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► **To cite this version:**

Hanene Oueslati, Martine Deparis, Saloua Bennaghmouch-Maire. The franchisor–franchisee relationship and customer data management in the digital era. *International Journal of Retail and Distribution Management*, 2021, 49 (7), pp.977-998. 10.1108/IJRDM-10-2020-0411 . hal-03179292

HAL Id: hal-03179292

<https://u-bourgogne.hal.science/hal-03179292>

Submitted on 3 Feb 2022

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Research Paper

The franchisor-franchisee relationship and customer data management in the Digital Era

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The franchisor-franchisee relationship and customer data management in the Digital Era

Abstract:

Purpose: The digitalization of an organization implies centralizing the data it collects. Nevertheless, the management of customer data in franchise networks is a delicate, complicated and little studied issue. The purpose of this paper is to investigate the challenges it involves and the keys to success by developing a conceptual framework based on a qualitative study and a literature review.

Design/methodology/approach: A qualitative study was carried out with around thirty franchisors, franchisees and franchise experts in the light of the GDPR (General Data Protection Regulation). The results of the qualitative study helped us to clarify our theoretical framework and position ourselves with regard to the founding theories of relationship marketing. A research model was then defined and tested using a quantitative survey administered to a sample of 192 franchisors and franchisees.

Findings: The results of the various studies show that relationship quality, through inter-organizational commitment, contributes to explaining the achievement of marketing performance in franchise networks. In addition, relationship quality depends on four essential variables: inter-organizational communication, franchisee autonomy, technical and human resources and contractualization of customer data management.

Originality/Value: This study focuses on a topic that has received very little attention, particularly in franchise networks. It uses a mixed-methods design that has enabled the identification of key variables contributing to the achievement of marketing performance in a data management context.

Keywords: Customer data management; franchisor-franchisee relationship, franchise networks; marketing performance

The franchisor-franchisee relationship and customer data management in the Data Era

Introduction

The growing focus in business on data in general, and specifically on customer data, is striking. Some studies state that marketing should be data-driven if it is to allow quality business decisions (Bleier *et al.*, 2020; Stupar *et al.*, 2021). This could be seen as the result of two major changes in philosophy. First of all, a shift towards a relational paradigm that is gradually replacing the transactional paradigm. Relationship marketing has indeed experienced explosive growth since the 1990s (Palmatier and Steinhoff, 2019) and it has come to be seen as vital to company performance (Zhang *et al.*, 2016). It is defined as the set of marketing activities directed towards the establishment, development and maintenance of successful customer relationships (Morgan and Hunt, 1994). In order to properly establish the foundations of relationship marketing, organizations need to understand customers and meet their expectations (Rossato and Castellani, 2020). To do so, it is important to collect information about them and analyze it to arrive at managerial recommendations that will be crucial to the longevity and profitability of the relationship with them (Spiller, 2020). Yet, managing customer data requires a great deal of coordination and collaboration within organizations and can involve power games and conflicts of interest, particularly in complex inter-organizational relationships such as those in franchise networks.

In addition, data has become increasingly important in the digital era, offering opportunities to improve companies' competitiveness (Martinez, 2019; Rodríguez *et al.*, 2020). The digitalization of business is already a reality and is becoming an imperative for most companies, in particular in the retail sector (Hagberg *et al.*, 2016), if they are to take advantage of its benefits (Hagberg and Kjellberg, 2020). Once digitalization has been implemented, it is necessary to monitor its development, and this will involve all the functions of an organization. One of the first steps in the digitalization process is actually the transition from analog to digital data (Dubel, 2020). From then on, in the era of digitalization, data on consumer behavior becomes an object of exchange in itself in the market for online advertising (Mellet and Beauvisage, 2019). This leads us to a second change, which is the importance given to digitalization and the quality of the data needed to achieve it. The scale of the perceived potential inherent in the possession of data drives organizations to collect large volumes of data, using fast developing technology and the various retailing and communication channels available, in addition to automatically generated data.

In franchise networks, these changes are at the heart of some major questions, in particular in the context of the General Data Protection Regulation (GDPR), which applies to all organizations in the European Union. Franchise networks represent a substantial part of the retail business in European countries with notable growth in the sector over the last decade (Boulay *et al.*, 2020). Franchising can be defined as a contractual distribution system (Boulay, 2010), in which the contract between the franchisor and the franchisee defines the roles and obligations of each trading partner, thereby creating a hierarchical relationship without true channel integration (Shaikh *et al.*, 2017). Relationships between the franchisor and the franchisees in a franchise network are often

asymmetrical (Shaikh *et al.*, 2017; Sadeh and Kacker, 2020) and may well involve conflicts of interest and power games between members of the network (Boulay, 2010). Under these conditions customer data management is most often difficult to set up and to get right. Indeed, the opportunistic behaviors that the franchisees or the franchisor are liable to adopt as a result of such power games can hinder the flow of customer data in the network thereby limiting their exploitation as well as the effective use of big data (Surbakti *et al.*, 2020). Possession of customer data might be equated with notions of ownership of the customer himself and could be seen by some franchisees as a key element of their business.

As a result, throughout this research work, we will adopt the definition of franchising as a form of relational contract with a long-term perspective (Perrigot *et al.*, 2019). This relationship characterized by a culture of two-way communication and exchanges is especially important in the current highly regulated data protection context and in this age of digitalization. It can help to make it possible to better frame and manage customer data in compliance with the regulations and in the joint interest of the different parties to the exchange. Indeed, although the franchisor-franchisee relationship has been approached by several researchers (Monroy and Alzola, 2005; Guilloux *et al.*, 2008) and the management of customer data has been the subject of study by legal and information system researchers (Kim and Kim, 2009; Peltier *et al.*, 2013), customer data management in franchise networks has been very little studied (Yerimpasheva and Balgabayeva, 2020), perhaps because of its complexity and sensitivity, the diversity of stakeholders involved in the franchisor-franchisee-customer exchange process and the variety of questions that it raises. For this reason, this research work proposes to answer the following main question: **“How important are the characteristics of the franchisor-franchisee relationship regarding the management of customer data in achieving positive marketing performance?”** The objective will therefore be to study the determinants of customer data management by highlighting the distinctive characteristics of the franchisor-franchisee relationship involved and explaining how to achieve marketing performance by using relationship theories.

In order to do this, an approach based on a triangulation of methodologies and sources has been adopted. Thanks to a review of the literature in the field of relationship marketing, the results of an exploratory qualitative study and the quantitative tests of a research model with franchisors and franchisees, some answers can be provided to the question raised.

Theoretical background

Digitalization requires a complete restructuring of data processing and internal and external communication, while implying a need for greater collaboration and more sustained interactions between the main partners in an exchange (Parviainen *et al.*, 2017). For this reason, we believe that the quality of the relationship between franchisor and franchisee is the key to the successful implementation of this process. One major framework can be used to explain the determinants and consequences of a good relationship quality between franchisors and franchisees in the era of data and digitalization, namely the commitment-trust theory (Morgan and Hunt, 1994).

Quality of the franchisee-franchisor relationship and customer data management

In order to achieve win-win exchange relationships, relational strategy should be based on the establishment of interactive, personalized contacts with added value over a relatively long period. The commitment-trust theory (Morgan and Hunt, 1994) has been used in this study to throw light on the franchisor-franchisee relationship in the context of digitalization and customer data management. This theory developed in an industrial marketing framework is well suited to the specific context of data-related exchanges in franchise networks. Indeed, as it can be a source of opportunistic behavior, the management of customer data can be seen as requiring more communication, more value sharing and more perceived benefits to achieve better collaboration in the collection, processing and exchanging of data.

Furthermore, the first input of this theory is to explain the consequences of an exchange relationship by what the authors call relationship quality. Relationship quality can be defined as “*the overall strength of an exchange relationship*” (Crosno *et al.*, 2021), characterized by high levels of its most-studied determinants: trust, commitment and satisfaction (Athanasopoulou, 2009). Indeed, quality of the franchisor-franchisee relationship has long been recognized as a determining factor in the success of a franchise system (Rodríguez *et al.*, 2020). It can be defined through the strength and importance of a relationship (Dant *et al.*, 2013). It could help to explain, in addition to certain financial indicators, the performance of a franchise network (Venkatraman and Ramanujam, 1987). In line with the commitment-trust theory, relationship quality is assessed through its two fundamental pillars, trust and mutual commitment (Palmatier *et al.*, 2007; Brown *et al.*, 2019).

Trust: a key concept in relationship marketing

For Moorman *et al.* (1992), trust is a central determinant of relationships that has been conceptualized as a feature or aspect of relationship quality. They define it as “*a willingness to rely on an exchange partner in whom one has confidence*”. This definition is well suited to a data management context. Indeed, data is a source of wealth for organizations in general and for franchise networks in particular. Data can also become something to be coveted and part of the power game in the franchisor-franchisee relationship. For this reason, franchisor-franchisee inter-organizational trust could be a key variable in helping to reduce opportunistic behavior by the different parties to an exchange (Morgan and Hunt, 1994; Pesämaa *et al.*, 2007). Trust can help to harmonize franchisor and franchisee interests and encourage co-operation through information sharing (Yakimova *et al.*, 2019) and customer relationship problem solving. Trust might be the most important determinant for building strong and long-term relationships (Spekman, 1988). That said, research on trust in franchise networks occupies a very marginal place in the theoretical work done on franchise systems (Dickey *et al.*, 2007). In the context of franchisor-franchisee inter-organizational relationships, trust is interpersonal and relational, but also rational. It also relies on trust in the legal system, which provides an appropriate framework for contractual relations. It involves the drawing up of contracts in which all the elements deemed essential are explicitly mentioned by the stakeholders (Sako, 1998). This can prevent actors from behaving opportunistically, through a cost-benefit calculation. Furthermore, inter-organizational trust has

often been studied from the point of view of its contribution to explaining inter-organizational commitment, the second pillar of relationship quality.

Commitment, one of the consequences of trust

The commitment-trust model (Morgan and Hunt, 1994) shows a direct and positive link between trust and commitment. Indeed, commitment stems from trust and reflects the intention to pursue a relationship, regardless of changes that may occur in the environment. Commitment is therefore defined as a desire to develop and maintain lasting relationships through promises and sacrifices that make it possible to achieve long-term benefits for all the actors involved (Moorman *et al.*, 1992; Rylander *et al.*, 1997). It is therefore a promise (implicit or explicit) of continuity in the relationship between the partners (Dwyer *et al.*, 1987; Mavondo and Rodrigo, 2001). When commitment exists, it facilitates conformism in the relationship and reduces the likelihood of terminating the relationship, while improving cooperation and reducing uncertainty (Morgan and Hunt, 1994). In the context of customer data management, commitment means being part of a corporate culture and defending common interests by collaborating to manage customer data in an optimal and responsible way, collecting, storing, using and sharing data in compliance with the law. To be able to do this, it is important to understand what makes it possible to engage franchisors and franchisees so that they successfully manage customer data and make it an element of marketing performance.

Relationship quality and marketing performance in franchise networks

In order to gain a competitive advantage and consequently achieve better financial performances, companies need to identify, develop, maintain and improve their relational efficiency with their different partners (Hunt *et al.*, 2006; Brown *et al.* 2019). The relationship quality between franchisor and franchisee is of great importance given the data ownership and sharing issues in franchise networks. A conflictual relationship between members of a network could result in the blocking of data flows and prevent it achieving a positive marketing performance. The marketing performance of a franchise network can therefore be defined as the ability to develop products, services or communications enabling the franchisor and the franchisee to achieve certain stated objectives, such as satisfying customers, gaining their loyalty, being profitable and reducing costs.

Most of the research that has addressed the value of using data for personalization has focused on the performance of communication campaigns (Kim and Kim, 2009). From this perspective, the franchisor-franchisee relationship can play a very important role in simplifying the management of customer data and deriving positive marketing performance.

Theoretical gaps and the importance of a qualitative study

We found theoretical gaps in the study of customer data management in the context of franchise networks. Actually, little is known about the dynamics of franchisor-franchisee relationships on

data management context. In order to define the literature to be mobilized and above all, to identify the variables most relevant to the management of customer data in networks, an exploratory qualitative approach was chosen. Data collection took the form of semi-guided interviews (**Appendix 1**), which then gave rise to 32 interviews with 12 franchisors, 10 franchisees and 10 franchise experts (**Appendix 2**), with an average duration of 60 minutes, all of which were fully transcribed. The dyadic franchisor-franchisee approach was not used in the interests of ensuring maximum freedom of response, particularly on the very sensitive issue of customer data management.

The overall analysis of the data used a mix of inductive and deductive approaches (Graebner *et al.*, 2012) and was based on the Grounded Theory approach (Strauss and Corbin, 1998). We opted for a thematic analysis carried out with the Nvivo 12 software, which allowed us to gradually arrive at a hierarchical categorization of the themes by a process of constant comparison and induction-deduction oscillation. Three successive types of coding were carried out (Saldana, 2015): open coding to give meaning to data by creating codes; selective coding to group the codes into significant categories and axial coding to identify the links between the subcategories and relations between the most significant categories, all with reference to the literature (Gioia *et al.*, 2013). The results of this qualitative study will be presented at the same time as the hypotheses to be tested.

Hypothesis development

The research model presented below is the result of a literature review and the qualitative study. It includes the antecedents of franchisor-franchisee relationship quality and their consequences in terms of marketing performance in the context of customer data management.

The antecedents of relationship quality in a context of customer data management

Although franchising is based on formal contracts, franchise networks require a minimum degree of relational quality in order to sustain the relationship (Hopkinson and Scott, 1999). Four groups of antecedents could explain relationship quality (Athanasopoulou, 2009): characteristics of relationship parties, relationship attributes, offer characteristics and environment. Drawing on a combination of the existing literature and the results of the thematic analysis, it is possible to identify four key variables that can serve to explain relationship quality in the context of customer data management. These can be included in the category of “characteristics of relationship parties”. They are: inter-organizational communication, franchisee autonomy, contractualization of the management of customer data and technical and human resources.

Inter-organizational communication

Inter-organizational communication is defined as the structures, forms and processes created by the exchanging of messages and the co-creation of meaning between the organizations and their partners (Shumate *et al.*, 2016). In the qualitative study, it emerges as a key element in the

franchisor-franchisee relationship. It also concerns a key variable in existing theories such as commitment-trust theory (Morgan and Hunt, 1994), according to which communication is positively linked to inter-organizational trust (Altinay *et al.*, 2014; Fernández-Monroy *et al.*, 2018). Inter-organizational communication could also have an impact on inter-organizational commitment (Watson and Johnson, 2010). High-quality internal communication encourages a supportive attitude towards strategic direction (De Ridder, 2004). When franchisees understand what to expect of an information system, they can more easily see how it impacts their performance and will therefore be more willing to adopt it as a working tool (Morgan & Inks, 2001). This brings us back to the following verbatim: *"You have to know how to involve the franchisee ... you have to take the time to explain to them how ..."* (Franchise Expert 2). This allows us to put forward the following two hypotheses:

H1.a. There is a positive relationship between inter-organizational communication and inter-organizational trust.

H1.b. There is a positive relationship between inter-organizational communication and inter-organizational commitment.

In addition, sharing information within the franchise network would help guide each partner in achieving common goals: *"The reports provided by the headquarters of the network allow us to better position ourselves regarding the competition and to adapt our strategy to reach our commercial objectives more quickly."* (Franchisee 8). Snyder and Morris's study results (1984) indicate that two communication variables, the quality of supervisory communication and information exchange, were strongly related to overall organization performance. Thus, inter-organizational communication appears to be a driver of marketing performance (March, 1991; Shumate *et al.*, 2016). We therefore propose to test the following relationship:

H1.c. There is a positive relationship between inter-organizational communication and marketing performance.

Franchisee autonomy

Two concepts are used to characterize the franchisor-franchisee relationship: independence, which is a legal and economic concept, and autonomy, which is an organizational concept (Colla *et al.*, 2019). Autonomy therefore concerns the franchisees' ability to independently make managerial decisions concerning their activities at their retail stores without franchisor interference (Dant and Gundlach, 1998). Franchisee autonomy has a positive impact on the quality of the franchisor-franchisee relationship and franchisee performance (Kim *et al.*, 2013; Colla *et al.*, 2019). The qualitative study revealed possible links between franchisee autonomy and inter-organizational trust on the one hand, and inter-organizational commitment on the other. Thus, a franchisee confirms that *"The challenge of franchising today is: how to become a representative of the national brand at a local level. How are we national? How are we national-local?"* (Franchisee 2). A franchisor says *"We encourage our franchisees, because they have a tool to be able to*

program their operations by SMS by themselves, so they can do direct marketing on their side, so we encourage them to do it and they do it more and more...it allows them to have more confidence in themselves and in us” (Franchisor 5). We therefore propose to test the following two hypotheses:

H2.a. There is a positive relationship between franchisee autonomy and inter-organizational trust.

H2.b. There is a positive relationship between franchisee autonomy and inter-organizational commitment.

Contractualization of customer data management

Franchisors tend to protect their own interests by offering relatively comprehensive and one-sided contracts (Kashyap *et al.*, 2012) specifying the obligations and rights of each party at different stages of the relationship. These contracts remain unclear on the obligations of franchisors and on the rights of the franchisee. They amount to "take it or leave it" contracts (Klein, 1980) that may lack transparency and offer little opportunity to negotiate their terms (Shane, 2005). This also applies to the rights and obligations of the various partners with regard to customer data management. This question of contractualizing customer data management is a subject that arises regularly following the development of Big Data and the entry into force of the GDPR. Doing so would improve inter-organizational trust and inter-organizational commitment because collecting data without a predefined contractual framework leaves franchisees with no reassurance about the fate of the data collected. This could result in the franchisor-franchisee relationship losing the security ostensibly guaranteed by the terms of the contract between them (Heide and John, 1988). In addition, contracts are put in place to protect investments in the relationship (Williamson, 1985). Contractual quality specifications can also reduce the opportunities for free-riding (Hopkinson and Scott, 1999). Relational exchanges and contracts are complementary (Crosno *et al.*, 2021), especially in the specific context of customer data management: *"if the database belonged to the franchisor under the contract, frankly I would tell you that we would be more reluctant to collect data because we work for ourselves, we are the boss”* (Franchisee 6). We can thus assume that:

H3.a. There is a positive relationship between contractualization of customer data management and inter-organizational trust.

H3.b. There is a positive relationship between contractualization of customer data management and inter-organizational commitment.

Technical and human resources

Franchise networks are mostly made up of small and medium-sized enterprises. Their main constraints tend to be limited human resources (Hopkinson and Scott, 1999), financial resources and also technical and technological resources (Eller *et al.* 2020). Solow's work, dating back to 1987, has already shown the positive impact of the use of information and communication technologies (ICT) on business productivity, which has been supported by other work including that of Greenan and L'Horty (2002) or Nurmilaakso (2009). In addition, technical and human

resources are closely interconnected. The use of technical and technological resources depends largely on their acceptance by employees and franchisees (Davis, 1989; Park *et al.*, 2018). Similarly, employee efficiency could be achieved through the technical resources made available to them. Technical and human resources therefore correspond to the human manpower, skills and know-how, software, IT and statistical resources made available to the partners in an organization (Keramati *et al.*, 2010; Eller *et al.*, 2020). This also appears to be an important element in the success of customer data management: *"the franchisee cannot act alone on the management of the customer database. Technology is needed to manage it"* (Franchisee 9). A part of the problems related to the collection and use of customer data could be explained by the lack of ergonomic and efficient technical resources provided to franchisees. The expressions used are many and varied and tend towards the same conclusion: *"system that bugs", "unusable", "difficult to handle"...* Human resources are also cited by franchisees in terms of lack of numbers and/or the lack of training in the field of data management: *"I could not be everywhere ..."* (Franchisee 2).

Furthermore, high levels of technical and human resources could lead to a closer partnership between exchange partners (Vlosky *et al.*, 2000; Boeck and Wamba, 2008) and to higher rates of inter-organizational commitment. They could also improve partners' competency and their ability to satisfy other parties' expectations (Ryssel *et al.*, 2004). Indeed, the various qualitative interviews showed that some franchisees were very dissatisfied with the equipment provided to them, which, according to them, can undermine trust in the franchisor and commitment to the network: *"The equipment we have doesn't work! I don't know if it's cheaper to buy... moreover, we're not consulted and I don't want to give my opinion on this subject... that might make some people feel angry..."* (Franchisee 3). Thus, we can assume that technical and human resources constitute facilitating elements that help to improve franchisor-franchisee relationship quality:

H4.a. There is a positive relationship between technical and human resources and inter-organizational commitment within the network.

H4.b. There is a positive relationship between technical and human resources and inter-organizational trust within the network.

In addition, having efficient technical and technological resources and trained and specialized staff would enable the implementation of effective customer data management strategies and improve firm performance (Keramati *et al.*, 2010; Taruté and Gatautis, 2014) and marketing performance (Sin *et al.*, 2005): *"the agency the network works with us, specifies to us where and how we should send the message and it often allows us to have better feedback..."* (Franchisee 2). Thus, we propose to test the following hypothesis:

H4.c. There is a positive relationship between technical and human resources and marketing performance of the network.

The consequences of relationship quality in a customer data management context

Previous research on franchise networks has shown that a good franchisor-franchisee relationship quality leads to greater cooperation within the franchise network (McDonnell *et al.*, 2011), higher levels of franchisee loyalty (McDonnell *et al.*, 2011) and better financial performance (Varotto et Parente, 2016). Indeed, studies on B2B relationships rely mostly on efficiency and performance variables to measure the consequences of relationship quality (Athanasopoulou, 2009). Our research methodology based on grounded theory has led us to borrow the same scheme to measure those consequences. Marketing performance may be impacted, among other variables, by inter-organizational trust and inter-organizational commitment.

Inter-organizational trust

Inter-organizational trust is a key variable in the various inter-organizational exchanges. In franchise networks, trust can be useful to reduce opportunism regarding aspects not covered by the franchise contract (Dickey *et al.*, 2007). It can help to align franchisor and franchisee interests and build an atmosphere of mutual support through information sharing and team-based problem solving. It positively impacts inter-organizational commitment (Morgan and Hunt, 1994; Rodriguez and Wilson, 2002), firm performance (Zaheer *et al.* 1998) and inter-firm exchange performance (Granovetter 1985). These relationships are also mentioned in the qualitative interviews: "*In this network, we trust each other, and we move forward together ...*" (Franchisor 4). Thus, we believe that:

H5.a. There is a positive relationship between inter-organizational trust and inter-organizational commitment.

H5.b. There is a positive relationship between inter-organizational trust and marketing performance.

Inter-organizational commitment

The commitment of the different members of a network is experienced as a shared feeling of belonging to the network and expressed as a willingness to actively contribute to the achievement of the network's objectives and the success of its various projects. It appears to be a determining factor in the joint management of customer data and in marketing performance. It contributes to the achievement of superior relational, financial and commercial performances (Palmatier *et al.*, 2007; Eisingerich *et al.*, 2009). This has been shown in the interviews conducted with franchise actors: "*the commitment of our franchisees on the ground allows the achievement of the network's objectives and increased revenues*" (Franchisor 4). We therefore propose to test the following hypothesis:

H6. There is a positive relationship between inter-organizational commitment and the network's marketing performance.

The hypotheses presented above can be summarized in the following research model (Figure1):

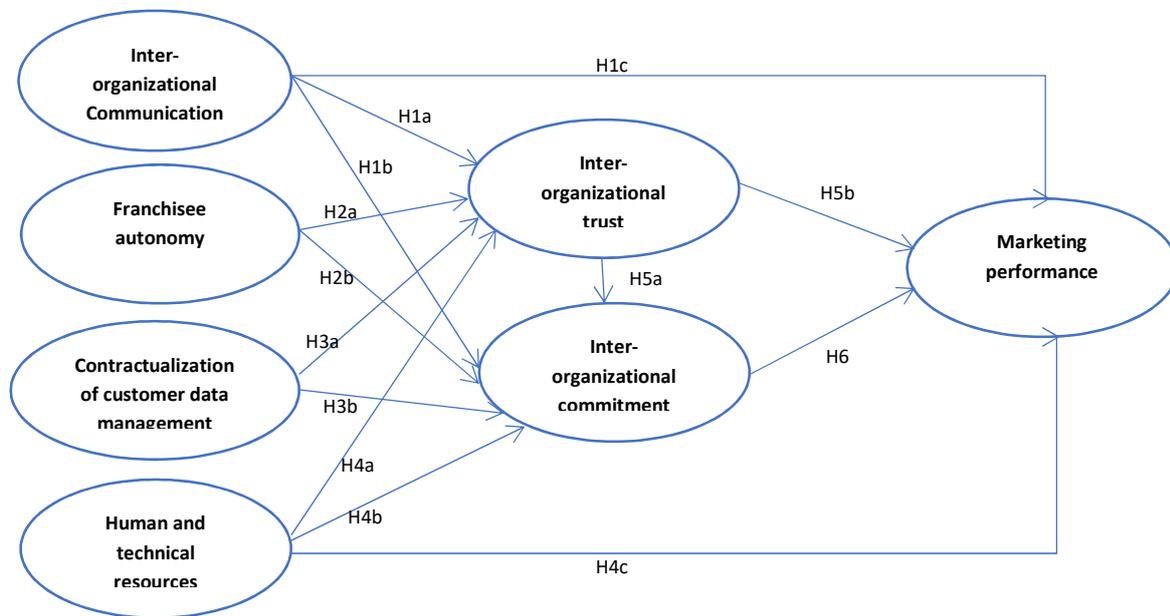


Figure 1: Research model

The quantitative study

Methodology

In order to complete, explain and confirm the answers to our research questions provided by the qualitative study, and to test the hypotheses presented, a quantitative study using an online self-administered questionnaire was conducted between June 2019 and September 2019 with 104 franchisors and 88 franchisees from different franchise networks. The decision was made to interview franchisors and franchisees because they are partners with complementary roles in the management of customer data. It was also about testing the inter-organizational relationship that requires their respective points of view. The final sample represents all the business sectors identified by the French Franchise Federation (FFF) (**Appendix 3**).

The questionnaire focused on identifying the explanatory factors for better management of customer data, and two versions were drawn up: a franchisor version and a franchisee version. The selection of the measurement scales was based on a four-step process. First, the initial psychometric quality of the different scales was checked. Second, a bilingual French-English expert did a double translation of the scales based on the research work in English to ensure the accuracy of the translation. Third, certain scales were adapted to the particular context of our study. Finally, content tests were carried out by submitting adapted scales to experts in the franchising field. In addition, most of the measurement scales used were adapted to the context of franchise networks. The

"technical and human resources" and "marketing performance" scales are derived from studies conducted within an organizational framework. The contractualization of customer data management scale was created *ad hoc* for the needs of our research and using the respondents' verbatims when talking about contractualization (**Appendix 4**). Otherwise, we chose to measure the key variables in our model using the 5-point Likert scale ranging from "strongly agree" to "strongly disagree" in order to facilitate the choice of the answer and to simplify the final questionnaire.

Research results

The statistical data were analyzed on the SPSS software for the exploratory investigations and on the XLSTAT software for the confirmatory investigations using the PLS (Partial Least Squares) method. In the first stage of the exploratory analyses, the psychometric quality of the measurement scales was verified. All the scales selected meet the reference standards and allow further analysis of the results (**Appendix 5**). The measured constructs have stable factor structures and satisfactory levels of loyalty and convergent and discriminant validity (**Appendix 6**):

In a second step, the stability of the model as well as its explanatory power were tested. To do this, the hypothesis that there are no significant differences between the responses of franchisors and those of franchisees was tested. The calculated multi-group t-test validates this hypothesis, which leads us to test the model for the total sample (N=192). Furthermore, in order to overcome the problems due to the sample size, a bootstrap estimation was used. Following the recommendations of Chin (2010) and Hair *et al.* (2012), resampling with 5000 replications was carried out. This allowed the research model to be tested through the various research hypotheses proposed (Table I).

The results from the path analysis confirm the quality of fit of the model tested. Indeed, the GoF (Goodness of Fit) values (Tenenhaus *et al.*, 2005) before and after bootstrapping are satisfactory (respectively 0.580 and 0.586, which is higher than the standard of 0.35) and are roughly equivalent, which reveals our collection's good stability. Likewise, we note that the explanatory power of the proposed model is satisfactory. The R²s of the endogenous latent variables all exceed the minimum threshold of 0.19 recommended by Chin (1998). They vary from good (0.629) to acceptable (0.300) with an average of 0.516 for all the latent variables, which constitutes a satisfactory value for an exploratory model like ours (Chin, 1998).

The examination of the quality of fit of the structural model and the explanatory power of the latent variables being conclusive, we can test the hypotheses proposed. To do this, it is necessary to examine the structural coefficients and their significance at the 5% threshold (Table I).

Table I: Summary of hypotheses tests

Hypotheses	Total Sample			Hypothesis Test
	Path coefficient	t	Pr > t	
Inter-organizational communication				
H1.a. Communication + Trust	0.615	11.866	0.000	Validated
H1.b. Communication + Commitment	0.153	2.224	0.027	Validated
H1.c. Communication + Performance	0.185	2.292	0.023	Validated
Franchisee autonomy				
H2.a. Autonomy + Trust	0.176	3.308	0.001	Validated
H2.b. Autonomy + Commitment	0.194	3.534	0.001	Validated
Contractualization of customer data management				
H3.a. Contractualization + trust	0.072	2.273	0.024	Validated
H2.b. Contractualization + Commitment	0.061	1.883	0.061	Validated *
Technical and human resources				
H4.a. Resources + Trust	0.044	0.914	0.362	Rejected
H4b. Resources + Commitment	0.038	0.790	0.431	Rejected
H4.c. Resources + Performance	0.146	2.619	0.010	Validated
Inter-organizational trust ($R^2 = 0.620$, $R^2(\text{Bootstrap}) = 0.633$; $p = 0.000$)				
H5.a. Trust + Commitment	0.538	7.263	0.000	Validated
H5.b. Trust + Performance	-0.001	-0.013	0.990	Rejected
Inter-organizational Commitment ($R^2 = 0.629$, $R^2(\text{Bootstrap}) = 0.639$; $p = 0.000$)				
H6. Commitment + Performance	0.194	2.339	0.020	Validated
Marketing Performance ($R^2 = 0.300$, $R^2(\text{Bootstrap}) = 0.324$; $p = 0.000$)				

*validated at 10%

Discussion, managerial implications, limits and avenues for future research

This research attempts to answer the following central question: “**How important are the characteristics of the franchisor-franchisee relationship regarding the management of customer data in achieving positive marketing performance?**” Because of the development of the big data phenomenon, organizations have prioritized focusing on tools and software, in the belief that they will guarantee marketing performance (Hallikainen *et al.*, 2020). The results of the various studies conducted show that relationship quality, through inter-organizational commitment, can explain the achievement of marketing performance in franchise networks. In addition, the contribution of relationship quality depends on four essential variables. The first, very important variable is inter-organizational communication. This has been measured as a relationship on three levels: from the franchisor to the franchisees in the network, from the franchisee to the franchisor and between the franchisees within the network. Communication can facilitate the progressive establishment of a data-oriented corporate culture and prepare the different members of the network for the digitalization process. It can also influence whether the exchange of practices is fostered or avoided in connection with customer data management. Inter-organizational communication has a very significant positive impact on inter-organizational trust and a significant positive impact on inter-organizational commitment. It also helps explain networks' marketing performance.

This result finds its explanation in the theory of social exchange (Bagozzi, 1975) according to which inter-organizational relationships depend essentially on the expected spinoffs (Lambe *et al.*, 2001). Indeed, inter-organizational communication reduces the asymmetry of possession of information in a network and enables all the partners to better understand how to manage customer data. For this reason, it is very important to promote communication within the network, in the form of discussion forums and regular seminars and meetings, both face-to-face and online, so that everyone can ask questions to address their concerns relating to the management of customer data and share best practices that have been implemented at local level and that could improve customer data management in the network. At the same time, this allows the franchisor to learn from local experiences and to provide solutions and personalized assistance to those who request it. This then increases trust in the franchisor and strengthens the sense of commitment to the network.

Furthermore, franchisees autonomy positively influences trust and commitment in a network. These relationships may be explained by Brehm's theory of psychological reactance (1966). Indeed, threatening individuals' freedom of action provokes "psychological reactance" which drives them to try to recover their freedom at all costs by adopting an attitude of withdrawal or rejection. In addition, the law of reciprocity (Bagozzi, 1975) has taught us that giving franchisees more freedom would encourage them to show the franchisor more trust and commitment in return, and to collect better quality data since the feeling of being independent entrepreneurs would be reinforced. Thus, promoting franchisees' autonomy in the management of their stores, their customers and their data would allow them to be a source of inspiration and innovation for the network (Watson *et al.*, 2020) and to develop local know-how. To encourage this, the franchisor could recognize successful local initiatives around the management of customer data by, for example, publicly congratulating them in various internal communications within the network.

Likewise, contractualization of customer data management improves trust and commitment in the network. The significance and meaning of these relationships could be explained by Williamson's transaction cost theory (1974) and by Morgan and Hunt's commitment-trust theory (1994). Thus, according to Williamson (1974), the solution to recognizing and preventing the risk of opportunistic behavior by the different parties to an exchange lies in very clear and detailed contracts specifying the rights and obligations of each side (Reitter and Ramanantsoa, 2012). Thus, preventing opportunistic behavior improves inter-organizational trust and inter-organizational commitment (Morgan and Hunt, 1994), and could encourage the collection of more quality customer data and its sharing within the network. It is therefore very important to clearly define the rights and obligations of each party in the franchise agreement in relation to the management of customer data, in order to foster a climate of trust and commitment, which are essential in a customer data management context.

In addition, technical and human resources can have a positive, direct impact on a network's marketing performance. Having qualified personnel in customer relationship management would make it possible to build quality databases, put the data collected to good use and turn it into marketing performance and revenue. Therefore, it seems important to prepare the company's staff for the digital transformation, by setting up training programs for them covering the new trends and techniques in data management and customer relationship management, and also to consult them on the purchase of technical equipment that better meets their needs and expectations. The

lack of a significant relationship between technical and human resources and franchisor-franchisee relationship quality (trust + commitment) may be explained by the need for mediating and moderating variables. We can assume that the integration of variables such as customer orientation or data orientation would serve to mediate this relationship (Keramati *et al.*, 2010; Peltier *et al.*, 2013). These recommendations are likely to nurture the trust of the employees and franchisees of the franchise network and to increase their commitment to the network's strategic objectives in relation to the management and processing of customer data.

The lack of a significant relationship between trust and performance may be explained by the fact that trust is not a critical condition for achieving marketing performance in the specific context of data management. Technical and human resources, communication within the network and inter-organizational commitment are the main determinants of marketing performance. Thus, previous studies showed that trust has a strong effect on individual performance (Dirks and Ferrin, 2001), organizational performance (Dirks and Ferrin, 2001) or relationship performance within the network (Selnes and Sallis, 2003). That said, the uncertainty of the environment resulting from regulatory changes affecting customer data management (e.g. the GDPR and the law on cookies) is likely to undo the effect of trust on performance (Krishnan *et al.*, 2006). However, trust does have an indirect impact on performance through commitment (Brinkhoff *et al.*, 2014).

To summarize, it is the relationship quality developed in the network as well as the technical and organizational know-how in the use of data that produces marketing performance. In most of the franchise networks studied, there is no mature and thoughtful approach to customer data management. Regulatory changes (the GDPR, for example) and organizational and technological changes (digitalization, artificial intelligence) will result in a data culture gradually being established in franchise networks. It would therefore be useful to replicate the same study in other countries to compare the results obtained, and to repeat it in France in a few years' time, in order to measure the changes that have taken place over time.

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Appendix 1: Topics guiding qualitative interviews

Respondent profile	Topics addressed
Franchisees	<ol style="list-style-type: none"> 1. Importance of customer data within the franchise network 2. The data collection strategy in the franchise network 3. The GDPR and the paradigm shift within the network 4. Data and customer relationship marketing after the GDPR
Franchisors	<ol style="list-style-type: none"> 1. Importance of customer data within the franchise network 2. The data collection strategy in the franchise network 3. The contractual and relational aspects of franchising networks 4. The GDPR and the paradigm shift within the network 5. Data and customer relationship marketing after the GDPR
Franchise experts	<ol style="list-style-type: none"> 1. The impact of the current context of the GDPR on franchise networks 2. Importance of customer data within the franchise network 3. Data and customer relationship marketing after the GDPR

Appendix 2: Details about the franchisors/franchisees/franchise experts interviewed in the qualitative study

Code	Category (Franchisor, Franchisee, Franchise expert)	Sector	Network size	Respondent function
FR 1	Franchisor 1	B2C Services	120	Marketing director
FR 2	Franchisor 2	Food & Beverage sector	230	Managing director
FR 3	Franchisor 3	Food retailing	160	Administrative director
FR 4	Franchisor 4	B2C Services	181	Data Protection Officer
FR 5	Franchisor 5	Specialized outlets	400	Marketing director
FR 6	Franchisor 6	Hotel sector	110	Commercial director
FR 7	Franchisor 7	Specialized outlets	159	Marketing director
FR 8	Franchisor 8	Car service	344	Legal officer
FR 9	Franchisor 9	Beauty, Health and Fitness	680	Analytical Statistician
FR 10	Franchisor 10	Food retailing	400	Marketing director
FR 11	Franchisor 11	B2C Services	104	Marketing director
FR 12	Franchisor 12	B2B Services	150	Data Protection Officer
FE 1	Franchisee 1	Specialized outlets	225	Franchisee
FE 2	Franchisee 2	Specialized outlets	171	Franchisee
FE 3	Franchisee 3	Home and Household goods	2687	Franchisee
FE 4	Franchisee 4	Food retailing	160	Franchisee
FE 5	Franchisee 5	Food retailing	160	Franchisee
FE 6	Franchisee 6	Food retailing	400	Franchisee
FE 7	Franchisee 7	Specialized outlets	159	Franchisee
FE 8	Franchisee 8	B2C Services	150	Franchisee
FE 9	Franchisee 9	B2C Services	104	Franchisee
FE 10	Franchisee 10	B2C Services	77	Franchisee
EXP 1	Franchise expert 1	Franchise consultancy		Franchise consultant
EXP 2	Franchise expert 2	Franchise consultancy		Franchise Consultant
EXP 3	Franchise expert 3	Lawyer		Lawyer
EXP 4	Franchise expert 4	Accountancy		Chartered accountant
EXP 5	Franchise expert 5	Lawyer		Lawyer
EXP 6	Franchise expert 6	Data management consultancy		Data management consultant
EXP 7	Franchise expert 7	Lawyer		Lawyer
EXP 8	Franchise expert 8	Accountancy		Chartered accountant
EXP 9	Franchise expert 9	Data management consultancy		Data management consultant
EXP 10	Franchise expert 10	Franchise consultancy		Franchise consultant

Appendix 3: Details about the franchise networks interviewed in the quantitative study

Sectors of activity	% of franchisees	% of franchisors
Specialized food retailers	4.8	7.8
Other personal equipment retailer	14.3	14.6
Construction	3.6	3.9
Beauty	1.2	3.9
Other specialized retailers	22.6	19.4
Home equipment retailers	4.8	10.7
Personal equipment retailer	3.6	7.8
Education	3.6	1
Lodging	1.2	1.9
Real estate	9.7	3.9
Cleaning and maintenance	1.2	1
Table/Full-Service Restaurants	3.6	3.9
Quick Service Restaurants	9.5	10.7
Car services	8.3	5.8
Business services	7.1	2.9
Tourism	1	1
Total	100% (N=88)	100% (N=104)

Appendix 4: Measurement scales used in the franchisor/franchisee questionnaires

Scales adapted according to the profile of the respondent (franchisor OR franchisee), (here formulation for franchisors questionnaire)		
Inter-organizational Commitment	<ol style="list-style-type: none"> 1. We have a win-win mutual relationship with our franchisees. (*) 2. We are involved with each other with our franchisees. (*) 3. Our franchisees feel that the values of this franchise correspond to theirs. 4. Our franchisees intend to continue as franchisees in the network. 5. Our franchisees do their best to maintain the relationship with us. 6. Our franchisees are proud to be part of this network. 	Adapted from Dant et al (2013)
Inter-organizational Trust	<ol style="list-style-type: none"> 1. There is a lot of trust between us and our franchisees. 2. Our franchisees find the information we provide to them to be reliable. 3. Our franchisees believe that legal disputes with us are unlikely. 4. Our franchisees believe that we take their interests into account when we make an important decision. 5. Our franchisees believe that we always react according to what is provided in the contract. 	Adapted from Henrikse and Windsperger (2011) + Wu (2015)
Inter-organizational Communication	<ol style="list-style-type: none"> 1. Franchisees are encouraged to suggest improvements in the various network policies. (*) 2. We promptly notify our franchisees when there is a significant change in our network. 3. We make regular assessments with our franchisees on positive or negative experiences within the network. 4. We send clear notifications about plans about our collaboration well in advance. 5. We help our franchisees to find and develop new ideas (products, services, offers, actions, ...). 6. We keep our franchisees informed of expansion plans and new stores in their market. 7. We encourage our franchisees to share their ideas directly with other franchisees. 8. Formal mechanisms such as newsletters and periodic meetings allow our franchisees to share their ideas with the network. 	Adapted from Guilloux et al (2008) + Gassheimer et al (1996).
Franchisee Autonomy	<ol style="list-style-type: none"> 1. Our franchisees are free to implement their own ideas. 2. Our franchisees feel free and autonomous in their management decisions. 3. Our franchisees feel responsible for their decisions. 4. Our franchisees manage their relationships with their customers as they wish. 5. Our franchisees are free to organize their local advertising. 6. Our franchisees make their own activity statistics themselves. (*) 	Dant and Gundlach, (1999) ; Cochet et al. (2008) ; Qualitative study

Technical & Huma Resources	<ol style="list-style-type: none"> 1. We have the necessary sales and marketing skills to successfully manage our customer relationships. 2. Our teams are well trained to effectively use technologies related to customer relations. 3. We have the right technicians to provide the technical support necessary for franchisees in the use of computer technology. 4. We have good technological and IT equipment to manage the relationship with our customers. 5. We have made available to franchisees statistical tools to be autonomous in measuring the results of their activity. 	Adapted from Kernati et al (2010)
Franchisor questionnaire + Franchisee questionnaire (Same formulation in the 2 questionnaires)		
Contractualization about data management	<ol style="list-style-type: none"> 1. The management of the customer database (collection, processing, use) is included in the franchise agreement. 2. The distribution of tasks relating to the management of the customer database (collection, processing, use, etc.) between the franchisor and the franchisee is detailed in the contract. 3. Ownership of the customer database is included in the franchise agreement. 	Qualitative study
Marketing Performance	<p>We are satisfied with:</p> <ol style="list-style-type: none"> 1. The growth of our sales 2. Reducing costs (*) 3. Our profitability 4. Acquisition of new customers 5. The loyalty of our existing customers 6. Customer satisfaction 	Ambler et al. (2004), Kernati et al. (2010)

(*): Item deleted after scale purification process.

Appendix 5: Psychometric quality of the scales selected

Scale	KMO	Bartlett's test	Alpha coeff.	Jöreskog's rhô	Explained variance	Rhô of the VC	Items after scale purification	QR ³
Inter-organizational communication	0.901	0.000	0.905	0.925	63.74 %	0.637	Com2	0.734
							Com3	0.707
							Com4	0.669
							Com5	0.601
							Com6	0.557
							Com7	0.603
							Com8	0.591
Franchisee autonomy	0.745	0.000	0.800	0.863	55.83%	0.541	Auto1	0.738
							Auto2	0.790
							Auto3	0.829
							Auto4	0.711
							Auto5	0.656
Contractualization customer data management	0.717	0.000	0.879	0.926	80.6 %	0.805	Contrat1	0.863
							Contrat2	0.791
							Contrat3	0.764
Technical and human resources	0.814	0.000	0.886	0.917	69.02 %	0.690	Eq1	0.692
							Eq2	0.770
							Eq3	0.735
							Eq4	0.742
							Eq5	0.512
Inter-organizational commitment	0.826	0.000	0.893	0.926	75.8 %	0.758	Engag3	0.801
							Engag4	0.754
							Engag5	0.642
							Engag6	0.836
Inter-organizational trust	0.817	0.000	0.903	0.929	72.41 %	0.724	Trust1	0.834
							Trust2	0.758
							Trust3	0.551
							Trust4	0.763
							Trust5	0.716
Marketing Performance	0.781	0.000	0.849	0.892	62.39 %	0.623	P1	0.619
							P3	0.592
							P4	0.732
							P5	0.593
							P6	0.583

³ Quality of representation

Appendix 6: Discriminant and convergent validity of the measures

	AVE	Auto	Contract.	Com	Trust	Commit	Resour	Perform
Autonomy	0.541	0.736						
Contractualization	0.805	-0.080	0.897					
Communication	0.637	0.156	0.313	0.798				
Trust	0.724	0.213	0.343	0.775	0.850			
Commitment	0.758	0.296	0.346	0.673	0.753	0.870		
T&H Resources	0.69	0.157	0.175	0.531	0.457	0.422	0.830	
Performance	0.623	0.205	0.096	0.501	0.492	0.490	0.431	0.789