Existence of the Plural Form Within Franchised Networks: Some Early Results from the US and French Markets

Rozenn Perrigot¹ and Gérard Cliquet²

Abstract. The plural form has been the subject of a considerable body of research since Bradach developed his model (1998). Most of this work was done in North American, Australian, or European countries. The purpose was mainly to assess the degree of plural form within franchised networks using economic, environmental, organizational, or marketing variables. In the present paper, the focus is not on plural form in only one particular market but instead on a comparison of the extent of the plural form within US and French networks. The main finding is that the rate of company-owned units is significantly higher in France (36.09%) than in the United States (9.45%). This can be explained through the differences in the territory area, and also managerial and strategic differences in the way retail and service networks are run in the two countries. Differences in the extent of plural form are also explored according to the retailing or services orientation of the networks. Finally, some determinants of the extent of plural form are highlighted.

Keywords. Franchising, plural form, multi-countries analysis, France, USA

1 Introduction

In franchising research, plural form is a recent concept, first announced by Bradach and Eccles (1989), then highlighted in several research papers (e.g. Lafontaine and Kaufmann 1994; Lafontaine and Shaw 1999a). ‘Plural form’ simply refers to the coexistence of franchised units and company-owned units within a same chain. The concept of plural form was clearly defined by the Bradach model (1998). The model is actually based on meeting four challenges related to: 1) spatial expan-

¹ CREM UMR CNRS 6211, ESC Rennes School of Business, 2, rue Robert d’Arbrissel, CS 76522, 35065 Rennes Cedex, France, rozenn.perrigot@wanadoo.fr.
² Institute of Management of Rennes (IAE), University of Rennes 1, CREM UMR CNRS 6211, 11, rue Jean Macé, CS 70803, 35708 Rennes Cedex, France, gerard.cliquet@univ-rennes1.fr.
sion, 2) concept uniformity maintenance 3) reaction against competition, and 4) service and/or retail concept evolution.

Many researchers have tried to focus on various aspects and/or applications of the concept of plural form and of this model. It was first defined to accompany exploratory research into US restaurants (Bradach 1997). Other papers have enhanced the advantages and drawbacks of plural form networks in the hotel industry, the bakery sector or retail cosmetics in France (Cliquet 2000), or have compared plural forms or tapered integration (Bradach and Eccles 1989) with other theoretical approaches, such as signalling theory and resource-based theory (Dant and Kaufmann 2003), property right and transaction cost theories (Windsperger 2004a; 2004b), or the theory of incentives and the agency theory (Chaudry and Fadario 2004). Some have focused on particular elements of the model, such as innovation (Lewin-Solomons 1999; Cliquet and Nguyen 2004), the organizational learning process (Sorensen and Sorensen 2001), or the royalty rate (Pénard, Raynaud, and Saussier 2003). Ehrmann and Spranger (2004) examined cost reduction, quality enhancement, growth stimulation, and optimized risk control.

Though this research was developed in a variety of countries (Australia, Austria, France, Germany, Spain, and mainly in the United States), as far as it is known there has been no attempt to compare the situation across countries. The contribution of the present paper, as far as the theoretical perspective is concerned, deals with the fact that it is only through such cross-cultural empirical investigation that a genuine sense of the generalizability of the theories and their boundary conditions can be found. As far as the managerial implications are concerned, franchisors must adapt to local cultural imperatives and business practices if they are to succeed cross-culturally. Such comparative analyses alert the managers to the cross-cultural idiosyncrasies.

This paper aims to compare the degree of plural form, or plurality, as measured by the rate of company-owned units in franchise networks, between the United States and France. The first purpose of the empirical research developed in the second part of this paper, is therefore to compare the implementation of plural form within the US and French retail and service networks. Do the US and French franchisors tend to mix franchising and company arrangement in a similar manner? If not, which kinds of network and/or market features could help to explain these differences? The second purpose of this paper is an attempt to underline the main trends in the existence of plural form. Are there, for example, any significant differences between retail and service networks? In this paper, some explanatory variables of the plural form will be identified. Recent data concerning nearly one thousand US and French networks are used in the empirical analysis.

The paper is organized as follows. In the next section, the main approaches used to explore the plural form within franchised networks are presented. Then, in section 3, the research design, and more specifically data, variables and methodology, are detailed. Section 4 depicts the main results of the comparative analysis of the US and French networks. Finally, the results are discussed in section 5.