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**COMMUNICATION OF THE FRANCHISORS
TOWARDS THE PROSPECTIVE FRANCHISEES: THE CASE OF *SUBWAY*¹**

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ABSTRACT

The number of franchising networks has been growing over the last years. The number of prospective franchisees is therefore increasing as the number of franchisors is doing as well. As a result, important questions can be raised: How are the franchisors able to attract the prospective franchisees better than their competitors do? What kind of communications can be used by the franchisors to attract and appeal the prospective franchisees? In this paper, we expose traditional and innovative means of attracting new franchisees before focusing on the case of *Subway*, one of the biggest franchising networks in the world, specialized in sandwiches. Managerial implications aiming at helping the franchisors to attract more and better new franchisees than the competitors are also discussed.

KEYWORDS

Communication policy, franchisee selection process, influencers, Internet, social networks, viral marketing.

1. INTRODUCTION

The number of franchising networks has been growing in France over the last years: from 34 in 1971 to 550 in 1991, to 653 in 2001, and to 1141 in 2007. The number of franchised units has been increasing as well: from to 27000 in 1991, to 32240 in 2001, and to 45996 in 2007 (French Franchise Federation, 2008). The number of prospective franchisees is therefore increasing as the number of franchisors is doing as well. As a result, the selection of franchisees is still a key point as it has been for a very long time (Wattel, 1968-69) even in terms of survivability (Stanworth et al., 2001). Moreover, the franchisor's ability to attract franchisees is of great interest for the expansion of the franchising network (Dant and Kaufmann, 2003; Lafontaine and Kaufmann, 1994). Many strategies can be implemented such as signalling theory (Gallini and Lutz, 1992) to highlight the need for attracting the best franchisees.

But beyond this need, the literature is still focusing on key strategies dealing with pricing policy and strategic control which means outlet ownership and franchisee investment financing policy (Shane et al., 2006) which are critical to franchise systems. And if strategies seem to be theoretically founded in the franchising literature, little is known about the way to communicate between franchisors and franchisees during the recruitment and selection process. Today, important questions can be raised: How are the franchisors able to attract the prospective franchisees better than their competitors do? What kind of communication means can be used by the franchisors to attract and appeal the prospective franchisees?

These particular questions have not been yet explored in the literature. Indeed, authors such as Knight (1986), Peterson and Dant (1990), Withane (1991) and Guilloux et al. (2004) have focused on the criteria employed by the franchisees to select a franchisor (e.g. established

name, franchisor support, training provided, etc.) but not on the ways through which the franchisees select their franchisors.

In order to attract the prospective franchisees, the franchisors have to display the best brand image to appeal not only the customers, but also the prospective franchisees on the one hand, and to differentiate their communication towards the prospective franchisees compared to this of their competitors on the other hand. Advertising has been considered the best way to maintain and develop the brand image even though advertising expenses and marketing efforts, by and large, are most of the time insufficient in most of franchising networks compared to company-owned networks (Michael, 1999). The presence of company-owned units is also a key signal (Gallini and Lutz, 1992) to reinforce the strength of a brand and to better attract new franchisees. But today, many other communication means are available to be directly in touch with potential franchisees. A way to differentiate their communication is to use innovative means of communication such as professional social networks, etc... This paper focuses on these new communication means and how they can be used to better attract franchisees. A case study explores advantages and drawbacks of such new means in order to improve the franchisee selection process.

This paper is organized as follows. In the second section, we expose two approaches to implement communication policies which can be useful in the franchisee selection process: media vs. non-media advertising on the one hand, and push communication, pull communication and communication relayed by the influencers or opinion leaders on the other hand. In the third section, we present the particular case of *Subway*, one of the biggest franchising networks in the world, specialized in quick service restaurants offering sandwiches. Finally, the discussion of the results stemming from the case study and the managerial and strategic implications are presented in the fourth section.

2. COMMUNICATION MEANS TO ATTRACT NEW FRANCHISEES

2.1. TRADITIONAL APPROACH FOR THINKING ABOUT COMMUNICATION

For many years, the means of communication used by the companies are divided into two main categories: the media advertising and the non media advertising. On the one hand, the media advertising, also called “above the line” by the big advisers, is “a one-sided mass communication made for a clearly identified company that pays media (press, TV, billposting, cinema, Internet) in order to insert promotional messages in spaces different from the editorial content and diffuse them to audiences of selected media” (Lendrevie, De Baynast, 2008). On the other hand, the non media advertising, also called “below the line”, corresponds to all the forms of communication other than media advertising.

In France, for more than ten years now, the media advertising represents about one third of the investments of the advertisers (36.6% exactly in 2008) and the non media advertising correspond to about two thirds of the investments (63.4% exactly in 2008), as detailed in Table 1.

Media advertising	Market shares
Press	13.1%
TV	12.7%
Billposting	4.5%
Internet	3.1%
Radio	2.8%
Cinema	0.4%
Sub-total	36.6%
Non media advertising	
Direct Marketing	29.4%
Sales Promotion	15.8%
Public Relations	5.7%
Tradeshows	4.8%
Directories	4%
Sponsorship	2.6%
Patronage	1.1%
Sub-total	63.14%

Table 1: Communication investments of the advertisers in 2008
Sources: Advertisers Union

Regarding the means of communication used by the franchisors in France in order to attract new franchisees, we have the percentage of the whole population of franchisors using one or the other means of communication (cf. Table 2).

	Percentage
Media advertising	
<u>Press</u>	
Press specialized into a specific industry	53%
Press specialized into franchising business	37%
Press specialized into economic topics	17%
<u>Internet</u>	
Franchisor own website	73%
Specialized websites	46%
Website of the French Franchise Federation	22%
Non media advertising	
<u>Tradeshows and exhibitions</u>	
Franchise Expo	43%
Entrepreneurship tradeshows	10%
Other tradeshows	8%
<u>Direct marketing</u>	
Store keepers prospection	13%
Mailings	12%
On-field prospection	4%

Table 2: Means of communication used by the franchisors in France in 2008

We notice that among the media advertising means of communication, only two are used by the franchisors: press and Internet. On the one hand, for press, it mainly deals with press specialized into a specific industry and into franchising business. On the other hand, for Internet, it deals with the development of the own websites of the franchisors. Internet is mostly used by franchisors for communication with end-users, franchisees, and suppliers (Paswan et al., 2004), for sales and promotion, for conveying information quickly to any partner, and to find new franchisees (Cedrola and Memmo, 2009), but only by displaying information on a website with a possibility of contact through e-mail. Concerning sales and promotion, problems can arise when territory encroachment problems happen (Fontenot et al.,

2006; Kalnins, 2004). Furthermore, among the non media advertising, the tradeshows and exhibitions remain the means of communication the more frequently used by the franchisors, and more specifically the *Franchise Expo*, that is organized each year in March, in Paris. As far as direct marketing is concerned, it remains under exploited.

The distinction between media advertising and non media advertising appears less relevant in the current situation. It is peculiarly true concerning Internet which is becoming more a non media advertising means when the Web 2.0 can be used. Usually Internet can provide, at a low cost, potential franchisees with useful information on the franchisor's network (Strenk, 2007). Application forms are more easily accessible and negotiation time can be reduced (Bugarsky, 2007). But the progressive expansion of relational marketing, the multiplication of loyalty programs, the possibility to analyze and use, rapidly and easily, individual data imply the development of one-to-one communication, compared to "one-to-many" or "one-to-few" communications. Additionally, the communication becomes more and more dynamic and interactive with the development of Web 2.0.

2.2. INNOVATIVE APPROACH FOR THINKING ABOUT COMMUNICATION

The development of Internet has involved a distinction based on the identity of the person who takes the decision to diffuse a message. We talk about "push communication" when the company, here the franchisor, is the author of the communication, and about "pull communication" when this is not the franchisor that is at the origin of the communication, but a customer, a partner, a prospect, and more specifically here the potential franchisees. There is a third kind of communication, this that the company, here the franchisor, controls with more difficulties than the other kinds. It deals with the communication relayed by influencers like word of mouth, buzz marketing, viral marketing, etc. These two former means of communication appeared with the development of Internet and Web 2.0.

If we consider the communication means in a new matrix such as presented in Table 3, the first axis represents three kinds of communication: push communication, pull communication and communication relayed by influencers, and is characterized by the level of control exercised by the company, here the franchisor, on the diffused communication. The second axis is defined by the target size, from one-to-many to one-to-few to one-to-one.

	PUSH COMMUNICATION On the initiative of the franchisors	PULL COMMUNICATION On the initiative of the franchisee candidates	COMMUNICATION Relayed by the influencers
ONE-TO-MANY	<p><u>Daily press</u> Daily regional press: <i>Ouest-France, Le Télégramme, Sud-Ouest</i>, etc. Daily national press: <i>Le Figaro, Le Monde, Le Parisien</i>, etc.</p> <p>Periodical and general press <i>L'Express, Le Point, Le Nouvel Observateur</i>, etc.</p>	<p>Search engines: <i>Google</i>, etc.</p> <p>UGC websites (User Generated Contents) <i>YouTube, Dailymotion</i>, etc.</p>	<p>Press relations (general information)</p> <p>Buzz</p>
ONE-TO-FEW	<p>Economic press (<i>Les Echos, La Tribune</i>, etc.)</p> <p>Press specialized into a specific industry (<i>Néo Restauration</i>, etc.)</p> <p>Press specialized into franchising business (<i>Franchise Magazine</i>, etc.)</p> <p>Mailings and e-mailings</p> <p>E-advertising, banners, links</p> <p>Flyers</p>	<p>Websites Websites of the franchisors Specialized websites: <i>observatoiredelafranchise.com</i>, etc. Website of the French Franchise Federation</p> <p>Click on banners and links</p> <p>Newsgroups</p> <p>Trade shows and exhibitions (<i>Franchise Expo, Entrepreneurship tradeshow</i>s, etc.)</p>	<p>Press relations (specialized information)</p> <p>Blogs</p> <p>Public Relations</p> <p>Viral marketing</p>
ONE-TO-ONE	<p>On-field representatives</p> <p>Call centers</p>	<p>Websites with possibility to download or ask a brochure, or with a FAQ section (Frequently Asked Questions), etc.</p>	<p>Influencers</p> <p>Word of mouth</p>

Table 3: The new matrix of communication

In the specific context of franchising, the push communication is mainly limited to the press specialized into specific industries and/or franchising business and the Internet through banners and above all, links. The pull communication is undoubtedly more efficient because it is solicited by an interlocutor, here the franchisee candidates. It is therefore interactive, and consequently, and not imposed by the company, here the franchisor as it is in the case of the push communication. Nevertheless, there are some difficulties associated to the pull communication: the relevance and the coherence of the dialog to be built with the potential franchisee that is not anymore a passive target, as it is the case in the push communication.

These new communication means should bring to franchisors a better view according to key franchisee selection criteria such as franchisees' financial capability, experience and management skills, demographic characteristics, attitude toward innovativeness, personal development, work-related challenges, personal commitment to the business, and business risk-taking, and key expectations of franchisors such as cooperation, satisfaction with the business decision, and franchisee opportunism (Jambulingam and Nevin, 1999).

3. SUBWAY: A CASE STUDY

We have chosen to focus on the case of *Subway*, an important franchising network in the French fast food industry, in order to illustrate the various means of communication used by the franchisors to attract new franchisees and also to examine the perceptions of the franchisees regarding these means of communication.

First of all, the fast food networks are among the fastest growing networks in France. This sector does not suffer from the economic crisis compared to other sectors. The franchising concepts in the fast food industry are therefore attractive for many prospective franchisees. Moreover, these prospective franchisees have many options when they decide to open a restaurant. Indeed, there are a lot of competition in this specific industry: networks in the

pizza sub-sector (e.g. *Domino's Pizza*, *Pizza Hut*, *Pizza Sprint*, *Speed Rabbit Pizza*, etc.), in the burger one (e.g. *Mc Donald's*, *Quick*, *Speed Burger*, etc.), in the pasta one (e.g. *Mezzo Di Pasta*, *Pasta Cosy*, etc.), in the sandwich one (e.g. *Brioche Dorée*, *La Mie Caline*, *Subway*, etc.), etc.

3.1. PRESENTATION OF *SUBWAY*

3.1.1. *Subway* in the world

As far as *Subway* is concerned, “in 1965, Fred DeLuca, a 17-years old boy, and a family friend, Peter Buck, opened *Pete's Super Submarines* in Bridgeport, Connecticut [in the United States of America]. With a loan from Buck for only \$1,000, DeLuca hoped the tiny sandwich shop would earn enough to put him through college. After struggling through the first few years, the founders changed the company's name to *Subway* and began franchising in 1974” (*Entrepreneur 500* website). About forty five years after, *Subway* is one of the biggest networks in the world with 31,242 restaurants located in more than 90 countries (*Subway* worldwide website). It is number one in the *Franchise 500* ranking, published by the *Entrepreneur Magazine*. It was ranked number one four times during these last five years. *Subway* focuses exclusively on franchising activities and not on company ownership. Indeed, there is not any company-owned *Subway* restaurant in the world (*Entrepreneur 500* website). Two thirds of their restaurants are located in their domestic market. Indeed, there are 21,685 franchised restaurants in the United States of America, 2,355 franchised restaurants in Canada and 5,572 restaurants in other foreign countries (*Entrepreneur 500* website).

3.1.2. *Subway* in France

Subway opened his first restaurant in France in 2001. This was in the Bastille area, in Paris. The second restaurant opened several months after in Versailles. Then, the *Subway* brand

appeared in big cities such as Lyon, Lille, Marseille, Aix-en-Provence, Rennes, etc. Now, there are 147 *Subway* restaurants in the French territory. A total of 300 restaurants are expected to be opened in 2010 (*Subway* French website). *Subway* is developing its network in France through master franchising. Each master franchisee has to recruit new franchisees, to manage the network, to reinforce the brand image, all of these in a specific geographical area determined by the franchisor.

3.2. PRESENTATION OF THE METHODOLOGY

According to us, it is relevant and complementary to interview both: a master franchisee and several of his franchisees in order to better understand the means of communication used by *Subway* to attract new franchisees and the perceptions of these means of communication by the franchisees when they were in the process of selecting a franchising network. We have adopted a qualitative approach with, on the one hand, in depth interviews of a master franchisee and three of his franchisees having their restaurants in the same city, and on the other hand, secondary data through websites, press releases and brochures.

The fourth interviews have been audio recorded, and totally transcribed. The interviews of franchisees occurred in their restaurants, during the afternoon, between the lunch service and the dinner one. The length of the interviews with franchisees varied from 28 to 42 minutes. The interview of the master franchisee occurred in his office. Its length was equal to 50 minutes. As far as the profile of the franchisees is concerned, the first franchisee has two *Subway* restaurants in the city center, she works with her husband and they were previously working in the restaurant sector as well, but in an independent way. The second franchisee has one restaurant outside the city center, and not any experience in the restaurant industry. The third franchisee has one restaurant in the city center. He opened this restaurant some months ago without having any prior experience in the restaurant industry.

3.3. SUBWAY COMMUNICATION MEANS TO ATTRACT NEW FRANCHISEES

3.3.1. Push communication: on the initiative of Subway

Press

Economic journals and regional ones, such as *Les Echos*, *L'Express*, *La Tribune*, *Le Figaro*, *Ouest France*, etc. have appeared as a good vector of communication. This kind of journals can give ideas on specific industries such as the restaurant one, on the business opportunities, on the new consumption tendencies, etc. This kind of supports appears such as serious and objective, contrary to the specialized journals that are sometimes considered as subjective.

“This was in the journal « Les Echos », I read that the first Subway restaurant was opened in Paris [...]. I decided to get more information about the number 1 of the franchise in the world, at this period there were 15000 restaurants, now there are 32000! And for leaders like this, we must always look, get some information, etc. This is why we tried to get more information about Subway.” (Master franchisee)

Nevertheless, when we have talked about journals specialized in franchising such as *Franchise Magazine*, *l'Officiel de la Franchise*, *Entreprendre Franchise*, etc., the master franchisee indicated that this was not a priority.

“Press is good but ... but this is very Parisian. We have some advertising-reportage, we have things like this. I am not a fan! I never buy a journal specialized in franchising. This is not objective. This is “over made”. Moreover, this is expensive. »(Master franchisee)

“It targets people that are already more or less in the business. I think! The target is limited. Not necessarily store keepers or people who want to become it!” (Franchisee)

“The journalist that prepares the articles can present the networks as he wants, he can be manipulated.” (Franchisee)

Other journals specialized in the restaurant industry exist also (e.g. *Néo Restauration*, *Magazine de l'Hotellerie*). But, they are more oriented towards traditional restaurants than fast food restaurants according to the franchisees. They have said that there were very articles dealing with fast food restaurants.

TV advertising

Advertising on TV is important for *Subway*, because even if it is one of the biggest franchising networks in the world, it is not well known in France. Consequently, advertising on TV is a way to make discovering the brand and to build a brand image, to communicate about the products, the services and the concept. This can appeal people who want to become franchisees.

“It will give more visibility to the brand because we will advertise and communicate more. We will advertise in the bus stations, on the radio stations, etc. And next year, at the national level, we will advertise on TV ... TV advertising like McDonald’s! There will be therefore more visibility of the brand in France. Every one who doesn’t know the Subway will discover the brand.” (Master franchisee)

“There are people, we say [name of the competitor], they say sandwich, we say [name of the competitor], they say sandwich, we say Subway, they don’t know what to say. Many people don’t want to enter in our restaurants, they are afraid because they don’t know the brand. Advertising on TV, this is clear, this will show them what Subway is!” (Franchisee)

An innovation can be mentioned. It deals with the new supports that are used to communicate, and more specifically the new TV supports. As already mentioned above, *Subway* will use the TV advertising. But, instead of communicating through the most famous TV channels (mostly, 1 and 2), or better said, the most traditional ones, *Subway* will communicate through new and more specialized channels (W9 for instance). The ratio impact on costs will be higher. The brand will therefore appear as innovative, being present on innovative channels. There will be also something like the minute for the employment. *Subway* will diffuse a spot to explain what is franchising and to underline that franchisees are welcome.

Direct marketing

According to the master franchisee, direct marketing, and more specifically on field prospecting is a necessity for developing the network and enables to target relevant candidates to franchising. It can deal with prospecting the interim agencies, the agencies for managers, the chambers of commerce and industry in order to find relevant profiles of franchisees.

“We have to contact people who want to open restaurants and who don’t have any experience, going alone, by themselves, is a mistake! If you don’t go to look for people, you can wait for a long time! I am not someone who is waiting for. This is my default. I like to go and meet people in order to make they come and join us.” (Master franchisee)

The franchisees consider that this is always the prospective franchisees that are looking for information, looking for a franchisor and not the opposite way. According to them, in this former context, it would put the franchisor in a weak position.

3.3.2. Pull communication: on the initiative of the franchisee candidates

The network itself with its restaurants

The *Subway* restaurants are, according to the master franchisee, the first vector of communication for attracting new franchisees. Indeed, they contribute to communicate about the concept, the ambience, the quality of the products and the services, etc. Moreover, restaurants have been mentioned by the franchisees as well.

“When people come to eat in our restaurants, they can say “this is great, this is a good idea, this is a franchise”. So, in the world, now, the first vector of communication, ...of reception of the franchise candidates are the restaurants ... at the world level.” (Master franchisee)

“I knew Subway because I was already a customer. Twice or three times, I thought that this was not too complicated.” (Franchisee)

“My husband already knew Subway because he leaved in Canada for a long time. Subway was more familiar for him than for me, and this is him who makes me knowing the brand.” (Franchisee)

The master franchisee has developed a new way of communicating about the possibility of becoming a *Subway* franchisee. Indeed, he communicates with a display unit near the check out, in all the restaurants of his geographical area. Because it is a success, the *Subway* brand has decided to replicate this mean of communication in all the *Subway* restaurants at the European level.

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restaurants ... at the world level. More restaurants we have, more sources we have. So, we wondered "what could we do in order to optimize the visibility of the Subway franchising in the restaurants? We launched a system of display units near the check out. This is an original idea! And, now, this is an obligation to have this display unit in all the Subway restaurants that are located in Europe. This is in [REGION] that we have created it! Now, all the Subway restaurants in Europe will have this system. The initial idea was "how to tell to people that this is a franchising network and that if they are interested in, they can contact us". We have chosen a system of sticker. They don't need a pen to write the name of the contact and his address. Therefore, they take one sticker, keep it and then, can call us if they want to. This is a source of franchising candidates. This is a direct contact, we avoid the intermediaries. The people that are interested in the Subway concept, and that take a sticker in a restaurant of my geographical zone call me directly, without going through the headquarters in Paris." (Master franchisee)

There will be another innovation very soon, it is currently explored by *Subway*. We can not detail it for the moment for confidential reasons, it deals with using new technologies in the restaurant in order to become closer to the customers and to the potential franchisees.

Internet

Internet is now considered as a traditional mean of communication and is among the most important media. Most of the franchisors have their own websites, and are also referenced on numerous other websites.

"Internet is more popular than specialized journals. It targets more people. Indeed, every one uses Internet. It is easy to find a website, even if we don't know it. With the name [of the brand], we can find the website with all the information we need." (Franchisee)

"With Internet, we have a lot of information, we can have access to all kinds of information, not only one opinion, we can have different opinions, we can overlap information. This is quite complete, quite exhaustive." (Franchisee)

Subway has several websites: the website for *Subway* in the world (<http://world.subway.com>), the website for *Subway* France (www.subwayfrance.fr) and the website for the geographical area of the master franchisee. All of them contribute to target the customers, but also the potential franchisees. They underline the success of the brand and the opportunities of joining the franchising network.

“The website for Subway France is now an important vector of franchise candidates. Above all now, we advertise a lot, on Internet, on other websites, we are present in most search engine motors. Additionally, we have the specificity in [REGION] to have our own website. We have therefore our own website, we are currently improving it. The new one will be available soon. It will be even more aggressive.” (Master franchisee)

“Internet? We of course had recourse to Internet. But, in the past, this was in English, this was the US website. They were saying that this was the franchise number 1. This was very marketing-oriented. We saw what the concept was, what the products were, etc. Yes, we were able to download a form for becoming a franchisee. Yes, we had information.” (Franchisee)

Subway is also present on other specialized websites such as *observatoiredelafranchise.com*, *ac-franchise.com*, *franchisedirecte.fr*, etc. The master franchisee has not mentioned these websites during the interview but one of the franchisees has indicated that some news about the Subway brand, some news about the openings of Subway restaurants, etc. were available on these specialized websites, and that was interesting.

Internet and the use of social networks

A lot of social networks appeared in the Internet these last years. They deal for instance with *Facebook*, *LinkedIn*, *MySpace*, *Viadeo*, etc. A social network is a social structure made of nodes (individuals or organizations) that are tied by one or more specific types of interdependency, such as values, visions, ideas, financial exchange, friendship, etc. Some social networks are more professionally-oriented than others.

According to *Médiamétrie*, *Facebook* is one of the twenty websites the more visited in France. As far as Subway is concerned, at the international level, Subway is very present on *Facebook*. Many pages are dedicated to the fast food brand. At the French level, there are currently three *Facebook* pages for Subway. On one of them, this is the profile of Subway France. We can find pictures of Subway restaurants, a video of an employee preparing a sandwich, pictures of Subway teams, etc. There is also a link to direct the visitors to the other Subway websites, among which this of the master franchisee, mostly dedicated to prospective

franchisees. There is also a group for *Subway* restaurants to expand more in France”, but for the moment, they are very few members in this group. According to the master franchisee, being on *Facebook* is important for visibility purposes.

“Being present on a professional social network creates visibility. This is visibility! I strongly believe in it! ... This is a lot of work. We have to make it living. This is a lot of work but this is a very, very good support. Compared to magazines in which I don’t believe, this is a very good support. And we will go more and more in this direction. Indeed, there is more and more unemployment and people looking for a job don’t use the same ways than ten years ago, these are not the same ways today. This is above all the professional social networks. People seek the network, the employers, the employees. This is great! Facebook is above all visibility. We use it as a marketing tool. When you have a list of friends, you create a buzz “we open in [CITY], you are all invited to the inauguration!” (Master franchisee)

With *Viadeo*, this is possible to belong to groups dealing with franchising, with local events. This is a way to learn, to share ideas, to inform people, for instance on the meetings organizing for discovering the *Subway* concept, etc.

“Viadeo is even more professionally oriented than Facebook!” (Master franchisee)

Tradeshows and exhibitions

Franchise Expo is a very important event for the franchisors and for the prospective franchisees as well. In March 2009, the 28th edition gathered about 400 franchisors belonging to 75 industries on an area of 27,000m². Additionally to the stands of the franchisors, there were some conferences about specific topics of franchising organized by the French Franchise Federation and other experts. In the specific context of *Subway*, the master franchisee and the franchisees underlined the extreme importance of this event.

“There are the tradeshows, the exhibitions. This of Paris [Franchise Expo], this year, has been the best one of the last five years. This is strange because there were a lot of franchisors that decided not to come. They did not come and finally, they would have had to be present. We had a lot, a lot of people to come to our stand. Very good tradeshow! And, I did it from 2003”. (Master Franchisee)

“Compared to the competitors, [the presence of Subway] shows that we are present! This is a good way to find new people to join the network that

already have a project more or less in their mind, this is very important to be present!” (Franchisee)

“I had been attracted by the concept during the Franchise Expo, then I searched for more information, and I signed the franchising contract some weeks after Franchise Expo.” (Franchisee)

Some other tradeshows focusing on entrepreneurship can be interesting as well for the franchisors. And, the *Subway* master franchisee mentioned a regional tradeshow for which there are a lot of feedbacks, but he highlighted the relatively high costs associated to these tradeshows.

There is also another innovative event: the caravan of the entrepreneurs.

“We did it one year, and this was good. This was the caravan of the entrepreneurs. This was great. This is a company from Paris that organize the tour of France. In each city, they have some tents and they invite franchisors. We did it two years. This is like the cycling “Tour de France” but it is named the caravan of the entrepreneurs. There are several aspects: franchising, takeover, transfer, etc. There are several industries. And there is a franchising pole. We were in the team. We made [CITIES] during one week. We had a stand. They had communicated upstream, in the press, on Internet. And consequently, people come. Then the hostesses welcome them and indicate them the way towards franchising for instance.” (Master franchisee)

3.3.3. Communication relayed by influencers

The network itself with its franchisees

In the same way than the restaurants themselves, the franchisees can contribute to the attraction of new franchisees. Even if the master franchisee has not indicated this particular mean of communication during the interview, the franchisees have said that they have already been contacted and/or visited by persons in search of information, advice, experience sharing, etc. They have also mentioned that they contacted franchisees before joining the *Subway* network.

“They like to contact the franchisees in order to know if things are really going as it has been presented [by the franchisor representatives], if we are satisfied ... because these are us who are in the restaurants. And, this is

their future place. They want to know how it works. We are often contacted by people who want to become Subway franchisees.” (Franchisee)

“We received a lot of phone calls [from people who are interesting in joining the Subway network].” (Franchisee)

“When people have not yet taken their decision and when they hesitate to sign [the franchising contract], they call the franchisees in order to reinforce their opinion, or to withdraw.” (Franchisee)

“Yes, I have met the franchisees of [CITY], I have called other franchisees. Some had already closed their restaurants. There were not only positives experiences. After we take the decision, with all the information we have. That’s it!” (Franchisee)

The network itself with its customers

Being a customer of a Subway restaurant can influence someone who wants to launch his own business. If the customer likes the products, the process, the services, the concept itself, he can recommend this network.

“Yes, customers sometimes say “your concept is great”. Some have already asked me how to do to become a franchisee. It often happens! But, after, they can change of ideas. But, this is the case for all the franchising concepts.” (Franchisee)

“When meetings for prospective franchisees are organized by the master franchisee here, in my restaurant, if some of these persons stay after the meeting to eat here, they are carefully listening what the customers are saying.” (Franchisee)

Buzz marketing

Being quoted during specific TV programs are important events in terms of communication.

“Well, the best of the best, we did a great buzz! This was a TV program, on the TV channel 1, « Combien ça coûte », in last December, we saw the Subway brand during three minutes, this was an economic and business TV program on the successes of the year. There were two or three franchises in the fast food industry, among which Subway! And this gave us a lot of contacts.” (Master franchisee)

Word of mouth

Word of mouth is also a mean of communication according to the master franchisee and the franchisees. It is efficient, inexpensive but it is difficult to be controlled.

“And even if, at the end, this person is not interested [in joining our franchising network], this person will talk about our concept to friends, he

will say “I have met Subway, Mister [X], this is an interesting brand, etc.”. And perhaps this friend will have, at this moment, the project to become an entrepreneur”. (Master franchisee)

“We have a lot of colleagues or former colleagues, or friends, with various backgrounds and profiles, we tell them to contact the master franchisee. They often do it. ... And, when we already know someone in the network, it can secure. We know how it works from inside. A lot of people are interested and start the process with contacting the master franchisee, then this is another thing. Some are afraid to become entrepreneur, other don’t have the financial resources that are needed to open a restaurant.” (Franchisee)

“Yes, there is the word of mouth! It starts to work. There are four restaurants now in [CITY]. The customers now start to know the brand, the concept, etc. They heard about us!” (Franchisee)

Influencers

Subway now uses new kinds of influencers such as the real estate agents and the staff redeployment agents. On the one hand, when someone comes and asks the real estate agent to find him a place to locate a fast food restaurant, if the agent knows us well, he can talk about *Subway*, and give the idea to join the *Subway* network. On the other hand, being in touch with managers of staff redeployment agencies is a positive manner to attract potential franchisees.

“We are in a period of economic lay-off ... We are in contact with agencies specialized in staff redeployment. If someone tells them “I would like to open a restaurant”, the agents can talk about Subway ... We did it also as a small tradeshow in [company] with other franchisors, and there was the Subway franchise!” (Master franchisee)

4. DISCUSSION AND CONCLUSION

4.1. Managerial and strategic implications

This case study highlights the importance of developing relationship during the franchisee selection process between the franchisor and the prospective franchisees. For instance, the participation at *Franchise Expo* in Paris appears very important for *Subway* because this is a way to present the concept to many prospective franchisees and to have a direct relationship

with them, contrary to press, brochures, etc. In the same way, direct marketing seems to be also very relevant to attract new franchisees. It is probably very important for franchisors to innovate in terms of communication means in order to differentiate their concept from this of the competitors and to efficiently attract prospective franchisees who are more and more saturated by all the advertising messages they can receive. As a consequence, innovation in the communication process appears a way to achieve a competitive advantage for attracting new franchisees. Innovation can be understood in different ways through the use of new technologies, new communication methods (e.g. social networks, etc.), techniques stemming from other industries or other countries, etc. Some limitations should be nevertheless highlighted in the use of new technologies and methods especially when dealing with social networks because of privacy respect (Christofides et al., 2009).

However, even if innovation is undoubtedly necessary, using traditional means of communication (e.g. franchisor website, brochures, etc.) enable the prospective franchisees to find first information about the network, and feel more secure vis-à-vis the franchising networks they are interested in. These traditional means of communication can represent a first step for the prospective franchisees in their search of information, before contacting the representatives of the franchising network. As a conclusion, the complementarities of the push and pull communications, and of the communication relayed by influencers must be underlined, as well developed by the *Subway* master franchisee.

“For attracting franchisee candidates, we don’t have only one source. In fact, we have a multitude of sources. What explains the success of Subway is the fact of multiplying the means of communication. The addition of all the means of communication contributes to explain the high number of franchisee candidates [...]. Candidates that call us and say “Hello, I would be interested in the Subway brand” (Master franchisee)

4.2. Limitations and tracks for future research

On the other hand, the qualitative approach remains exploratory. The number of interviews is limited. It would be therefore interesting to interview more franchisees, and also some persons that are currently in the process of selecting a franchising network in order to see what their perceptions of the means of communication used by the franchisors are, and what the most important issues for them are. We would not have *a posteriori* perceptions, but real perceptions during the network selection process even though such an experiment is difficult to implement.

This paper has some limitations. On the one hand, we have focused our study on only one network (*Subway*) in one specific industry (fast-food). Even if the fast-food networks are currently expanding in most of the countries, and as a consequence are trying to attract a lot of new franchisees, it would be relevant to explore several franchising networks belonging to different industries in order to explore the communication policy used by franchisors to attract new franchisees in a more general perspective. These industries could for instance deal with the hotel industry, the clothing sector or services to persons or companies. Franchisors communication strategies can vary considerably from one sector to another just as prospective franchisees' profiles do vary according to the industry they are interested in. Other approach could consist in studying the strategy of communication of several franchisors in a same industry. Indeed, according to the marketing positioning, to the network age, to the network size, etc., the strategies can differ even within a same industry. This approach could be therefore assimilated to a benchmarking approach. Another track for future research could be to analyze the communication of global franchisors in different markets. It would enable to see if these franchisors use the same means of communication to attract the prospective franchisees whatever the country, or if they adapt these means of communication according to the country. Using social networks like *Facebook* seems to be also attractive to franchisors

and franchisees and it would be probably of interest to study what can bring these new methods through socioeconomic background and economic incentives (Mayer, 2009).

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