want others to think that they are?

Questions for the franchisor (Cohort Fo)

- What part does the franchise brand, its values and attributes play in the selection of franchisees?
- How is this achieved?
- How is the franchise brand articulated within the franchise?
- In what different and specific ways is this communicated to franchisees?
- How well do the franchisees reflect the franchise brand, its promise, attributes and values to employees and customers?
- What sort of discretion does the franchisee have in interpreting the franchise brand for themselves and their employees?
- How does the franchise system’s culture and structure support the franchise brand, its promise, values and attributes?
- How is the franchise brand represented in the training provided to the franchisee?
- What other organisational processes and systems support the franchise brand, its promise, values and attributes within the franchise system?
Questions for the franchisee  
(Cohort Fe)

- What part do you think *the franchise brand*, its values and attributes, played in your selection as a franchisee?
- How did *the franchise brand* influence your selection of this franchise system?
- Do you think the same about *the franchise brand* now as you did on your first day as a franchisee?
- How is *the franchise brand* articulated (explained) within the franchise?
- How do the franchisor/franchise management reflect *the franchise brand*, the brand promise, values and attributes?
- How do you incorporate *the franchise brand*, its values and attributes, into employee selection?
- What sort of discretion do the employees have in interpreting *the franchise brand* in their day-to-day interaction with customers?
- How do you get employees to understand *the franchise brand*?
- How do you ensure that employees ‘live’ *the franchise brand*?
- What specific contribution does *the franchise brand* make in training programmes? How is it incorporated?
- How well do the customer-interactive employees reflect *the franchise brand*, the brand promise, values and attributes?

Questions for the customer-contact employee or single-operator franchisee  
(Cohort ESOFe)

- How do you think that the franchisor reflects *the franchise brand*, its values and attributes/qualities and its promise?
- How do you think that the franchisee reflects *the franchise brand*, its values and attributes/qualities and its promise?
- What part do you think the brand, its values, attributes/qualities and promise, played throughout the process of your employment?
APPENDIX 5
Sample transcript of an interview

Note that this transcript has been altered by removing the participant’s name and substituting the alias referred to in the research and by removing direct reference to the franchise’s name. These actions reflect the undertakings given by the researcher to both the franchise and individual participants with respect to anonymity and confidentiality.

Transcript of interview for Franchise C, Member of Franchise Support Office, Cohort Fo, P2.

DS_20014
Ken Billot and Sue
15 June 2008

[Transcript begins 0.00]

1.1 Ken
Is it Sue?

1.2 Sue
That’s right.

1.3 Ken
Okay … well all I’m interested in is your opinions. I’m interested in your opinions on the Franchise C brand. So at first, why don’t you just talk to me about the Franchise C brand.

1.4 Sue
The Franchise C brand. Well I guess first of all I’ve been with the company for close on eight years. So I’ve lived with that brand and that name in that time. For me, to be honest I’m a little bit sceptical about brand and brand awareness so I’ll just give my honest opinion. Marketing is not my strength. I’m more operations, but in my role obviously you need to pay a close attention to marketing and the compliance towards that for consistency reasons and I think for our franchise system, branding is really all about that consistency. Ensuring that your key stakeholders, franchisees and customers are aware of your brand and that is consistent throughout the levels of the franchise system. That’s important otherwise your franchisees start to lose direction, lose focus and that then transcends right down to your customers. But brand for me, I think it’s all about the people that are involved within the company. They’re the ones who really pull it all together and I think a lot of people actually, whether I’m answering your question or not but I’ll say it, a lot of people forget that without people in business, you don’t have a business. I’m trying to gather my thoughts sorry.
1.5 Ken
That’s alright. I’ve got a list of prompt questions here that you’ve probably seen.

1.6 Sue
But brand for me, it’s really about ensuring there is consistency, certainly within a franchise system at all levels and through all tiers of the franchise system otherwise you start to lose a little bit of direction and focus and people go out and do their own things.

1.7 Ken
When you say consistency, obviously I have a very clear idea that in terms of the physical nature of the brand and how it appears in every single circumstance, it’s pretty well defined …

1.8 Sue
Very much so.

1.9 Ken
So that’s your consistency …

1.10 Sue
To the point of actually saying the word Franchise C … a lot of people will say Franchise C, where it’s not, it’s Franchise C … to answering the phone.

1.11 Ken
Would you say Franchise C or Franchise C?

1.12 Sue
I say “welcome to Franchise C, Sue speaking, which is our policy. We have scripts for staff to follow.

1.13 Ken
Okay, this consistency though, does it go further than physique? Does it go further than what things look like?

1.14 Sue
It goes further than what things look like, yes. It’s in terms of how people react to certain situations. By that meaning if one of our people are answering the phones incorrectly and one is not, then there is a level of inconsistency there and the customer is all of a sudden getting confused, who am I talking to, am I with Franchise C and then that goes out to the couriers in terms of training. If you have got a trainer who is not providing the consistent levels of training and not using our proven training material, then all of a sudden you get inconsistency and you may have a courier group who’s trained correctly, a courier group who’s not. It’s trying to be practical in terms of I guess my experience with that word inconsistency and it can creep in very, very quickly into the franchise system and if you're not strong enough to squash it down, good luck to you.

1.15 Ken
And coming through with consistency, please believe me, I’m very grateful that you're talking to me and I don’t want everybody talking to me the same way. It would be boring, but I’m
trying to get into this consistency bit because if I pick up the phone and say good morning Franchise C, Ken speaking, but I can pick up the phone and say good morning Franchise C, Ken speaking. So consistency …

1.16 Sue
That comes back to people and everyone is different and it’s making sure everyone is aware that as soon as they use that word Franchise C or put anything in writing with the word Franchise C or wear a particular uniform item with Franchise C on it, that is providing a customer, potential customer, other key stakeholders with a perception of what Franchise C is about.

1.17 Ken
So what is the perception that you want them to give?

1.18 Sue
Professional, organisation that cares about people’s parcels, which is why we put such an important emphasis on our compliance in terms of our image. We’ve got 280 couriers that are essentially moving billboards and if one of those couriers is in a van that’s not looking the part, that throws all the other good work that 279 couriers have done, like that.

1.19 Ken
I know I’ve got a bit of a sceptic with me which is good, but you say they're moving billboards. So what about if I use the word that you may have heard of called brand ambassador or live the brand. Now that’s not a billboard, so why is it more than a billboard?

1.20 Sue
Well it’s the person behind it. They live and breathe it, you can hear the excitement in their voice as soon as they use the word Franchise C and you can see it in their mannerisms, in the way they deal with customers, other members.

1.21 Ken
So when we’re talking about Franchise C, it may be that there are more things in this Franchise C thing other than the physique. There’s certainly this idea of excitement for instance, of caring, caring about peoples parcels. So I look at brand and I try to look at it in a lot of different ways to build up a slightly different picture. So one of the things I ask people to do is think a brand is a person and say well if you’re thinking about the Franchise C brand as a person, what sort of personality would you have? Would it have …

1.22 Sue
Outgoing, able to communicate easily and openly with people, energetic, fit, hardworking and business minded.

1.23 Ken
Now, in the courier business obviously it’s a service industry and I think you’ve already mentioned it, one of the very critical parts of that service industry is what sort of relationship does a courier franchisee driver or a company employed driver, what sort of a relationship do they build with their customers and when they leave, that relationship is still there but it tends to be attached to the brand waiting for the next person to come in. So how would you describe the relationship that you think Franchise C develops with its customers?
1.24 Sue
Again I think you’ve sort of answered that question. It’s really dependent on the actual courier franchisee and/or wage driver themselves.

1.25 Ken
But what does Franchise C do you think … I mean you wouldn’t leave it to just any courier driver or any wages driver to relate with a customer in any way they wanted?

1.26 Sue
No, I mean obviously we have fairly strict compliance standards in terms of how they deal with customers directly.

1.27 Ken
Would everything … I can see you’ve got a lot of compliance, that’s very, very clear, but not everything how a person looks at another person is not going to be defined by the eyes.

1.28 Sue
No, not at all.

1.29 Ken
So I mean do you think you, the brand wants to influence that relationship between the customer and the driver, even outside of this idea of compliance?

1.30 Sue
Most definitely. What we would like is for the brand awareness in terms of our customers when they think of Franchise C they think of the friendly courier company who is going to get their parcels delivered on time and in one piece. That’s the first thing that I would want all of our customers to think of first about Franchise C. Again I come back to it’s the people. You don’t really have a brand without the people because if you don’t have good people there, then people soon forget about the brand and they focus on people.

1.31 Ken
That’s right and then the person disappears and they're left with a tarnished brand.

1.32 Sue
A lot of our marketing strategies have [9.55] that, especially in our smaller regions. It’s not so relevant for the larger centres because Auckland, Wellington, Christchurch, a lot of the customers there don’t really have that personal relationship with couriers. They're just really too big but in our smaller centres, a lot of our marketing material is focused on when a courier of the competitor who has been in that region for five plus years moves on and then we go and target them. We find it’s very successful because people don’t like to change, people don’t like change at all and when they’ve had a stable courier servicing them for five years plus, as soon as that guy goes or lady, we’re in there and it’s very successful and the reverse applies for them also. So people do like to deal with the same person in this industry irrespective of whether there are service values or not. It’s about that person picking up their item and I think what the customer relates to the smaller centres is that if they take their business away from this courier, that’s that courier’s livelihood and that’s how they perceive it in the smaller markets.
1.33 Ken
So there’s a loyalty aspect there.

1.34 Sue
There is huge loyalty.

1.35 Ken
I’m going to ask you, I am asking you the same question in about six different ways, but here are the two ways that, and I’m not a marketer, but these are the two ways that in some ways for this particular brand because of it’s industry, are getting a little bit more difficult to hang on.  If I were to mention to you something like Nike, if you wore … if you were the sort of person, or I’ll just ask you, what sort of person wears Nike?

1.36 Sue
A sportsperson.

1.37 Ken
Anybody else? What if you weren’t a sportsperson?

1.38 Sue
Anybody else who would wear Nike … I’m not sure to be honest.

1.39 Ken
A lot of people wear Nike who have never played sport at all.

1.40 Sue
Generally I relate Nike to like an athletic looking type person.  So you might not have to play … athletic looking.

1.41 Ken
What I want to do is to get a similar comparison with the Franchise C brand alright, and what I want to do there is to ask you to say if I was a customer of yours and I’m thinking yeah I’m going to use Franchise C, there’s Franchise C and the brand is going to mean something.  Now what meaning I’m trying to get at is do you think by using the brand, it makes the person think about themselves in a certain way?

1.42 Sue
I’m not sure to be honest.  So you're saying if the customer uses Franchise C, do they think of themselves any differently for using Franchise C?

1.43 Ken
Yeah.

1.44 Sue
I think yes in terms of supporting the local business.  So if you're your own business owner and you're the decision maker for that business and you know you're using another courier company such as, or Franchise C that are internally owned in that region, then yes you know that you feel better because you're investing in the local community, local economy.
1.45 Ken
I guess that is exactly what I’m getting at. You say I am a loyal person so I use Franchise C.

1.46 Sue
And if you found, actually that would be very key, yeah, it would be very key for this market here in Hawke’s Bay. It’s where we started 25 years this year. It’s probably got the dominant market share versus any other Franchise C regional franchisee because most customers have used us for 20 plus years and that’s all they know and they know the success. They more than anyone else in New Zealand know the success behind Franchise C and the story behind it whereas if you went outside of Hawke’s Bay, not a lot of people really know the story.

1.47 Ken
Could you hang any other words on that sort of … the way a person thinks about themself when they use the Franchise C?

1.48 Sue
Not that anything comes to mind.

1.49 Ken
Let me go to the … it’s almost the other side of the coin. I’m a customer, I’m thinking about the Franchise C brand, I use Franchise C as a brand, what do I think other people think of me?

1.50 Sue
It depends what other people we’re talking about. I mean if you're a Franchise C person then you're obviously quite excited that they're using …

1.51 Ken
A non-Franchise C person, a colleague at work.

1.52 Sue
Do they really care?

1.53 Ken
To you, they may not care. I think they probably do.

1.54 Sue
… it’s all, yeah okay, that’s fine. Yes there are certain sets of circumstances. I mean if there is a colleague that works for the manager who decides to use Franchise C and that colleague happens to have other friends who are in … bed with other companies, there’s going to be an impact there. I’m trying to relate it to myself if I was a customer and I was an employee of that particular customer, how would I feel if my manager chose to use Franchise C? It really I guess would depend on how it impacted on my role. I mean if I was a distribution manager and I was having to deal with service value complaints because we used Franchise C as opposed to someone else, then I’m not going to feel too happy about it, but if my service is good, then I’ve got no real gripes.

1.55 Ken
But I suppose I’m looking at almost, I won’t use the word global, I’m using the New Zealand picture of the Franchise C brand because for instance there’s some differences between the
way Franchise C operates and lets say another courier company in terms of I believe fewer cycles which allows a lower unit rate.

1.56 Sue
In here we’re … every region to look different. So Auckland is only two cycles but here they operate 6-7. So they’re a dominant player in Hawke’s Bay and in terms of most of our smaller regions, the franchisees are the dominant player in terms of cycles and service [16.18]. It gives that personal touch.

1.57 Ken
But do you think therefore somebody could look at the user of the Franchise C brand and say ah, he uses Franchise C because he wants cost effective service. He’s trying to save our company money. That’s what I’m sort of getting at but you know, I’m not going to suggest there should be an answer.

1.58 Sue
You’ve hit the nail on the head definitely. I think it’s also how prevalent Franchise C in the local community are. How much work they do in the local community. The franchisees that are very aware of that important business focus, you know, they’re going to have more impact on the community …

1.59 Ken
Well certainly to my way of thinking, I would hope that Franchise C brand really well known brand, local in Hawke’s Bay, local to New Zealand, one of the few franchises that have actually been successful internationally. That’s one of the reasons I’m here, that’s one of the reasons it’s the third franchise system that I’m researching and I would think that if I’m using Franchise C, I would like people to think of me as cost effective as nevertheless wanting a good service, looking after the company, but also perhaps having a community minded part of me myself. You know I like to think that by hanging a positive brand, that people are going to think positive things about me. So I guess, but I’m not going to try and drill you on that one.

1.60 Sue
No, no, no, I appreciate that. I guess as an employee of someone who uses Franchise C, is if they have the best interests of the company at heart and they know about Franchise C being a cost effective middle market courier company, then yeah, sure. I’m sure that will make a difference for them.

1.61 Ken
Now this is a tricky one. You’ve mentioned a lot of words here and some you know, the caring one because caring can mean yes, initially caring about the parcels, but a parcel is just an object. So you’re actually saying caring about people and your caring can actually get quite wide. So you’ve mentioned some excitement, you’ve mentioned in terms of relation to personality outgoing, communicator, open communicator, energetic, fit, hardworking, lots of words there. With a brand, most brands can be whittled down to sometimes one word, sometimes two words and you’ve been here for eight years so which word is coming through to you, which concept, which value …

1.62 Sue
Opportunity.
1.63 Ken
So you’d say that was at the heart of the Franchise C franchise?

1.64 Sue
Yeah, as I said, the excitement is generated by opportunity. I’m dealing with four new regional franchisees right now who are going through the process of the recruitment process and their excitement levels are right up there and it’s all because they can see that it’s the first time they're going into business, there’s a huge opportunity there for them. I think that’s really what Franchise C is about. Again, I come back to this people, it’s providing people with opportunities.

1.65 Ken
Look around this office, in this office here, you’ve mentioned all these words about what you consider fast … you could say what you consider Franchise C is about, but I’m interested in what Franchise C is out there which is really not about the organisation so much as the brand and what it represents. To what extent do you think the people in this building think the same way as you do about the Franchise C brand?

1.66 Sue
That’s why I love this work because everyone is different and everyone has differing opinions. I think a lot of people in this office will give their opinion based on what they think they should be answering and not possibly what they feel, but I think that’s just the nature of a lot of people in certainly lesser roles. They're always conscious about what they're answering and they always want to make sure they're answering the right question but not necessarily the right one in their mind. I just point that out. What do they think? I think some of it will be similar. A lot of it will be regurgitated from the training that they've received but you know, we’re a very close knit team here in this office. We work very closely and very hard together so I think there would be similarities there just coming through that we’ve spent you know, we work in such a small office and we cross-pollinate quite a lot. You have to.

1.67 Ken
So that’s the franchisor support office. You’ve got 19 regional franchisees out there. To what extent would those 19 regional franchisees think the same things of caring, excitement, etc.

1.68 Sue
It’s a very good question. I think it depends on where the franchisee’s lifecycle is at with Franchise C, like any franchise system. They start with those excitement levels and over time they feel that they can do better and bigger things with the franchise, outside the franchise system. So I think it depends on their lifecycle with the franchisor.

1.69 Ken
But in terms of the ones you’ve got and their lifecycle.

1.70 Sue
Yeah, obviously there’s a scale when it goes from the one year through to 15 years. I think for one year, again it’s all about that excitement and feeling a part of a larger group.

1.71 Ken
Have you seen the e-chart?
1.72 Sue
Yes.

1.73 Ken
That’s fairly …

1.74 Sue
That’s probably what I’m trying to explain … whereas I go through the 15 year, a couple who have been with us, they would openly admit that they have made more money with Franchise C than they probably would have done being teachers which is what they were, but they would … their attitude towards the company would be I’m sure I could do it better if we didn’t have the Franchise C name there before of that e-factor.

1.75 Ken
But to look at your 19 again, of that 19, half of them thinking exactly the Franchise C way or more of them or less of them?

1.76 Sue
I would like to think that more of them are thinking the Franchise C way and obviously most of them are successful in what they do so therefore they relate that back to the brand. If it wasn’t for Franchise C, I wouldn’t be as successful. So yeah, I think most of them would think along similar lines as we do. They're all passionate people, business owners are full stop. From my experience, franchisees are very passionate people. So I think they would be thinking along our lines. It goes along that e-factor. The ones that have been around longer and think they know they can do it better, not so.

1.77 Ken
I think the last thing of the e is the we though. The last thing is the we. Eventually they get around to realising that it’s a dual thing, it’s a value being co-generated.

1.78 Sue
You're very, very right but I think at present, the longer standing franchisee can’t get to the we so therefore we’re marketing their business for them. I think … my honest opinion is that regional franchisees for the most probably don’t value the brand as much as they should and they probably don’t understand what the brand is for most. They’ve come from very diverse backgrounds and really all they're looking from us is the training and support and that’s what they’ll think if you [24.32]. It’s actually, it’s something that we probably should bring to the focus a little bit more which is actually quite good to hear because it’s making me realise maybe we should do a little bit more.

1.79 Ken
Well you see one of the major areas of my particular research is, is to look at this channel from the franchisor support or management through to the franchisees and then my next question to you is we’re talking about the brand, we’re talking about all these values, this sort of personality characteristics of your 260 franchisee drivers, what proportion of them do you think are seeing the brand in the same way and are delivering that brand in the same way?

1.80 Sue
Probably not as high as I would like to be frank.
1.81 Ken
Give me a percentage.

1.82 Sue
I would probably say 45%. Only because of the stigma that is attached to a courier business, whether it’s a Franchise C franchise or another company contractor. The 45% are the couriers that are earning in excess of $2,000 a week and are the ones that we need to profile and attract more of. So yes, the other ones don’t see themselves as business people and therefore won’t really understand what brand is and will just pick up and deliver parcels without using the marketing tools we have to bring on customers. But that’s more the nature of I guess of how each regional franchise territory is made up. We break it up into small pockets of courier territories. Obviously some courier territories are going to have a lot more business units that others therefore have the potential to grow a lot more and therefore higher income therefore better quality applicants. First is a large residential area where we just need to provide a service, we’re not going to get a lot of pick up volume out of that and therefore your quality of franchisee is going to be down here. I would say 45%.

1.83 Ken
What about the 50 or 60 wages drivers?

1.84 Sue
50 or 60 wages drivers. Again I think it’s where their located. I think in Auckland they get a little bit lost. They really probably don’t know the full Franchise C story of what it means and where it’s come from. Therefore they are really focusing on the sort of the 7.30 to 5.30 at night can’t wait to get home type. In the smaller regions where they actually feel a little bit more loved and know a little bit more about Franchise C, some of our company owned territories are as good as some of our courier franchisees. They just don’t have the equity or desire to run their own business. So again it’s a mixed level and I think it is very dependent on where you are located. I think in the larger centres you tend to get lost in a larger company versus a small company where communication is very open. Maybe that’s something that we do need to work on more. Again the lifecycle of the company wage driver probably dictates the level of that also because we’re obviously always seeking courier franchisees so we turnover wage drivers a lot.

1.85 Ken
Little question. This is to you. How important do you think the Franchise C brand is to the success of this business and the regional franchisees business?

1.86 Sue
Very important. I said I’m a sceptic but I do understand why we have a brand and the need for a brand. I do think though that we really need to emphasise more brand awareness in our training through all levels so people can actually understand what it means to be part of that name Franchise C, but it’s very, very important. Again I come back to that consistency. As soon as someone wears Franchise C on their shirt, mentions the word Franchise C, if that shirt looks untidy, if their demeanour and their mannerisms are negative, that’s going to portray a poor perception of people who are going to automatically, Franchise C, oh I don’t know about that, versus the positive attitude.
1.87 Ken
What part do you think this brand and the things it represents, the things it stands for, what part does that play in the selection of your regional franchisees?

1.88 Sue
Quite high actually.Obviously we have ... we actually use the [Greg Nathan’s] franchise profile. We’ve tailored that to suit Franchise C so we actually profile our regional franchisees to the type of person they are. Family orientated is a big for us and we try and portray that in a lot of our marketing material. The five day working week ... so a lot of our marketing materials’s pitch that, family orientated person, hardworking. In terms of our selection criteria, our profiling is very strong. It’s important for us to see that they have families support there It’s not to say we wouldn’t recruit someone who didn’t have a family or was separated from their wife, but we dig a little bit deeper in terms of okay what sort of support are they going to receive.

1.89 Ken
So you think they would be ... there is a tension always in appointing a regional franchisee because you’ve been involved in franchising, you will know and I heard this said, well you’ve heard the ones who at many times is, is he breathing ...

1.90 Sue
Has he got a pulse.

1.91 Ken
Has he got a wallet, but some franchise systems forget about the breathing.

1.92 Sue
I’ll be honest, I know our regional franchisees make that mistake. In those areas where they struggle to recruit because of its demographic makeup and its business unit makeup, without doubt they will revert and not follow our policies and that is where we slip and that’s our job to really ensure that we focus on those particular areas. Our perspective, we have our selection criteria, our recruitment processes is that thorough, people have to go through that many hoops to get through to the final stage, that gone of the days of pulse, wallet.

1.93 Ken
Are there any other things because I know you want to be released by 10 o’clock.

1.94 Sue
That’s fine actually. It’s quite good to be honest. It’s going to be thinking a little differently.

1.95 Ken
I’ve now done three franchise systems in great depth. I won’t tell you what they are because of the confidentiality which you will want for Franchise C, but one of them is in the beauty industry and I see, this is me because I’m a bit of a, I have to declare myself, in fact I will switch this off because it’s no longer an interview ...

[Transcript ends 32.11]
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